

**H.R. 1960—FY14 NATIONAL DEFENSE
AUTHORIZATION BILL**

**SUBCOMMITTEE ON SEAPOWER AND
PROJECTION FORCES**

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DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

LEGISLATIVE PROVISIONS

SUBTITLE C—NAVY PROGRAMS

Section 1xx—Modification to Cost Limitation for CVN-78 Aircraft Carrier

This section would amend the statutory cost cap for the aircraft carrier designated as CVN-78 that was imposed by subsection (a)(1) of section 122 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364). The cost cap for CVN-78 is currently \$11.755 billion, having been adjusted by the Secretary of the Navy in 2010 using the authority granted by subsection (b) of section 122 of Public Law 109-364. This section would raise the cost cap to the Program Manager's most likely Estimate at Completion, as reported in the 2011 Selected Acquisition Report, to \$12.9 billion.

The committee notes the receipt of a report to Congress required by section 124 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112-239) that provides cost-saving details that the Navy intends to incorporate into the acquisition strategy to provide better cost stability in CVN-78 and eventual incorporation into CVN-79 procurement process.

The committee remains concerned about the continued escalation in costs associated with Gerald R. Ford-class aircraft carrier and the negative consequences associated with this continued escalation on the entirety of the ship construction accounts. This escalation, when taken in the context of the 30-year shipbuilding plan that includes significant costs associated with the Ohio-class ballistic missile submarine replacement, is unsustainable.

Section 1xx—Multiyear Procurement Authority for E-2D Aircraft Program

This section would permit the Secretary of the Navy to procure up to 32 E-2D aircraft utilizing multiyear procurement authority for fiscal years 2014-18.

SUBTITLE D—AIR FORCE PROGRAMS

Section 1xx—Multiyear Procurement Authority for Multiple Variants of the C-130J Aircraft Program

This section would permit the Secretary of the Air Force to procure multiple variants of the C-130J baseline aircraft utilizing multiyear procurement authority for fiscal years 2014-18.

Section 1xx—Retirement of KC-135R Aircraft

This section would permit the Secretary of the Air Force to remove KC-135E aerial refueling aircraft from flyable storage, which would permit the Secretary to utilize parts and components of retired KC-135E aircraft to enter the

supply chain for maintaining and sustaining KC-135R aerial refueling aircraft. This section would also require the Secretary to maintain any retired KC-135R aircraft in a flyable condition that would permit recall to active flying service in the Department of the Air Force. This section would also permit the Secretary of the Air Force, on a "one-for-one" basis, to remove KC-135R aircraft from the flyable storage requirement for each new KC-46A aircraft delivered to the Department of the Air Force.

Section 1xx—Prohibition on Cancellation or Modification of Avionics Modernization Program for C-130 Aircraft

This section would prohibit the Secretary of the Air Force from terminating the legacy C-130H Avionics Modernization Program.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

LEGISLATIVE PROVISIONS

SUBTITLE B—PROGRAM REQUIREMENTS, RESTRICTIONS, AND LIMITATIONS

Section 2xx—Annual Comptroller General Report on the Amphibious Combat Vehicle Acquisition Program

This section would require the Comptroller General of the United States to conduct an annual review of the Amphibious Combat Vehicle acquisition program and provide the results of the review to the congressional defense committees by March 1, 2014, and annually thereafter through 2018.

Section 2xx—Unmanned Combat Air System Demonstration Testing Requirement

This section would require the Secretary of the Navy to demonstrate unmanned, autonomous aerial refueling testing and evaluation with the X-47B aircraft.

Section 2xx—Limitation on Milestone A Activities for Unmanned Carrier-Launched Airborne Surveillance and Strike System Program

This section would prohibit the Under Secretary of Defense for Acquisition, Technology, and Logistics from approving a Milestone A technology development contract award for the Unmanned Carrier-Launched Airborne Surveillance and Strike (UCLASS) program until 30 days after the Under Secretary certifies to the congressional defense committees that the software and system engineering designs for the control system and connectivity segment and the aircraft carrier segment of the UCLASS system can achieve, at a low level of integration risk, successful

compatibility and operability with the air vehicle segment planned for selection at Milestone A contract award.

TITLE X—GENERAL PROVISIONS

LEGISLATIVE PROVISIONS

SUBTITLE C—NAVAL VESSELS AND SHIPYARDS

Section 10xx—Clarification of Sole Ownership Resulting from Ship Donations at No Cost to the Navy

This section would clarify the current ship donation statute, section 7306 of title 10, United States Code, and authorize the Secretary of the Navy to donate any vessel stricken from the Naval Vessel Register.

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS

TITLE XXXV—MARITIME ADMINISTRATION

LEGISLATIVE PROVISIONS

Section 3501—Authorization of Appropriations for National Security Aspects of the Merchant Marine for Fiscal Year 2014

This section would authorize appropriations for the national security aspects of the Merchant Marine for fiscal year 2014.

Section 3502—5-Year Reauthorization of Vessel War Risk Insurance Program

This section would amend section 53912 of title 46, United States Code, relating to the expiration of chapter 539, War Risk Insurance Program. Under this program, the Secretary of Transportation, with the approval of the President, may provide insurance and reinsurance to American and foreign vessels that provide service to the U.S. Government. The insurance covers loss or damage caused by war risks. Whenever it appears to the Secretary that the insurance cannot be obtained on reasonable terms and conditions from the commercial insurance market, then such war risk insurance for vessels may be provided by the Secretary only on the condition that such vessels are available for the U.S. Government in time of war or national emergency.

BILL LANGUAGE

1 SEC. 1____. [Log 50561] MODIFICATION TO COST LIMITA-
2 TION FOR CVN-78 AIRCRAFT CARRIER.

(a) COST LIMITATION BASELINE.—Subsection (a)(1) of section 122 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364; 120 Stat. 2104) is amended by striking “\$10,500,000,000” and inserting “12,887,000,000”.

8 (b) HULL NUMBER.—Such section is further amend-
9 ed—

(1) by striking “CVN-21” each place it appears
and inserting “CVN-78”; and

(2) in the section heading, by striking “**CVN-**
21” and inserting “**CVN-78**”.

(c) CONFORMING AMENDMENT.—The table of contents at the beginning of such Act is amended by striking the item relating to section 122 and inserting the following:

“Sec. 122. Adherence to Navy cost estimates for CVN-78 class of aircraft carriers.”.

1 **SEC. 1____. [Log 50711] MULTIYEAR PROCUREMENT AU-**
2 **THORITY FOR E-2D AIRCRAFT PROGRAM.**

3 (a) **AUTHORITY FOR MULTIYEAR PROCUREMENT.—**

4 Subject to section 2306b of title 10, United States Code,
5 the Secretary of the Navy may enter into—

6 (1) one or more multiyear contracts, beginning
7 with the fiscal year 2014 program year, for the pro-
8 curement of E-2D aircraft; and

9 (2) one or more multiyear contracts, beginning
10 with the fiscal year 2014 program year, for the pro-
11 curement of mission equipment with respect to air-
12 craft procured under a contract entered into under
13 paragraph (1).

14 (b) **CONDITION FOR OUT-YEAR CONTRACT PAY-**
15 **MENTS.—**A contract entered into under subsection (a)
16 shall provide that any obligation of the United States to
17 make a payment under the contract for a fiscal year after
18 fiscal year 2014 is subject to the availability of appropria-
19 tions for that purpose for such later fiscal year.

1 **SEC. 1____. [Log 50712] MULTIYEAR PROCUREMENT AU-**
2 **THORITY FOR MULTIPLE VARIANTS OF THE**
3 **C-130J AIRCRAFT PROGRAM.**

4 (a) **AUTHORITY FOR MULTIYEAR PROCUREMENT.—**

5 Subject to section 2306b of title 10, United States Code,
6 the Secretary of the Air Force may enter into—

7 (1) one or more multiyear contracts, beginning
8 with the fiscal year 2014 program year, for the pro-
9 curement of multiple variants of C-130J aircraft for
10 the Department of the Navy and the Department of
11 the Air Force; and

12 (2) one or more multiyear contracts, beginning
13 with the fiscal year 2014 program year, for the pro-
14 curement of mission equipment with respect to air-
15 craft procured under a contract entered into under
16 paragraph (1).

17 (b) **CONDITION FOR OUT-YEAR CONTRACT PAY-**
18 **MENTS.—**A contract entered into under subsection (a)
19 shall provide that any obligation of the United States to
20 make a payment under the contract for a fiscal year after
21 fiscal year 2014 is subject to the availability of appropria-
22 tions for that purpose for such later fiscal year.

1 **SEC. 1 ____ . [Log 50713] RETIREMENT OF KC-135R AIRCRAFT.**

2 (a) TREATMENT OF RETIRED KC-135R AIR-
3 CRAFT.—Except as provided by subsection (b) and (c), the
4 Secretary of the Air Force shall maintain each KC-135R
5 aircraft that is retired by the Secretary in a condition that
6 would allow recall of that aircraft to future service in the
7 Air Force Reserve, Air National Guard, or active forces
8 aerial refueling force structure.

9 (b) EXCEPTION.—Subsection (a) shall not apply to
10 a KC-135R aircraft that the Secretary transfers or sells
11 to allies or partner nations of the United States.

12 (c) DELIVERY OF KC-46A AIRCRAFT.—For each
13 KC-46A aircraft that is delivered to the Air Force and
14 the Commander of the Air Mobility Command initially cer-
15 tifies as mission capable, the Secretary may waive the re-
16 quirements of subsection (a) with respect to one retired
17 KC-135R aircraft.

18 (d) CONFORMING REPEAL.—Section 135 of the John
19 Warner National Defense Authorization Act for Fiscal
20 Year 2007 (Public Law 109-364; 120 Stat. 2114) is re-
21 pealed.

1 **SEC. 1____. [Log 50993] PROHIBITION ON CANCELLATION OR**
2 **MODIFICATION OF AVIONICS MODERNIZA-**
3 **TION PROGRAM FOR C-130 AIRCRAFT.**

4 (a) PROHIBITION.—The Secretary of the Air Force
5 may not take any action to cancel or modify the avionics
6 modernization program of record for C-130 aircraft.

7 (b) CONFORMING REPEAL.—Section 143 of the Na-
8 tional Defense Authorization Act for Fiscal Year 2013
9 (Public Law 112-239; 126 Stat. 1662) is repealed.

1 **SEC. 2 ____.** **[Log 50378] ANNUAL COMPTROLLER GENERAL**
2 **REPORT ON THE AMPHIBIOUS COMBAT VEHI-**
3 **CLE ACQUISITION PROGRAM.**

4 (a) ANNUAL GAO REVIEW.—During the period be-
5 ginning on the date of the enactment of this Act and end-
6 ing on March 1, 2018, the Comptroller General of the
7 United States shall conduct an annual review of the am-
8 phibious combat vehicle acquisition program.

9 (b) ANNUAL REPORTS.—

10 (1) IN GENERAL.—Not later than March 1 of
11 each year beginning in 2014 and ending in 2018,
12 the Comptroller General shall submit to the congres-
13 sional defense committees a report on the review of
14 the amphibious combat vehicle acquisition program
15 conducted under subsection (a).

16 (2) MATTERS TO BE INCLUDED.—Each report
17 under paragraph (1) shall include the following:

18 (A) The extent to which the program is
19 meeting development and procurement cost,
20 schedule, performance, and risk mitigation
21 goals.

22 (B) With respect to meeting the desired
23 initial operational capability and full operational

1 capability dates for the amphibious combat ve-
2 hicle, the progress and results of—

3 (i) developmental and operational test-
4 ing of the vehicle; and

5 (ii) plans for correcting deficiencies in
6 vehicle performance, operational effective-
7 ness, reliability, suitability, and safety.

8 (C) An assessment of procurement plans,
9 production results, and efforts to improve man-
10 ufacturing efficiency and supplier performance.

11 (D) An assessment of the acquisition strat-
12 egy of the amphibious combat vehicle, including
13 whether such strategy is in compliance with ac-
14 quisition management best-practices and the ac-
15 quisition policy and regulations of the Depart-
16 ment of Defense.

17 (E) An assessment of the projected oper-
18 ations and support costs and the viability of the
19 Marine Corps to afford to operate and sustain
20 the amphibious combat vehicle.

21 (3) ADDITIONAL INFORMATION.—In submitting
22 to the congressional defense committees the first re-
23 port under paragraph (1) and a report following any
24 changes made by the Secretary of the Navy to the
25 baseline documentation of the amphibious combat

1 vehicle acquisition program, the Comptroller General
2 shall include, with respect to such program, an as-
3 sessment of the sufficiency and objectivity of—
4 (A) the analysis of alternatives;
5 (B) the initial capabilities document; and
6 (C) the capabilities development document.

1 **SEC. 2____. [Log 50122] UNMANNED COMBAT AIR SYSTEM**
2 **DEMONSTRATION TESTING REQUIREMENT.**

3 Not later than October 1, 2014, the Secretary of the
4 Navy shall demonstrate, with respect to the X-47B un-
5 manned combat air system aircraft, the following:

6 (1) Unmanned autonomous rendezvous and aer-
7 ial-refueling operations using the receptacle and
8 probe equipment of the X-47B aircraft.

9 (2) The ability of such aircraft to on-load fuel
10 from airborne tanker aircraft using both the boom
11 and drogue equipment installed on the tanker air-
12 craft.

1 **SEC. 2 ____.** **[Log 51023] LIMITATION ON MILESTONE A AC-**
2 **TIVITIES FOR UNMANNED CARRIER-**
3 **LAUNCHED SURVEILLANCE AND STRIKE SYS-**
4 **TEM PROGRAM.**

5 The Under Secretary of Defense for Acquisition,
6 Technology, and Logistics may not award a Milestone A
7 technology development contract with respect to the Un-
8 manned Carrier-launched Surveillance and Strike system
9 program until a period of 30 days has elapsed following
10 the date on which the Under Secretary certifies to the con-
11 gressional defense committees that the software and sys-
12 tem engineering designs for the control system and
13 connectivity and aircraft carrier segments of such program
14 can achieve, with low level of integration risk, successful
15 compatibility and interoperability with the air vehicle seg-
16 ment selected for contract award with respect to such pro-
17 gram.

1 **SEC. 10** ____ **[Log 50977]. CLARIFICATION OF SOLE OWNER-**
2 **SHIP RESULTING FROM SHIP DONATIONS AT**
3 **NO COST TO THE NAVY.**

4 (a) CLARIFICATION OF TRANSFER AUTHORITY.—
5 Subsection (a) of section 7306 of title 10, United States
6 Code, is amended to read as follows:

7 “(a) AUTHORITY TO MAKE TRANSFER.—The Sec-
8 retary of the Navy may convey, by donation, all right, title,
9 and interest to any vessel stricken from the Naval Vessel
10 Register or any captured vessel, for use as a museum or
11 memorial for public display in the United States, to—

12 “(1) any State, the District of Columbia, any
13 Commonwealth or possession of the United States,
14 or any municipal corporation or political subdivision
15 thereof; or

16 “(2) any nonprofit entity.”.

17 (b) CLARIFICATION OF LIMITATIONS ON LIABILITY
18 AND RESPONSIBILITY.—Subsection (b) of such section is
19 amended to read as follows:

20 “(b) LIMITATIONS ON LIABILITY AND RESPONSI-
21 BILITY.—(1) The United States and all departments and
22 agencies thereof, and their officers and employees, shall
23 not be liable at law or in equity for any injury or damage

1 to any person or property occurring on a vessel donated
2 under this section.

3 “(2) Notwithstanding any other law, the United
4 States and all departments and agencies thereof, and their
5 officers and employees, shall have no responsibility or obli-
6 gation to make, engage in, or provide funding for, any im-
7 provement, upgrade, modification, maintenance, preserva-
8 tion, or repair to a vessel donated under this section.”.

9 (c) CLARIFICATION THAT TRANSFERS TO BE MADE
10 AT NO COST TO UNITED STATES.—Subsection (c) of such
11 section is amended by inserting after “under this section”
12 the following: “, the maintenance and preservation of that
13 vessel as a museum or memorial, and the ultimate disposal
14 of that vessel, including demilitarization of Munitions List
15 items at the end of the useful life of the vessel as a mu-
16 seum or memorial,”.

17 (d) APPLICATION OF ENVIRONMENTAL LAWS; DEFI-
18 NITIONS.—Such section is further amended by adding at
19 the end the following new subsections:

20 “(e) APPLICATION OF ENVIRONMENTAL LAWS.—
21 Nothing in this section shall affect the applicability of
22 Federal, State, interstate, and local environmental laws
23 and regulations, including the Toxic Substances Control
24 Act (15 U.S.C. 2601 et seq.) and the Comprehensive Envi-
25 ronmental Response, Compensation, and Liability Act of

1 1980 (42 U.S.C. 9601 et seq.), to the Department of De-
2 fense or to a donee.

3 “(f) DEFINITIONS.—In this section:

4 “(1) The term ‘nonprofit entity’ means any en-
5 tity qualifying as an exempt organization under sec-
6 tion 501(c)(3) of the Internal Revenue Code of
7 1986.

8 “(2) The term ‘Munitions List’ means the
9 United States Munitions List created and controlled
10 under section 38 of the Arms Export Control Act
11 (22 U.S.C. 2778).

12 “(3) The term ‘donee’ means any entity receiv-
13 ing a vessel pursuant to subsection (a).”.

14 (e) CLERICAL AMENDMENTS.—

15 (1) SECTION HEADING.—The heading of such
16 section is amended to read as follows:

17 **“§ 7306. Vessels stricken from Naval Vessel Register;**
18 **captured vessels: conveyance by dona-**
19 **tion”.**

20 (2) TABLE OF SECTIONS.—The item relating to
21 such section in the table of sections at the beginning
22 of chapter 633 of such title is amended to read as
23 follows:

“7306. Vessels stricken from Naval Vessel Register; captured vessels: convey-
ance by donation.’ ”.

1 **TITLE XXXV—MARITIME**
2 **ADMINISTRATION**

Sec. 3501 [Log 50537]. Authorization of appropriations for national security aspects of the Merchant Marine for fiscal year 2014.

Sec. 3502 [Log 50562]. 5-year reauthorization of vessel war risk insurance program.

3 **SEC. 3501 [Log 50537]. AUTHORIZATION OF APPROPRIA-**
4 **TIONS FOR NATIONAL SECURITY ASPECTS OF**
5 **THE MERCHANT MARINE FOR FISCAL YEAR**
6 **2014.**

7 Funds are hereby authorized to be appropriated for
8 fiscal year 2014, to be available without fiscal year limita-
9 tion if so provided in appropriations Acts, for the use of
10 the Department of Transportation for Maritime Adminis-
11 tration programs associated with maintaining national se-
12 curity aspects of the merchant marine, as follows:

13 (1) For expenses necessary for operations of the
14 United States Merchant Marine Academy,
15 \$81,268,000, of which—

16 (A) \$67,268,000 shall remain available
17 until expended for Academy operations; and

18 (B) \$14,000,000 shall remain available
19 until expended for capital asset management at
20 the Academy.

1 (2) For expenses necessary to support the State
2 maritime academies, \$17,100,000, of which—

3 (A) \$2,400,000 shall remain available until
4 expended for student incentive payments;

5 (B) \$3,600,000 shall remain available until
6 expended for direct payments to such acad-
7 emies; and

8 (C) \$11,100,000 shall remain available
9 until expended for maintenance and repair of
10 State maritime academy training vessels.

11 (3) For expenses necessary to dispose of vessels
12 in the National Defense Reserve Fleet, \$2,000,000,
13 to remain available until expended.

14 (4) For expenses to maintain and preserve a
15 United States-flag merchant marine to serve the na-
16 tional security needs of the United States under
17 chapter 531 of title 46, United States Code,
18 \$183,000,000.

19 (5) For the cost (as defined in section 502(5)
20 of the Federal Credit Reform Act of 1990 (2 U.S.C.
21 661a(5)) of loan guarantees under the program au-
22 thorized by chapter 537 of title 46, United States
23 Code, \$72,655,000, of which \$2,655,000 shall re-
24 main available until expended for administrative ex-
25 penses of the program.

1 **SEC. 3502 [Log 50562]. 5-YEAR REAUTHORIZATION OF VES-**
2 **SEL WAR RISK INSURANCE PROGRAM.**

3 Section 53912 of title 46, United States Code, is
4 amended by striking “December 31, 2015” and inserting
5 “December 31, 2020”.

DIRECTIVE REPORT LANGUAGE

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DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

SHIPBUILDING AND CONVERSION, NAVY

Items of Special Interest

Air and Missile Defense Radar deployment on naval vessels

Littoral Combat Ship radar capabilities

Long-range plan for the construction of naval vessels

Use of fixed-price incentive fee contracts for ship construction contracts

AIRCRAFT PROCUREMENT, AIR FORCE

Items of Special Interest

C-130H Avionics and Propulsion System Modernization and Upgrade Programs

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

Items of Special Interest

Integration of high-energy laser weapons on surface combatants

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

SHIPBUILDING AND CONVERSION, NAVY

Items of Special Interest

Air and Missile Defense Radar deployment on naval vessels

The Navy has reported that the Air and Missile Defense Radar (AMDR) suite is being developed to fulfill Integrated Air and Missile Defense requirements for multiple ship classes. This suite consists of an S-band radar (AMDR-S), an X-band radar and a Radar Suite Controller. AMDR would provide multi-mission capabilities, simultaneously supporting long-range, exoatmospheric detection, tracking and discrimination of ballistic missiles, as well as Area and Self Defense against air and surface threats. For the ballistic missile defense capability, increased radar sensitivity and bandwidth over current radar systems are needed to detect, track, and support engagements of advanced ballistic missile threats at the required ranges, concurrent with Area and Self Defense against Air and Surface threats. For the Area Air Defense and Self Defense capability, increased sensitivity and clutter capability is needed to detect, react to, and engage stressing Very Low

Observable/Very Low Flyer threats in the presence of heavy land, sea, and rain clutter.

According to the Government Accountability Office report "Assessments of Selected Weapons Programs" (GAO-13-294SP) from March 2013, "the Navy plans to install a 14-foot variant of AMDR on Flight III DDG 51s starting in 2019. According to draft AMDR documents, a 14-foot radar is needed to meet threshold requirements, but an over 20-foot radar is required to fully meet the Navy's desired integrated air and missile defense needs."

The committee supports the continued development of the AMDR capability, but is concerned about the physical limitations associated with the future deployment of this capability on the Arleigh Burke-class Destroyer Flight III. Therefore, the committee directs the Secretary of the Navy to submit a report to the congressional defense committees by March 1, 2014, that addresses the following:

- (1) The capability requirements associated with the AMDR;
- (2) Required space, cooling and electrical distribution upgrades necessary to support AMDR on the Arleigh Burke-class Destroyer Flight III;
- (3) An assessment as to whether the limitations associated with the Arleigh Burke-class Destroyer Flight III will negatively impact the deployment on AMDR;
- (4) An assessment of the deployment of AMDR on other naval platforms including the San Antonio-class Amphibious Transport Dock; and
- (5) An assessment of the expansion capacity of the Arleigh Burke-class Destroyer Flight III to support further spiral development associated with future weapons.

Littoral Combat Ship radar capabilities

The committee is concerned that the Littoral Combat Ship (LCS) radars are not being optimally used to provide maximum protection. The USS Independence variant's radar can rapidly and accurately detect and track small, fast-moving targets at all altitudes; small surface targets in severe clutter; and rockets, artillery, and mortars launched from shore-based threats. The radar also can perform air and surface surveillance, target identification for weapon systems, and high-resolution splash spotting. The radar has successfully demonstrated simultaneous detection and tracking of air, surface (swarming small boats) and mortar targets in the world's most challenging littoral environments. To ensure that the LCS program fully leverages the various capabilities of its modern radar technologies to protect this new class of ship, the committee encourages the Department of the Navy to fully utilize the capabilities provided by the current LCS radar suite and ensure that the embarked crew is fully trained on the radar's capabilities. Furthermore, the committee directs the Secretary of the Navy to provide a report to the congressional defense committees by March 3, 2014, on the steps the Navy has taken to enhance LCS sailors' training on the radars full range of capabilities.

Long-range plan for the construction of naval vessels

Pursuant to section 231 of title 10, United States Code, the Secretary of Defense provided the annual long-range plan for the construction of naval vessels on May 10, 2013, as informed by the Future Years Defense Program (FYDP) for fiscal years 2014-18. The Secretary also indicated that a force structure of “about 300 ships” would be necessary to support ongoing naval operations. The Secretary further highlights the “resourcing challenges outside the FYDP largely due to investment requirements associated with the SSBN(X) program”. The Secretary acknowledges that these ship construction pressures will precipitate higher fiscal requirements in the mid-term planning period (fiscal years 2024-33) requiring an annual investment of \$19.8 billion per year in fiscal year 2013 constant dollars.

The committee believes that there will be significant pressures on the ship construction accounts that will result from the Ohio-class replacement ballistic missile submarine program, while concurrently supporting the balance of ship construction requirements. The committee also believes that a significant increase to the ship construction accounts is unsustainable in times of budget challenges. The Congressional Budget Office has estimated that the average ship construction investment over the last 30 years, in current dollars, is \$16.0 billion. Therefore, to better understand the significance associated with even sustaining the current ship construction investment throughout the long-range plan, the committee directs the Secretary of the Navy to provide a report to the congressional defense committee by March 1, 2014, that provides an update to the long plan for the construction of naval vessels based on \$16.0 billion across the entirety of the long-range plan and to assess the corresponding reductions in the shipbuilding plan. The Secretary of the Navy should also provide an assessment of this investment in terms of the health associated with the industrial base.

Use of fixed-price incentive fee contracts for ship construction contracts

The Navy has a history of moving from cost-plus to fixed-price incentive fee (FPIF) contracts after acquiring the first few ships of the class. While fixed-price contracts are generally less risky for the U.S. Government, the committee is concerned about continued cost growth under the FPIF contracts. FPIF contracts are intended to allow the U.S. Government to acquire needed items at lower costs, and with improved delivery or technical performance, by relating the amount of profit or fee to the contractor’s performance. In particular, two specific intended outcomes of using incentive contracts are to motivate contractor efforts and to discourage contractor inefficiency and waste. The committee is particularly interested in understanding whether the Navy’s use of FPIF contracts for shipbuilding are achieving the intended benefits to the U.S. Government.

Therefore, the committee directs the Comptroller General of the United States to submit a report to the congressional defense committees by March 1, 2014, that assesses the following:

(1) To what extent has the Navy entered into FPIF contracts for shipbuilding over the past 5-years? To what extent have other contract types been used, including firm-fixed-price?

(2) What factors does the Navy consider in making decisions about contract type for shipbuilding programs, and what is the role of the program office, contracting officer, and others in these decisions?;

(3) For selected recent shipbuilding acquisitions, how has risk been apportioned between the government and the contractor in FPIF contract sharelines? Practically speaking, how has the risk apportionment compared to that under a cost-plus incentive fee contract?

(4) Have the Navy's FPIF contracts served, as intended, to motivate shipbuilding contractors to improve performance and reduce inefficiencies? What visibility does the Navy have into these intended outcomes?

AIRCRAFT PROCUREMENT, AIR FORCE

Items of Special Interest

C-130H Avionics and Propulsion System Modernization and Upgrade Programs

The budget request contained no funds for continuing low rate initial production of the C-130 Avionics Modernization Program (AMP) for C-130H aircraft and \$0.4 million in PE 401115F for C-130 airlift squadrons, but no funds for C-130H propulsion system upgrades.

The committee is disappointed that the Secretary of the Air Force invested nearly \$1.5 billion of taxpayer dollars for engineering, manufacturing, development, and testing of the C-130 AMP program and has entered Low Rate Initial Production, but has no plans to continue procurement and installation of C-130 AMP onto legacy C-130H aircraft. The Secretary also has no plans to modernize or upgrade the C-130H propulsion system in order to increase reliability, capability, fuel efficiency and on-wing time of the engine, as well as decrease the overall cost and maintenance burden of the current propulsion system. The Secretary has not articulated to the committee a coherent plan for fleet-wide recapitalization of the C-130H fleet or how they plan to maintain medium-sized intra-theater airlift capacity and capability within both the Active and Reserve Components. Knowing that the majority of the C-130H fleet resides within the Reserve Components of the Air Force and that the C-130H should remain reliable, capable, and relevant to meeting current and future warfighter needs, the committee is concerned with the lack of initiative that the Secretary has taken with regard to the modernization and upgrade of C-130H aircraft. The committee also notes that through cost reduction initiatives and efficiencies gained in the C-130 AMP program over the past year, the cost data that the Secretary used as justification for canceling the C-130 AMP program in the budget request is no longer relevant.

Therefore, the committee recommends \$26.4 million, an increase of \$26.0 million, in PE 401115F for C-130H propulsion system propeller upgrades; \$74.3

million, an increase of \$15.7 million, for C-130H propulsion system engine upgrades; and \$47.3 million, an increase of \$47.3 million, for continued procurement of 8 C-130 AMP kits and installation onto C-130H aircraft. Elsewhere in this title, the committee includes a provision that would preserve the nearly \$1.5 billion taxpayer investment in the C-130 AMP program and would prohibit the Secretary from canceling the C-130 AMP program. Finally, the committee directs the Secretary of the Air Force to immediately obligate authorized appropriations provided in fiscal year 2012 and fiscal year 2013 to preserve the cost reduction initiatives and efficiencies gained in the C-130 AMP program over the past year.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

Items of Special Interest

Integration of high-energy laser weapons on surface combatants

The committee supports the Navy's ongoing efforts to develop and field a high-energy laser weapon for surface ships, but is aware of significant challenges presented by integration of such a weapon into a surface combatant because of power and space limitations. Therefore, the committee directs the Secretary of Navy to provide a report to the congressional defense committees by March 1, 2014, on the Navy's plan for addressing the challenges of power generation, storage, and delivery associated with the integration of high-energy lasers, electro-magnetic rail guns, high-power radars, electronic warfare systems, and other such energy-intensive technologies.