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REPORT
110–270

INTEGRATED DEEPWATER PROGRAM REFORM ACT

JULY 30, 2007.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OBERSTAR, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

together with

[To accompany H.R. 2722]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 2722) to restructure the Coast Guard Integrated Deepwater Program, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Integrated Deepwater Program Reform Act".

SEC. 2. IMPLEMENTATION OF COAST GUARD INTEGRATED DEEPWATER ACQUISITION PROGRAM.

(a) USE OF PRIVATE SECTOR ENTITY AS A LEAD SYSTEMS INTEGRATOR.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary may not use a private sector entity as a lead systems integrator for procurements under, or in support of, the Deepwater Program beginning on the earlier of October 1, 2011, or the date on which the Secretary certifies in writing to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate that the Coast Guard has available and can retain sufficient contracting personnel and expertise within the Coast Guard, through an arrangement with other Federal agencies, or through contracts or other arrangements with private sector entities, to perform the functions and responsibilities of the lead system integrator in an efficient and cost-effective manner.

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(2) COMPLETION OF EXISTING DELIVERY ORDERS AND TASK ORDERS.—The Secretary may use a private sector entity as a lead systems integrator to complete any delivery order or task order under the Deepwater Program that was issued to the lead systems integrator on or before the date of enactment of this Act.

(3) ASSISTANCE OF OTHER FEDERAL AGENCIES.—In any case in which the Secretary is the systems integrator under the Deepwater Program, the Secretary may obtain any type of assistance the Secretary considers appropriate, with any systems integration functions, from any Federal agency with experience in systems integration involving maritime vessels and aircraft.

(4) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—In any case in which the Secretary is the systems integrator under the Deepwater Program, the Secretary may, subject to the availability of appropriations, obtain by grant, contract, or cooperative agreement any type of assistance the Secretary considers appropriate, with any systems integration functions, from any private sector entity with experience in systems integration involving maritime vessels and aircraft.

(b) COMPETITION.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall use full and open competition for each class of asset acquisitions under the Deepwater Program for which an outside contractor is used, if the asset is procured directly by the Coast Guard or by the Integrated Coast Guard System acting under a contract with the Coast Guard.

(2) EXCEPTION.—The Secretary may use a procurement method that is less than full and open competition to procure an asset under the Deepwater Program, if—

(A) the Secretary determines that such method is in the best interests of the Federal Government; and

(B) by not later than 30 days before the date of the award of a contract for the procurement, the Secretary submits to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report explaining why such procurement is in the best interests of the Federal Government.

(3) LIMITATION ON APPLICATION.—Paragraph (1) shall not apply to a contract, subcontract, or task order that was issued before the date of enactment of this Act, if there is no change in the quantity of assets or the specific type of assets procured.

(c) REQUIRED CONTRACT TERMS.—The Secretary shall include in each contract, subcontract, and task order issued under the Deepwater Program after the date of the enactment of this Act the following provisions, as applicable:

(1) TECHNICAL REVIEWS.—A requirement that the Secretary shall conduct a technical review of all proposed designs, design changes, and engineering changes, and a requirement that the contractor must specifically address all engineering concerns identified in the technical reviews, before any funds may be obligated.

(2) RESPONSIBILITY FOR TECHNICAL REQUIREMENTS.—A requirement that the Secretary shall maintain the authority to establish, approve, and maintain technical requirements.

(3) COST ESTIMATE OF MAJOR CHANGES.—A requirement that an independent cost estimate must be prepared and approved by the Secretary before the execution of any change order costing more than 5 percent of the unit cost approved in the Deepwater Program baseline in effect as of May 2007.

(4) PERFORMANCE MEASUREMENT.—A requirement that any measurement of contractor and subcontractor performance must be based on the status of all work performed, including the extent to which the work performed met all cost, schedule, and mission performance requirements outlined in the Deepwater Program contract.

(5) EARLY OPERATIONAL ASSESSMENT.—For the acquisition of any cutter class for which an Early Operational Assessment has not been developed—

(A) a requirement that the Secretary of the Department in which the Coast Guard is operating shall cause an Early Operational Assessment to be conducted by the Department of the Navy after the development of the preliminary design of the cutter and before the conduct of the critical design review of the cutter; and

(B) a requirement that the Coast Guard shall develop a plan to address the findings presented in the Early Operational Assessment.

(6) TRANSIENT ELECTROMAGNETIC PULSE EMANATION.—For the acquisition or upgrade of air, surface, or shore assets for which compliance with transient electromagnetic pulse emanation (TEMPEST) is a requirement, a provision speci-

fying that the standard for determining such compliance shall be the air, surface, or shore asset standard then used by the Department of the Navy.

(7) OFFSHORE PATROL CUTTER UNDERWAY REQUIREMENT.—For any contract issued to acquire an Offshore Patrol Cutter, provisions specifying the service life, fatigue life, days underway in general Atlantic and North Pacific Sea conditions, maximum range, and maximum speed the cutter shall be built to achieve.

(8) INSPECTOR GENERAL ACCESS.—A requirement that the Department of Homeland Security's Office of the Inspector General shall have access to all records maintained by all contractors working on the Deepwater Program, and shall have the right to privately interview any contractor personnel.

(d) LIFE CYCLE COST ESTIMATE.—

(1) IN GENERAL.—The Secretary shall develop an authoritative life cycle cost estimate for the Deepwater Program.

(2) CONTENTS.—The life cycle cost estimate shall include asset acquisition and logistics support decisions and planned operational tempo and locations as of the date of enactment of this Act.

(3) SUBMITTAL.—The Secretary shall—

(A) submit the life cycle cost estimate to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate within 4 months after the date of enactment of this Act; and

(B) submit updates of the life cycle cost estimate to such Committees annually.

(e) CONTRACT OFFICERS.—The Secretary shall assign a separate contract officer for each class of cutter and aircraft acquired or rehabilitated under the Deepwater Program, including the National Security Cutter, the Offshore Patrol Cutter, the Fast Response Cutter A, the Fast Response Cutter B, maritime patrol aircraft, the aircraft HC–130J, the helicopter HH–65, the helicopter HH–60, and the vertical unmanned aerial vehicle.

(f) TECHNOLOGY RISK REPORT.—The Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report identifying the technology risks and level of maturity for major technologies used on each class of asset acquisitions under the Deepwater Program, including the Fast Response Cutter A (FRC–A), the Fast Response Cutter B (FRC–B), the Offshore Patrol Cutter (OPC), and the Vertical Unmanned Aerial Vehicle (VUAV), not later than 90 days before the date of award of a contract for such an acquisition.

(g) SUBMISSION OF ASSESSMENT RESULTS AND PLANS TO CONGRESS.—The Commandant of the Coast Guard shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate—

(1) the results of each Early Operational Assessment conducted pursuant to subsection (c)(5)(A) and the plan approved by the Commandant pursuant to subsection (c)(5)(B) for addressing the findings of such assessment, within 30 days after the Commandant approves the plan; and

(2) a report describing how the recommendations of each Early Operational Assessment conducted pursuant to subsection (c)(5)(A) on the first in class of a new cutter class have been addressed in the design on which construction is to begin, within 30 days before initiation of construction.

SEC. 3. CHIEF ACQUISITION OFFICER.

(a) IN GENERAL.—Chapter 3 of title 14, United States Code, is amended by adding at the end the following:

"§ 55. Chief Acquisition Officer

"(a) ESTABLISHMENT OF AGENCY CHIEF ACQUISITION OFFICER.—The Commandant shall appoint or designate a career reserved employee as Chief Acquisition Officer for the Coast Guard, who shall—

"(1) have acquisition management as that official's primary duty; and

"(2) report directly to the Commandant to advise and assist the Commandant to ensure that the mission of the Coast Guard is achieved through the management of the Coast Guard's acquisition activities.

"(b) AUTHORITY AND FUNCTIONS OF THE CHIEF ACQUISITION OFFICER.—The functions of the Chief Acquisition Officer shall include—

"(1) monitoring the performance of acquisition activities and acquisition programs of the Coast Guard, evaluating the performance of those programs on the basis of applicable performance measurements, and advising the Commandant regarding the appropriate business strategy to achieve the mission of the Coast Guard;

"(2) increasing the use of full and open competition in the acquisition of property and services by the Coast Guard by establishing policies, procedures, and practices that ensure that the Coast Guard receives a sufficient number of sealed bids or competitive proposals from responsible sources to fulfill the Government's requirements (including performance and delivery schedules) at the lowest cost or best value considering the nature of the property or service procured;

"(3) ensuring the use of detailed performance specifications in instances in which performance-based contracting is used;

"(4) making acquisition decisions consistent with all applicable laws and establishing clear lines of authority, accountability, and responsibility for acquisition decisionmaking within the Coast Guard;

"(5) managing the direction of acquisition policy for the Coast Guard, including implementation of the unique acquisition policies, regulations, and standards of the Coast Guard;

"(6) developing and maintaining an acquisition career management program in the Coast Guard to ensure that there is an adequate professional workforce; and

"(7) as part of the strategic planning and performance evaluation process required under section 306 of title 5 and sections 1105(a)(28), 1115, 1116, and 9703 of title 31—

"(A) assessing the requirements established for Coast Guard personnel regarding knowledge and skill in acquisition resources management and the adequacy of such requirements for facilitating the achievement of the performance goals established for acquisition management;

"(B) in order to rectify any deficiency in meeting such requirements, developing strategies and specific plans for hiring, training, and professional development; and

"(C) reporting to the Commandant on the progress made in improving acquisition management capability.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following:

"55. Chief Acquisition Officer.".

(c) SPECIAL RATE SUPPLEMENTS.—

(1) REQUIREMENT TO ESTABLISH.—Not later than 1 year after the date of enactment of this Act and in accordance with part 9701.333 of title 5, Code of Federal Regulations, the Commandant of the Coast Guard shall establish special rate supplements that provide higher pay levels for employees necessary to carry out the amendment made by this section.

(2) SUBJECT TO APPROPRIATIONS.—The requirement under paragraph (1) is subject to the availability of appropriations.

SEC. 4. TESTING AND CERTIFICATION.

(a) IN GENERAL.—The Secretary shall—

(1) cause each cutter, other than a National Security Cutter, acquired by the Coast Guard and delivered after the date of enactment of this Act to be classed by the American Bureau of Shipping, before acceptance of delivery;

(2) cause the design and construction of each National Security Cutter, other than National Security Cutter 1 and 2, to be certified by an independent third party with expertise in vessel design and construction certification to be able to meet a 185-underway-day requirement under general Atlantic and North Pacific sea conditions for a period of at least 30 years;

(3) cause all electronics on all aircraft, surface, and shore assets that require TEMPEST certification and that are delivered after the date of enactment of this Act to be tested and certified in accordance with TEMPEST standards and communications security (COMSEC) standards by an independent third party that is authorized by the Federal Government to perform such testing and certification; and

(4) cause all aircraft and aircraft engines acquired by the Coast Guard and delivered after the date of enactment of this Act to be certified for airworthiness by an independent third party with expertise in aircraft and aircraft engine certification, before acceptance of delivery.

(b) FIRST IN CLASS OF A MAJOR ASSET ACQUISITION.—The Secretary shall cause the first in class of a major asset acquisition of a cutter or an aircraft to be subjected to an assessment of operational capability conducted by the Secretary of the Navy.

(c) FINAL ARBITER.—The Secretary shall be the final arbiter of all technical disputes regarding designs and acquisitions of vessels and aircraft for the Coast Guard.

SEC. 5. NATIONAL SECURITY CUTTERS.

(a) NATIONAL SECURITY CUTTERS 1 AND 2.—

(1) REPORT ON OPTIONS UNDER CONSIDERATION.—The Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate—

(A) within 120 days after the date of enactment of this Act, a report describing in detail the cost increases that have been experienced on National Security Cutters 1 and 2 since the date of the issuance of the task orders for construction of those cutters and explaining the causes of these cost increases; and

(B) within 180 days after the date of enactment of this Act, a report on the options that the Coast Guard is considering to strengthen the hulls of National Security Cutter 1 and National Security Cutter 2, including—

(i) the costs of each of the options under consideration;

(ii) a schedule for when the hull strengthening repairs are anticipated to be performed; and

(iii) the impact that the weight likely to be added to each the cutter by each option will have on the cutter's ability to meet both the original performance requirements included in the Deepwater Program contract and the performance requirements created by contract Amendment Modification 00042 dated February 7, 2007.

(2) DESIGN ASSESSMENT.—Not later than 30 days before the Coast Guard signs any contract, delivery order, or task order to strengthen the hull of either of National Security Cutter 1 or 2 to resolve the structural design and performance issues identified in the Department of Homeland Security Inspector General's report OIG–07–23 dated January 2007, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate all results of an assessment of the proposed hull strengthening design conducted by the Naval Surface Warfare Center, Carderock Division, including a description in detail of the extent to which the hull strengthening measures to be implemented on those cutters will enable the cutters to meet a 185-underway-day requirement under general Atlantic and North Pacific sea conditions for a period of at least 30 years.

(b) NATIONAL SECURITY CUTTERS 3 THROUGH 8.—Not later than 30 days before the Coast Guard signs any contract, delivery order, or task order authorizing construction of National Security Cutters 3 through 8, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate all results of an assessment of the proposed designs to resolve the structural design, safety, and performance issues identified by the Department of Homeland Security Office of Inspector General report OIG–07–23 for the hulls of those cutters conducted by the Naval Surface Warfare Center, Carderock Division, including a description in detail of the extent to which such designs will enable the cutters to meet a 185-underway-day requirement under general Atlantic and North Pacific sea conditions.

SEC. 6. MISCELLANEOUS REPORTS.

(a) IN GENERAL.—The Secretary shall submit the following reports to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate:

(1) Within 4 months after the date of enactment of this Act, a justification for why 8 National Security Cutters are required to meet the operational needs of the Coast Guard, including—

(A) how many days per year each National Security Cutter will be underway at sea;

(B) where each National Security Cutter will be home ported;

(C) the amount of funding that will be required to establish home port operations for each National Security Cutter;

(D) the extent to which 8 National Security Cutters deployed without vertical unmanned aerial vehicles (VUAV) will meet or exceed the mission capability (including surveillance capacity) of the 12 Hamilton-class high endurance cutters that the National Security Cutters will replace;

(E) the business case in support of constructing National Security Cutters 3 through 8, including a cost-benefit analysis; and

(F) an analysis of how many Offshore Patrol Cutters would be required to provide the patrol coverage provided by a National Security Cutter.

(2) Within 4 months after the date of enactment of this Act, a report on—

(A) the impact that deployment of a National Security Cutter and other cutter assets without the vertical unmanned aerial vehicle (VUAV) will have on the amount of patrol coverage that will be able to be provided during missions conducted by the National Security Cutter and all other cutters planned to be equipped with a VUAV;

(B) how the coverage gap will be made up;

(C) an update on the current status of the development of the VUAV; and

(D) the timeline detailing the major milestones to be achieved during development of the VUAV and identifying the delivery date for the first and last VUAV.

(3) Within 30 days after the elevation to flag-level for resolution of any design or other dispute regarding the Deepwater Program contract or an item to be procured under that contract, including a detailed description of the issue and the rationale underlying the decision taken by the flag officer to resolve the issue.

(4) Within 4 months after the date of enactment of this Act, a report detailing the total number of change orders that have been created by the Coast Guard under the Deepwater Program before the date of enactment of this Act, the total cost of these change orders, and their impact on the Deepwater Program schedule.

(5) Within 180 days after the date of enactment of this Act, a report detailing the technology risks and level of maturity for major technologies used on maritime patrol aircraft, the HC–130J, and the National Security Cutter.

(6) Not less than 60 days before signing a contract to acquire any vessel or aircraft, a report comparing the cost of purchasing that vessel or aircraft directly from the manufacturer or shipyard with the cost of procuring it through the Integrated Coast Guard System.

(7) Within 30 days after the Program Executive Officer of the Deepwater Program becomes aware of a likely cost overrun exceeding 5 percent of the overall asset acquisition contract cost or schedule delay exceeding 5 percent of the estimated asset construction period under the Deepwater Program, a report by the Commandant containing a description of the cost overrun or delay, an explanation of the overrun or delay, a description of Coast Guard's response, and a description of significant delays in the procurement schedule likely to be caused by the overrun or delay.

(8) Within 90 days after the date of enactment of this Act, articulation of a doctrine and description of an anticipated implementation of a plan for management of acquisitions programs, financial management (including earned value management and cost estimating), engineering and logistics management, and contract management, that includes—

(A) a description of how the Coast Guard will cultivate among uniformed personnel expertise in acquisitions management and financial management;

(B) a description of the processes that will be followed to draft and ensure technical review of procurement packages, including statements of work, for any class of assets acquired by the Coast Guard;

(C) a description of how the Coast Guard will conduct an independent cost estimating process, including independently developing cost estimates for major change orders; and

(D) a description of how Coast Guard will strengthen the management of change orders.

(9) Within 4 months after the date of enactment of this Act, a report on the development of a new acquisitions office within the Coast Guard describing the specific staffing structure for that directorate, including—

(A) identification of all managerial positions proposed as part of the office, the functions that each managerial position will fill, and the number of employees each manager will supervise; and

(B) a formal organizational chart and identification of when managerial positions are to be filled.

(10) Ninety days prior to the issuance of a Request for Proposals for construction of an Offshore Patrol Cutter, a report detailing the service life, fatigue life, maximum range, maximum speed, and number of days underway under general Atlantic and North Pacific Sea conditions the cutter shall be built to achieve.

(11) The Secretary shall report annually on the percentage of the total amount of funds expended on procurements under the Deepwater Program that has been paid to each of small businesses and minority-owned businesses.

(12) Within 120 days after the date of enactment of this Act, a report on any Coast Guard mission performance gap due to the removal of Deepwater Program assets from service. The report shall include the following:

(A) A description of the mission performance gap detailing the geographic regions and Coast Guard capabilities affected.

(B) An analysis of factors affecting the mission performance gap that are unrelated to the Deepwater Program, including deployment of Coast Guard assets overseas and continuous vessel shortages.

(C) A description of measures being taken in the near term to fill the mission performance gap, including what those measures are and when they will be implemented.

(D) A description of measures being taken in the long term to fill the mission performance gap, including what those measures are and when they will be implemented.

(E) A description of the potential alternatives to fill the mission performance gap, including any acquisition or lease considered and the reasons they were not pursued.

(b) REPORT REQUIRED ON ACCEPTANCE OF DELIVERY OF INCOMPLETE ASSET.—

(1) IN GENERAL.—If the Secretary accepts delivery of an asset after the date of enactment of this Act for which a contractually required certification cannot be achieved within 30 days after the date of delivery or with any system that is not fully functional for the mission for which it was intended, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the United States Senate within 30 days after accepting delivery of the asset a report explaining why acceptance of the asset in such a condition is in the best interests of the United States Government.

(2) CONTENTS.—The report shall—

(A) specify the systems that are not able to achieve contractually required certifications within 30 days after the date of delivery and the systems that are not fully functional at the time of delivery for the missions for which they were intended;

(B) identify milestones for the completion of required certifications and to make all systems fully functional; and

(C) identify when the milestones will be completed, who will complete them, and the cost to complete them.

SEC. 7. USE OF THE NAVAL SEA SYSTEMS COMMAND, THE NAVAL AIR SYSTEMS COMMAND, AND THE SPACE AND NAVAL WARFARE SYSTEMS COMMAND TO ASSIST THE COAST GUARD IN EXERCISING TECHNICAL AUTHORITY FOR THE DEEPWATER PROGRAM AND OTHER COAST GUARD ACQUISITION PROGRAMS.

(a) FINDINGS.—Congress finds that the Coast Guard's use of the technical, contractual, and program management oversight expertise of the Department of the Navy in ship and aircraft production complements and augments the Coast Guard's organic expertise as it procures assets for the Deepwater Program.

(b) INTER-SERVICE TECHNICAL ASSISTANCE.—The Secretary may enter into a memorandum of understanding or a memorandum of agreement with the Secretary of the Navy to provide for the use of the Navy Systems Commands to assist the Coast Guard with the oversight of Coast Guard major acquisition programs. Such memorandum of understanding or memorandum of agreement shall, at a minimum provide for—

(1) the exchange of technical assistance and support that the Coast Guard Chief Engineer and the Coast Guard Chief Information Officer, as Coast Guard Technical Authorities, may identify;

(2) the use, as appropriate, of Navy technical expertise; and

(3) the temporary assignment or exchange of personnel between the Coast Guard and the Navy Systems Commands to facilitate the development of organic capabilities in the Coast Guard.

(c) TECHNICAL AUTHORITIES.—The Coast Guard Chief Engineer, Chief Information Officer, and Chief Acquisition Officer shall adopt, to the extent practicable, procedures that are similar to those used by the Navy Senior Acquisition Official to ensure the Coast Guard Technical Authorities, or designated Technical Warrant Holders, approve all technical requirements.

(d) COORDINATION.—The Secretary, acting through the Commandant of the Coast Guard, may coordinate with the Secretary of the Navy, acting through the Chief of Naval Operations, to develop processes by which the assistance will be requested from the Navy Systems Commands and provided to the Coast Guard.

(e) REPORT.—Not later than 120 days after the date of enactment of this Act and every twelve months thereafter, the Commandant of the Coast Guard shall report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the activities undertaken pursuant to such memorandum of understanding or memorandum of agreement.

SEC. 8. DEFINITIONS.

In this Act:

(1) DEEPWATER PROGRAM.—The term "Deepwater Program" means the Integrated Deepwater Systems Program described by the Coast Guard in its report to Congress entitled "Revised Deepwater Implementation Plan 2005", dated March 25, 2005. The Deepwater Program primarily involves the procurement of cutter and aviation assets that operate more than 50 miles offshore.

(2) SECRETARY.—The term "Secretary" means the Secretary of the department in which the Coast Guard is operating.

PURPOSE OF THE LEGISLATION

H.R. 2722, as amended, restructures the Integrated Deepwater Program of the U.S. Coast Guard. The bill establishes new acquisitions management systems under civilian leadership within the Coast Guard to enable the Coast Guard to effectively manage its Deepwater procurement program, to assume the role of lead systems integrator for the program, and to ensure that all assets produced under the program meet the highest quality standards.

BACKGROUND AND NEED FOR THE LEGISLATION

The Deepwater Program is a series of procurements intended to renew the Coast Guard's fleet of cutters and aircraft. Currently expected to cost $24 billion and to require 25 years to complete, the program encompasses 91 cutters, 124 small surface craft, 244 new or converted aircraft, including both helicopters and fixed-wing airplanes, and command, control, communication, computer, intelligence, surveillance, and reconnaissance ("C4ISR") systems. The procurements conducted under Deepwater are intended to create a "system of systems"—meaning a suite of assets that are fully integrated and inter-operable.

On June 25, 2002, the Coast Guard awarded the contract for the Deepwater Program to Integrated Coast Guard Systems ("ICGS"), a joint venture comprised of Lockheed Martin and Northrop Grumman. The contract awarded in 2002 was an indefinite delivery, indefinite quantity contract with a five-year baseline ending in 2007. In June 2007, the Coast Guard announced the award of a new 43-month term to ICGS; however, the award did not include guaranteed work and the Coast Guard indicated at the time of the announcement that no task orders issued under the new award would exceed 18 months.

Significant problems have been encountered in procurements conducted under Deepwater, including structural buckling of the eight 110-foot patrol boats that were lengthened to 123 feet, failure of the first design for the new Fast Response Cutter, and failure of the initial design effort of the vertical unmanned aerial vehicle. Most recently, the Department of Homeland Security's Office of the Inspector General ("OIG") has found that the hull fatigue life on the National Security Cutter ("NSC"), the most expensive asset to be procured under the Deepwater Program, may not meet contractual requirements. The Coast Guard does not agree that the NSC will be unable to meet contractual requirements because its interpretation of contractual requirements differs from the OIG's interpretation of these requirements. However, the Coast Guard does agree that there are problems associated with the fatigue life of the hulls of the NSCs and will utilize a design for the construction of NSC 3 that is different from that utilized for NSCs 1 and 2.

Numerous studies on Deepwater issued by the OIG, the Government Accountability Office, and the Defense Acquisitions University have analyzed problems in the Deepwater contract and shortcomings in the Coast Guard's management of the contract that have contributed to the problems encountered in the procurement. Among other factors, these groups have criticized the issuance of a performance-based contract that lacked clear standards for assessing performance and that ceded too much authority for technical decisions from the Coast Guard and to the ICGS contractor. Analysts have also criticized the lack of in-house management and technical oversight capacity within the Coast Guard.

On January 30, 2007, the Subcommittee on Coast Guard and Maritime Transportation held its first oversight hearing of the 110th Congress on the Deepwater Program. The Subcommittee received testimony from Admiral Thad Allen, Commandant of the United States Coast Guard; Dr. Leo Mackay, President of Integrated Coast Guard Systems; and Mr. Phillip Teel, President of Northrop Grumman Ship Systems.

In his testimony, Admiral Allen stated that the Coast Guard is creating a new acquisitions directorate to professionalize the management of acquisitions efforts in the Coast Guard and the management of human capital. The Commandant also announced that the Coast Guard would serve as the final technical authority on acquisitions efforts. Further, he testified that the Coast Guard would put business practices into place intended to guarantee contractor performance, allow clear assignment of responsibility and accountability, and address problems that had arisen from contractor self-certification.

Admiral Allen indicated that he did not agree with the conclusion of the OIG claim that the contract for Deepwater required the National Security Cutter to be built to be underway for at least 230 days per year. Admiral Allen stated that the contract requires the ship to be built to be away from its home port for 230 days per year but to be able to serve only 170- to 180-mission days. He further argued that building a ship to be operating in a mission area for 230 days per year would require construction of a ship much heavier and more expensive than the Coast Guard actually needs.

In his testimony, Mr. Teel discussed the changes that are occurring in techniques for forecasting the fatigue life of vessels and indicated that current techniques for developing such forecasts continue to be refined. In response to questions about the NSC, he indicated that he could not be certain when or if a crack would occur in the NSC.

On March 8, 2007, the Subcommittee on Coast Guard and Maritime Transportation held a hearing on the Coast Guard's fiscal year 2008 budget, including the budget for the Deepwater Program. The Subcommittee received testimony from Admiral Thad Allen, the Commandant of the United States Coast Guard; Master Chief Petty Officer Charles W. Bowen, the Master Chief Petty Officer of the Coast Guard; Mr. Richard Skinner, the Inspector General of the Department of Homeland Security; and Mr. Stephen Caldwell of Government Accountability Office.

Admiral Allen testified that he was uncertain if the Coast Guard could complete the Deepwater Program within the currently projected $24 billion budget. He further testified regarding the NSC

that Northrop Grumman felt they had met the contractual requirements for the ship but the Coast Guard did not agree.

Mr. Skinner testified that the Inspector General's office had conducted four audits of Deepwater over the past two and one-half years and these audits revealed the dominant influence of expediency over performance quality, flaws with the terms and conditions of the contract, and that the Coast Guard lacks the appropriate number of people and the right mix of expertise to manage the Deepwater Program. Mr. Skinner indicated that the Coast Guard was moving to correct all of these problems—but that the implementation of corrections would require a change of culture within the service. He further stated that one of the most important practices to ensuring the success of performance-based contracting is continuity in personnel. The appointment of military personnel to oversee acquisitions is directly contrary to this objective because it ensures turnover. Further, he indicated that there is no career path in the Coast Guard for military personnel who aspire to manage acquisitions to receive the work experience and training that they will need to be able to manage any acquisition program, particularly one as complicated as Deepwater.

Mr. Caldwell testified that there were many areas of uncertainty in the Deepwater contract that could cause the program to exceed $24 billion in costs, including continued growth in the costs of individual assets. He also supported the point that civilians could bring needed continuity to the Deepwater Program.

On April 18, 2007, the Committee on Transportation and Infrastructure held an investigative hearing to examine contractor compliance with the requirements of the Deepwater contract, particularly on the 123-foot patrol boat program. The Committee received testimony from 13 witnesses, including two former employees of Lockheed Martin, five current or former employees of the Coast Guard, Admiral Gary Blore, who will head the Coast Guard's new acquisitions directorate, and Vice Admiral Paul Sullivan, Commander of the United States Navy's Naval Sea Systems Command.

The Committee heard testimony indicating that the ICGS team installed non-conforming topside equipment, non-low-smoke cabling, cameras that did not provide a 360-degree field of coverage, and non-shielded cabling. Further, the Committee heard testimony indicating that the Coast Guard may not have followed all standard procedures in obtaining transient electromagnetic pulse emanation ("TEMPEST") certifications for the vessels. The Coast Guard maintains that no data was transmitted over non-TEMPEST standard communications equipment.

During the April 18, 2007 hearing, the Committee also examined the circumstances regarding the decisions made by the Coast Guard to implement the ICGS proposal to lengthen the hulls of 110-foot patrol boats to 123 feet. Specifically, the Committee heard testimony indicating that the Coast Guard decided to move ahead with the lengthening effort despite warnings from the United States Navy that the proposed design for the lengthened boat was flawed and could lead to problems with the hulls. The U.S. Navy was correct and the boats have subsequently been determined unseaworthy.

Ms. Cathy Martindale, a contracting officer for the Coast Guard, testified that there were an insufficient number of contracting offi-

cers assigned to oversee the major procurement programs within Deepwater during its early years. Other witnesses indicated that, at the time of the 123-foot patrol boat program, the Coast Guard did not have the necessary personnel in place to effectively manage contractor performance.

On June 12, 2007, the Subcommittee on Coast Guard and Maritime Transportation held a hearing to assess changes made in the Coast Guard's management of Deepwater. The Subcommittee received testimony from Admiral Thad Allen, Commandant of the United States Coast Guard; and Mr. Richard Skinner, the Inspector General of the Department of Homeland Security.

Admiral Allen testified that he was in the process of hiring 50 additional personnel to work in the Deepwater Program management office. He indicated that the Coast Guard would move the integration functions currently being performed in the Systems Integration Program Office to Coast Guard Headquarters as part of the ongoing reorganization. However, he estimated it would take six to 12 months to accomplish the reorganization.

Admiral Allen testified that the Coast Guard had moved to rescind acceptance of the delivery of the 123-foot patrol boats, which have been removed from service due to hull buckling. Admiral Allen further testified that the American Bureau of Shipping would classify the new Fast Response Cutter being procured directly by the Coast Guard. He stated that changes that the Coast Guard anticipates making in the hull of NSC 1 to strengthen the hull's fatigue life will be made at government expense because Northrop Grumman believes that it has met the requirements of the Deepwater contract.

Inspector General Skinner testified that a transitional period—perhaps lasting two to three years—will be required before the Coast Guard is ready to assume the role of lead systems integrator. He further emphasized the need to ensure continuity on the integrated teams created under Deepwater and stated that civilians can bring such continuity to the program. Inspector General Skinner testified that he is concerned that the Coast Guard may have difficulty resolving the structural design and performance issues associated with NSCs 1 and 2 as well as NSCs 3 through 8. He also stated that he believes that the cost and operational impact of structural modifications to all of the cutters should be identified and evaluated fully before the Coast Guard authorizes construction of any new NSC.

SUMMARY OF THE LEGISLATION

Section 1. Short title

Section 1 cites the Act as the "Integrated Deepwater Program Reform Act".

Section 2. Implementation of Coast Guard Integrated Deepwater Acquisition Program

Section 2 prohibits the use of a private firm as a lead systems integrator for procurements under, or in support of, the Deepwater Program on the earlier of October 1, 2011, or the date on which the Secretary certifies in writing to the Committees that the Coast Guard has available and can retain sufficient contracting personnel

and expertise within the Coast Guard to perform the functions and responsibilities of the lead system integrator. The Coast Guard can continue to use a private sector lead systems integrator to complete any delivery order or task order issued on or before the date of enactment of this Act.

This section also requires the Secretary to use full and open competition for each class of asset acquisitions under the Deepwater Program except when the Secretary determines that it is in the best interests of the Federal Government to use a different procurement method and he reports to the Committees on why such procurement is in the best interests of the Federal Government.

In addition, this section sets forth a number of specific requirements to be included in any future contracts, delivery orders, or task orders issued under Deepwater, including requirements subjecting designs to certain technical reviews and mandating the development of independent cost estimates. This section:

- Requires the Coast Guard to maintain the authority to establish, approve, and maintain technical requirements and requires that any measurement of contractor and subcontractor performance be based on the status of all work performed;
- Specifies that Department of the Navy TEMPEST standards are to be cited in contracts for the acquisition of all assets that require TEMPEST certifications;
- Requires that an Early Operational Assessment be performed for any new asset class after the development of the primary design and before the conduct of the critical design review of the cutter;
- Requires any contract issued for an Offshore Patrol Cutter to clearly specify the service life, fatigue life, days underway under general Atlantic and North Pacific Sea conditions, maximum range, and maximum speed the cutter shall be built to achieve; and
- Requires that all contracts include provisions guaranteeing that the OIG has the right to privately interview all contractor personnel working on Deepwater and providing the OIG with access to all records maintained by contractors working on Deepwater.

Finally, section 2 requires the Coast Guard to develop and update annually a life-cycle cost estimate that includes asset acquisition and logistics support decisions and to assign separate contract officers for each class of cutter and aircraft acquired or rehabilitated under the Deepwater Program.

Section 3. Chief Acquisition Officer

Section 3 amends chapter 3 of title 14, United States Code, to require the appointment of a civilian, career reserved employee as Chief Acquisition Officer, reporting directly to the Commandant of the Coast Guard. The section also specifies a number of authorities specifically reserved to the Chief Acquisition Officer and functions to be performed by that position.

The Committee believes that the appointment of a civilian with extensive professional experience in acquisitions management to head the Deepwater acquisitions effort will provide the senior-level expertise and technical skills necessary to effectively and efficiently manage the Deepwater Program.

Section 4. Testing and certification

Section 4 establishes new standards for the testing and certification of assets procured under the Deepwater Program. The section requires all cutters, other than the NSCs, to be classed by the American Bureau of Shipping ("ABS") before acceptance of delivery. It requires the design and construction of NSCs 3 through 8 to be certified by an independent third party, such as the ABS or Navy, to be able to be underway for at least 185 days per year for 30 years. Similarly, the section requires that all aircraft be certified by an independent third party and requires all electronics that require TEMPEST certification to be certified in accordance with TEMPEST standards by an independent third party.

Section 5. National security cutters

Section 5 requires the Secretary to submit specific reports to the Committee on Transportation and Infrastructure and the Committee on Commerce, Science, and Transportation. Specifically, the section requires the Coast Guard to submit to the Committees a report detailing cost increases experienced during the acquisition of the NSCs and a report on options under consideration by the Coast Guard to strengthen the hulls of NSCs 1 and 2. This section also requires that, not later than 30 days before the Coast Guard signs any contract, delivery order, or task order to strengthen the hull of either NSC 1 or 2, the Coast Guard shall submit to the Committees all results of an assessment of the proposed hull strengthening design conducted by the Naval Surface Warfare Center (Carderock Division), including a description of the extent to which such measures will enable NSCs 1 and 2 to meet a 185-underway-day requirement for at least 30 years. Similarly, the section requires that, not later than 30 days before the Coast Guard signs any contract, delivery order, or task order authorizing construction of NSC 3 through 8, the Coast Guard shall submit to the Committees all results of an assessment of the proposed designs to resolve the structural design, safety, and performance issues identified by the OIG, including a description of the extent to which such designs will enable NSCs 3 through 8 to meet a 185-underway-day requirement.

Section 6. Miscellaneous reports

Section 6 requires the submission of a number of reports on the Deepwater Program, including the following:

- A justification for why eight NSCs is the appropriate number of NSCs to meet the Coast Guard's operational needs;
- A report on the impact that deployment of the NSCs without vertical unmanned aerial vehicles will have on the amount of patrol coverage that will be able to be provided during missions conducted by NSCs;
- A report on the total number and cost of change orders created under the Deepwater contract and their impact on the Deepwater Program schedule;
- A report comparing the costs of purchasing assets through ICGS or directly from the manufacturer or shipyard;
- A report on specific cost overruns and schedule delays encountered under Deepwater;

- A report on how the Coast Guard will develop acquisitions management and financial management expertise among its personnel; and,
- An annual report on the percentage of total funding expended on Deepwater Program procurements that has been awarded to small businesses and minority-owned businesses.

Section 7. Use of the Naval Sea Systems Command, the Naval Air Systems Command, and the Space and Naval Warfare Systems Command to assist the Coast Guard in exercising technical authority for the Deepwater Program and other Coast Guard Acquisition Programs

Section 7 authorizes the Secretary to enter into a memorandum of understanding or a memorandum of agreement with the Secretary of the Navy to provide for the use of the Navy Systems Command to assist the Coast Guard with the oversight of Coast Guard major acquisition programs. Such memorandum shall provide for the exchange of technical assistance and support, the use of Navy technical expertise, and the temporary assignment or exchange of personnel between the Coast Guard and the Navy Systems Commands to facilitate the development of organic capabilities in the Coast Guard. The section requires the Coast Guard Chief Engineer, Chief Information Officer, and Chief Acquisition Officer to adopt, to the extent practicable, procedures that are similar to those used by the Navy Senior Acquisition Official to ensure the Coast Guard Technical Authorities approve all technical requirements. The section requires the Coast Guard to report to the Committees annually on the activities undertaken pursuant to such memorandum.

Section 8. Definitions

Section 8 defines the term "Deepwater Program" as the Integrated Deepwater Systems Program described by the Coast Guard in its March 25, 2005 report to Congress entitled "Revised Deepwater Implementation Plan 2005". The Deepwater Program primarily involves the procurement of cutter and aviation assets that operate more than 50 miles offshore.

The section defines the term "Secretary" as the Secretary of the department in which the Coast Guard is operating.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

To date, the Committee on Transportation and Infrastructure has held four hearings on the Deepwater Program in the 110th Congress. On January 30, 2007, the Subcommittee on Coast Guard and Maritime Transportation held its first oversight hearing of the 110th Congress on the Deepwater Program. On March 8, 2007, the Subcommittee on Coast Guard and Maritime Transportation held a hearing on the Coast Guard's fiscal year 2008 budget, including the budget for the Deepwater Program. On April 18, 2007, the Committee on Transportation and Infrastructure held an investigative hearing to examine contractor compliance with the requirements of the Deepwater contract, particularly on the 123-foot patrol boat program. On June 12, 2007, the Subcommittee on Coast Guard and Maritime Transportation held a hearing to assess changes made in the Coast Guard's management of Deepwater.

On June 14, 2007, Subcommittee on Coast Guard and Maritime Transportation Chairman Elijah E. Cummings introduced H.R. 2722, the Integrated Deepwater Program Reform Act.

On June 26, 2007, the Subcommittee on Coast Guard and Maritime Transportation met in open session to consider H.R. 2722. During consideration of the bill, the Subcommittee adopted three amendments. First, the Subcommittee adopted, by voice vote, an amendment requiring a report on the Coast Guard performance gap due to the removal of Deepwater Program assets from service and a clear description of the actions being taken by the Coast Guard to fill the mission performance gap. Second, the Subcommittee adopted an amendment that changed the deadline for prohibiting the use of a private sector lead systems integrator under the Deepwater program. H.R. 2722, as introduced, prohibited the use of a private sector lead systems integrator for procurements under, or in support of, the Deepwater Program beginning two years after the date of enactment of the Act. The Subcommittee adopted, by voice vote, an amendment that prohibits the use of a private firm as a lead systems integrator for procurements under, or in support of, the Deepwater Program on the earlier of October 1, 2011, or the date on which the Secretary certifies in writing to the Committees that the Coast Guard has available and can retain sufficient contracting personnel and expertise within the Coast Guard to perform the functions and responsibilities of the lead system integrator. The amendment also clarified that the Coast Guard may acquire from private entities any necessary assistance to carry out systems integration functions. Finally, the Subcommittee adopted, by voice vote, an amendment that authorizes the Department of Homeland Security to create pay supplements for Coast Guard acquisitions personnel. Specifically, the amendment requires the Coast Guard to establish special pay rate supplements that provide higher pay levels for employees necessary to carry out acquisitions functions. The Subcommittee recommended the bill, as amended, favorably to the Committee on Transportation and Infrastructure by voice vote.

On June 28, 2007, the Committee on Transportation and Infrastructure met in open session to consider H.R. 2722, as recommended favorably by the Subcommittee. The Committee adopted, by voice vote, an amendment that authorizes the Secretary to enter into a memorandum of understanding or a memorandum of agreement with the Secretary of the Navy to provide for the use of the Navy Systems Command to assist the Coast Guard with the oversight of Coast Guard major acquisition programs. The Committee ordered the bill, as amended, reported favorably to the House by voice vote.

RECORD VOTES

Clause 3(b) of Rule XIII of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with any amendment offered to H.R. 2722 or with ordering H.R. 2722 reported. A motion to order H.R.

2722, as amended, reported favorably to the House was agreed to by voice vote with a quorum present.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included in the report.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 2722 are to restructure the Coast Guard Integrated Deepwater Program alter the Coast Guard's management of the Deepwater acquisitions program.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 2722 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 17, 2007.

Hon. JAMES L. OBERSTAR, *Chairman,*
Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2722, the Integrated Deepwater Program Reform Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis.

Sincerely,

PETER R. ORSZAG,
Director.

Enclosure.

H.R. 2722—Integrated Deepwater Program Reform Act

Summary: H.R. 2722 addresses the contracting practices used by the United States Coast Guard (USCG) for the Integrated Deepwater Program (IDP), a 25-year, $24 billion initiative to replace many of the agency's vessels, aircraft, and other assets.

Assuming appropriation of the necessary amounts, CBO estimates that the USCG would spend $5 million over the next two years for additional contracting personnel and to develop a life-cycle cost estimate for the IDP, as required by the legislation. That increase in spending would probably be more than offset by savings in future years.

Several provisions of H.R. 2722 could increase other costs of administering contracts under the IDP, but those provisions and other reforms required by the bill also could result in lower procurement expenditures. Moreover, many of the bill's required reforms may be carried out by the USCG even in the absence of legislation. CBO expects that implementing those reforms (whether under current law or as a result of enacting H.R. 2722) would reduce the long-term cost of the program, but we cannot estimate the likely size of that cost savings or clearly identify what proportion of any long-term savings would be attributable to this legislation and what share would result from changes that the Coast Guard would implement under current law.

Any annual costs or savings realized by the agency as a result of the legislation would depend on future changes in the level of discretionary appropriations for this initiative. Enacting this legislation would not affect revenues or direct spending.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Major provisions: H.R. 2722 would restrict the Coast Guard's reliance on private entities to manage IDP and would require the agency to revise other procurement practices to rectify problems identified by the Department of Defense (DoD), the Department of Homeland Security (DHS), and the Government Accountability Office. The bill also would require that many future acquisitions for the program be open to competition and be subject to new testing, analysis, and certification requirements. Finally, the bill would require the Coast Guard to hire additional contracting and management personnel and to produce various reports on its acquisition activities.

Estimated impact on the Federal budget: CBO estimates that complying with the requirements of H.R. 2722 would increase USCG's cost to administer IDP by $5 million over the next two years, assuming appropriation of the necessary amounts. We expect that the USCG would spend most of this amount to create a position for new chief acquisition officer, to hire and compensate new contract officers for each class of cutter and aircraft acquired under IDP, and to perform a comprehensive cost estimate for the initiative. We estimate that the cost of implementing other administrative requirements, such as testing and certifying vessels to meet U.S. Navy standards, would not add significantly to the costs of the Deepwater initiative.

The budgetary impact of other provisions of the bill is uncertain—as is the cost of the deepwater initiative under existing law. According to the DHS Inspector General, the Coast Guard's most recent cost estimate for the program—$24 billion—is likely to be too low because it does not take into account costs of hundreds of millions of dollars resulting from delays, design failures, and other

problems. H.R. 2722 would seek to address those problems by requiring greater agency supervision and more reliance on competitive bidding. CBO expects that those reforms would result in savings, but we cannot estimate the magnitude of such savings or predict the extent to which some savings would be realized by implementing similar reforms under current law.

Pending acquisitions

CBO expects that implementing the bill would not directly affect pending acquisitions of certain classes of assets, such as the national security cutter and the maritime patrol aircraft, two assets that the USCG has already begun acquiring from its chosen contractor. The bill would exempt those and other specified projects from its requirements on management and competitive bidding if certain conditions are met. The administrative burden of meeting those conditions could cause delays in acquiring some fleet replacements and thus result in additional operating and maintenance costs over the next few years for existing assets. Similar delays, however, may occur under current law; the Coast Guard has already had to begin revising the design of those assets to address known problems.

Future acquisitions

H.R. 2722 would require that future phases of IDP be subject to open competition and other reforms. The resulting savings from such reforms could be significant—perhaps hundreds of millions of dollars—but cannot be estimated with any precision. Moreover, many of the contracting changes may occur even in the absence of legislation. For example, the Coast Guard recently announced that it intends to begin managing the program itself rather than relying on a private systems integrator. The agency has also begun implementing some of the other reforms suggested by DHS, such as more reliance on competition and independent analysis.

Any costs or savings that result from implementing the bill would depend on corresponding changes in annual appropriation acts. Annual funding for acquisitions under the program has varied widely—from $320 million in fiscal year 2002 to more than $1.1 billion to date for 2007. The President's budget request for 2008 includes nearly $840 million for the program.

Intergovernmental and private-sector impact: H.R. 2722 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Previous CBO cost estimate: On May 10, 2007, CBO transmitted a cost estimate for S. 924, the Integrated Deepwater Program Reform Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on April 25, 2007. H.R. 2722 and S. 924 address similar issues. CBO estimates that the up-front administrative cost of complying with H.R. 2722 would be less than those to comply with S. 924 because the House legislation would not require the Coast Guard to contract with a third party to perform a major analysis of IDP.

Estimate prepared by: Federal costs: Deborah Reis; Impact on state, local, and tribal governments: Elizabeth Cover; Impact on the private sector: Craig Cammarata.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH HOUSE RULE XXI

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 2722, the Integrated Deepwater Program Reform Act, does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI of the Rules of the House of Representatives.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (3)(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee states that H.R. 2722, as amended, does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

TITLE 14, UNITED STATES CODE

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PART I—REGULAR COAST GUARD

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CHAPTER 3—COMPOSITION AND ORGANIZATION

Sec.
41. Grades and ratings.

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55. Chief Acquisition Officer.

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§ 55. Chief Acquisition Officer

(a) ESTABLISHMENT OF AGENCY CHIEF ACQUISITION OFFICER.—The Commandant shall appoint or designate a career reserved employee as Chief Acquisition Officer for the Coast Guard, who shall—

(1) have acquisition management as that official's primary duty; and

(2) report directly to the Commandant to advise and assist the Commandant to ensure that the mission of the Coast Guard is achieved through the management of the Coast Guard's acquisition activities.

(b) AUTHORITY AND FUNCTIONS OF THE CHIEF ACQUISITION OFFICER.—The functions of the Chief Acquisition Officer shall include—

(1) monitoring the performance of acquisition activities and acquisition programs of the Coast Guard, evaluating the performance of those programs on the basis of applicable performance measurements, and advising the Commandant regarding the appropriate business strategy to achieve the mission of the Coast Guard;

(2) increasing the use of full and open competition in the acquisition of property and services by the Coast Guard by establishing policies, procedures, and practices that ensure that the Coast Guard receives a sufficient number of sealed bids or competitive proposals from responsible sources to fulfill the Government's requirements (including performance and delivery schedules) at the lowest cost or best value considering the nature of the property or service procured;

(3) ensuring the use of detailed performance specifications in instances in which performance-based contracting is used;

(4) making acquisition decisions consistent with all applicable laws and establishing clear lines of authority, accountability, and responsibility for acquisition decisionmaking within the Coast Guard;

(5) managing the direction of acquisition policy for the Coast Guard, including implementation of the unique acquisition policies, regulations, and standards of the Coast Guard;

(6) developing and maintaining an acquisition career management program in the Coast Guard to ensure that there is an adequate professional workforce; and

(7) as part of the strategic planning and performance evaluation process required under section 306 of title 5 and sections 1105(a)(28), 1115, 1116, and 9703 of title 31—

(A) assessing the requirements established for Coast Guard personnel regarding knowledge and skill in acquisition resources management and the adequacy of such requirements for facilitating the achievement of the performance goals established for acquisition management;

(B) in order to rectify any deficiency in meeting such requirements, developing strategies and specific plans for hiring, training, and professional development; and

(C) reporting to the Commandant on the progress made in improving acquisition management capability.

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U.S. House of Representatives
Committee on Transportation and Infrastructure

James L. Oberstar
Chairman

Washington, DC 20515

John L. Mica
Ranking Republican Member

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

July 30, 2007

The Honorable Bennie G. Thompson
Chairman
Committee on Homeland Security
176 Ford House Office Building
Washington, D.C. 20515

Dear Chairman Thompson:

Thank you for your July 30, 2007 letter regarding H.R. 2722, to restructure the Coast Guard Integrated Deepwater Program, and for other purposes. Your support for this legislation and your assistance in ensuring its timely consideration are greatly appreciated.

I agree that provisions in the bill are of jurisdictional interest to the Committee on Homeland Security. I acknowledge that by forgoing a sequential referral, your Committee is not relinquishing its jurisdiction and I will fully support your request to be represented in a House-Senate conference on those provisions over which the Committee on Homeland Security has jurisdiction in H.R. 2722.

I value your cooperation and look forward to working with you as we move ahead with this important Coast Guard legislation.

Sincerely,

James L. Oberstar

James L. Oberstar, M.C.
Chairman

cc: The Honorable Nancy Pelosi, Speaker
The Honorable John L. Mica, Ranking Member
The Honorable Peter T. King, Ranking Member, Committee on Homeland Security
The Honorable John Sullivan, Parliamentarian

BENNIE G. THOMPSON, MISSISSIPPI
CHAIRMAN

PETER T. KING, NEW YORK
RANKING MEMBER

One Hundred Tenth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

July 30, 2007

The Honorable James L. Oberstar
Chairman
Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Oberstar:

I write to you regarding H.R. 2722, to restructure the Coast Guard Integrated Deepwater Program, and for other purposes.

H.R. 2722 contains provisions that fall within the jurisdiction of the Committee on Homeland Security. I recognize and appreciate your desire to bring this legislation before the House in an expeditious manner and, accordingly, I will not seek to act on a sequential referral of the bill. However, agreeing to waive consideration of this bill should not be construed as the Committee on Homeland Security waiving its jurisdiction over H.R. 2722.

Further, the Committee on Homeland Security reserves the right to seek the appointment of conferees during any House-Senate conference convened on this legislation on provisions of the bill that are within the Committee's jurisdiction. I ask for your support any such request by the Committee on Homeland Security for the appointment of conferees on H.R. 2722 or similar legislation.

I look forward to working with you as we prepare to pass this important legislation.

Sincerely,

Bennie G. Thompson, M.C.
Chairman

cc: The Honorable Nancy Pelosi, Speaker
The Honorable John L. Mica, Ranking Member
The Honorable Peter T. King, Ranking Member, Committee on Homeland Security
Mr. John V. Sullivan, Parliamentarian

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