

DOD Finalizes RFID Mandate Language

The Department of Defense has finalized the contract clause mandating select suppliers to tag certain shipments headed for two DOD supply depots.

By Mary Catherine O'Connor

Sept. 19, 2005—During last week's EPCglobal US Conference in Atlanta, EPCglobal US president Mike Meranda announced that the Department of Defense has received its finalized Defense Federal Acquisition Regulation Supplement (DFARS) amendment for supplier contracts. This is an important move; once this amendment is written into the DOD suppliers' renewed contracts, they will need to begin placing tags on shipments. Currently, the only suppliers tagging shipments—which include Honeywell and Lockheed Martin—have been doing so on a voluntary basis.

To make the necessary changes reflected in the new clause, the DOD worked for months with the Office of Management and Budget and the Defense Acquisition Regulations System (DARS), which maintains acquisition rules.

DOD contract officers will insert the clause into the contracts of some suppliers who ship these goods to RFID-enabled military depots in Susquehanna, Pa., and San Joaquin, Calif. A DOD spokesperson says the department does not yet know how many of its 60,000 suppliers will be affected by this initial mandate because management of supplier contracts is handled through a non-centralized network of contract management offices. Moreover, while the clause will be written to all new contracts that take effect after Nov. 13, the contract officers will go through negotiations with the suppliers whose contracts come up for review on or after Nov. 14 to determine whether the RFID mandate will be included in the reviewed contract.

Kathy Smith, special assistant in the DOD's Office of Supply Chain Integration, says the finalized clause language should not surprise DOD suppliers.

"We've been talking to our suppliers for almost two years now, and the reason for that was to get them ready and to ask them to get out and start using the technology. We've tried to make clear to them which commodities and which depots would come under [the mandate], so we think the suppliers have a pretty good idea of who is going to come under this contract," said Smith.

The DFARS clause pertains to products falling into three classes and one subclass of the DOD's 10 supply classifications. It specifies that suppliers sending such products start tagging the cases and pallets of these goods being shipped to the two RFID-enabled depots. According to the clause, these products include "packaged operational rations, clothing, tent age, tools, administrative and housekeeping supplies and equipment, toiletries, repair parts and components including kits, assemblies and subassemblies, repairable and consumable items required for maintenance support of all equipment, excluding medical-peculiar repair parts."

The full text of the clause, as well as background information including 93 public comments made about the clause during its public review period from April to June 27, are available online [here](#). Some of the posted

comments express concern about the compliance cost implications for small businesses. While the DOD did make some changes to the draft based on these comments, the department says they were minor and did not change the mandate's main elements.

According to Smith, the DOD plans to add more supply classes to the list of tagged products, and to add 14 more depots that will require the tagged shipments. Smith did not share a timeline for these changes, but says she expects the contract changes reflecting these expansions to take less time to ratify than the newly finalized one did.

"The Office of Management and Budget really wanted the public to understand the technology why we wanted to use [it] and how it was going to benefit the department," she says. "It wanted us to put together a document that would explain that to the public. So when it went out for public comment, suppliers would have something to draw upon, rather than just the contract clause by itself. [Because of this], we think that groundwork has been laid, and so the next generation [of the contract clause] should take less time."

The full text of the DOD's 74-page analysis, explaining its proposal to amend the DFARS to require RFID tagging, is available for download [here](#).

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