

TITLE I—PROCUREMENT

OVERVIEW

The budget request for fiscal year 2014 contained \$98.2 billion for procurement. This represents a \$900.0 million decrease over the amount authorized for fiscal year 2013.

The committee recommends authorization of \$99.6 billion, an increase of \$1.4 billion from the fiscal year 2014 request.

The committee recommendations for the fiscal year 2014 procurement program are identified in division D of this Act.

AIRCRAFT PROCUREMENT, ARMY

Overview

The budget request for fiscal year 2014 contained \$5.0 billion for Aircraft Procurement, Army. The committee recommends authorization of \$5.2 billion, an increase of \$135.1 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Aircraft Procurement, Army program are identified in division D of this Act.

Items of Special Interest

Apache helicopter transmission

The budget request contained \$759.4 million for procurement of the Apache helicopter program.

The committee continues to support the AH-64E Apache helicopter program and believes that it provides a critical capability to the Army. The committee understands that the program has had production issues with the current transmission. The Apache transmission is a “single point-of-failure” component in that only one vendor is currently certified to make this particular transmission. The committee notes that the Army had to make difficult decisions to mitigate the impact to the industrial base and fielding schedule. The committee encourages the Army to continue its mitigation efforts with the prime contractor in regards to the transmission subcontractor meeting required production schedules. The committee also encourages the Army to work with the prime contractor and determine if the qualification of a second source is warranted considering the critical nature of the transmission.

The committee recommends \$759.4 million, the full amount of the request, for the Apache helicopter program.

Lightweight combat medical evacuation systems

The committee is concerned about weight-related performance issues impacting rotorcraft systems used for medical evacuation (MEDEVAC) missions. The committee understands that current MEDEVAC rotorcraft are required to operate over long distances in the Islamic Republic of Afghanistan as well as in other remote areas of operations. The committee is aware of recent efforts by the U.S. Army Aviation Research Laboratory under the Medical Research and Materiel Command and the Army Aviation Engineering Directorate at Redstone Arsenal to test ways to reduce the weight of MEDEVAC rotorcraft, including lightweight rack systems for the transport and treatment of injured military personnel. The committee notes that a lightweight rack system could provide flight medical personnel additional capabilities to accomplish critical evacuation missions by improving space, range, and altitude performance for the rotorcraft.

The committee encourages the Army to continue expedited testing of lightweight tactical, rapidly installable medical evacuation racks as one of many possible options to better manage rotorcraft weight and improve overall performance.

UH-72 Light Utility Helicopter

The budget request included \$96.2 million for procurement of 10 UH-72 Light Utility Helicopters (LUH).

According to the Army, this is the final year of UH-72 purchases, truncating the total program buy at 315 aircraft, instead of 346 as originally planned. The committee notes that even though this ends production short of the original plan, the final buy fully meets the agreed upon UH-72 requirements of the Army National Guard.

The committee recognizes that funding constraints and assessments in investment priorities contributed to the Army's decision to end UH-72 LUH production early, but also recognizes the platform has performed very well in valuable mission scenarios, to include homeland security, patrol along the Southwest boarder, and state and regional emergency response. These scenarios are important to operations in the permissive U.S. environment. However, the committee is concerned that the Army's decision may have an impact on the UH-72 LUH industrial base that increase risks over time for the support of its fielded fleet of 315 aircraft.

Therefore, the committee recommends \$231.3 million, an increase of \$135.1 million, for procurement of UH-72 LUH. The committee acknowledges that the additional procurement funds complete the total requirement for the LUH program. The committee understands that while no further requirements for additional platforms have been formally identified by the National Guard Bureau; should additional requirements be identified, the committee expects the National Guard to use National Guard and Reserve Equipment account funds. In addition, the committee encourages the Army to assess the feasibility of transferring additional UH-72 LUH rotorcraft from the Active Component to the National Guard if additional requirements are validated.

MISSILE PROCUREMENT, ARMY

Overview

The budget request for fiscal year 2014 contained \$1.3 billion for Missile Procurement, Army. The committee recommends authorization of \$1.3 billion, no change to the budget request, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Missile Procurement, Army program are identified in division D of this Act.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES,
ARMY

Overview

The budget request for fiscal year 2014 contained \$1.6 billion for Procurement of Weapons and Tracked Combat Vehicles, Army. The committee recommends authorization of \$1.8 billion, an increase of \$191.0 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement of Weapons and Tracked Combat Vehicles, Army program are identified in division D of this Act.

Items of Special Interest

Armor Brigade Combat Team force structure and industrial base

The committee notes that as a result of the Budget Control Act of 2011 (Public Law 112–25), the Army is in the process of reducing its Active Duty end strength to 490,000. In addition, the Army has also announced plans to eliminate at least eight Active Component Brigade Combat Teams (BCTs), reducing the total number from 45 to 37. The active Army has 17 Armor BCTs (ABCT), 20 Infantry BCTs, and 8 Stryker BCTs. The Army has stated that at least two of the eight BCTs eliminated will be ABCTs. The committee notes that the ABCT, which is comprised of Abrams tanks and Bradley fighting vehicles, is the only full-spectrum force in the Army's force structure. With regard to the future utility of armored forces, the committee notes a Rand Corporation report from 2010 that concluded, "Heavy forces-based on tanks and infantry fighting vehicles are key elements of any force that will fight hybrid enemies that have a modicum of training, organization, and advanced weapons. Light and medium forces can complement heavy forces, particularly in urban and other complex terrain; they do not provide the survivability, lethality, or mobility inherent in heavy forces. Quite simply, heavy forces reduce operational risks and minimize friendly casualties."

The committee is concerned that the Army may eliminate too many ABCTs based on resource constraints rather than meeting the needs of combatant commanders. The committee understands the Army has completed a force structure and BCT mix analysis. Although the committee has been informed that the Army will add a third maneuver battalion back into the Active Component Armor and Infantry BCTs which will also impact the total amount of BCTs, the committee has not been briefed on final force structure

and BCT mix decisions. The committee is supportive of all BCTs having a third maneuver battalion and notes that the committee opposed the Army's original decision of two maneuver battalions per BCT in the committee report (H. Rept. 109-452) accompanying the John Warner National Defense Authorization Act for Fiscal Year 2007. The committee also notes that in the committee report (H. Rept. 112-479) accompanying the National Defense Act for Fiscal Year 2013, the committee directed the Secretary of the Army, or his designee, and the Chairman, Joint Chiefs of Staff, or his designee, to brief and submit a report to the congressional defense committees on how the Army's recent force structure and BCT mix analysis meet the needs of the combatant commanders. This information has not been provided to the congressional defense committees.

In addition to the mix of BCTs, the committee is also concerned about the Army's position that Foreign Military Sales (FMS) alone is sufficient to protect the armor industrial base until follow-on programs begin around the fiscal year 2019 time-frame. The committee believes that the associated impact this position has on the industrial base at both the prime contractor and vendor level poses an unacceptable level of risk. The ABCT industrial base is not dependent upon one platform. The committee continues to believe that insufficient information is available to Congress to make an informed decision regarding current and potential future risks to the armor industrial base at the prime and vendor levels. The committee understands that the Army believes that it will soon have the necessary analytical information required to make informed decisions about the industrial base. The committee needs to understand the ramifications to the future ABCT industrial base capabilities regarding the Abrams tank, Bradley fighting vehicle, Paladin howitzer, Hercules recovery vehicle, Armored Multi-Purpose Vehicle, and the Ground Combat Vehicle. The committee needs to understand the Army's projected requirements in the fiscal year 2019 time-frame to maintain a public and private workforce to sustain the current level of ABCTs, and what capabilities the Army will need in the future to produce new or improved platforms.

The committee believes that FMS may help to mitigate some of the risk to the industrial base, but believes FMS alone will not be enough to ensure that the ABCT industrial base is maintained at viable levels until follow-on production efforts begin in the fiscal year 2019 time-frame. In the absence of a force mix BCT analysis, and a detailed quantitative analysis of the impacts to the ABCT industrial base, the committee recommends adjustments to the Army's budget request elsewhere in this report.

Abrams tank upgrades

The budget request contained no funding for the Abrams tank upgrade program.

The committee believes that the Army must maintain the ability for its Armored Brigade Combat Teams (ABCT) to over match any possible threat, and is concerned that the Army still does not have a realistic plan for maintaining the M1 Abrams tank industrial base for the future. The Army has testified, in support of the fiscal year 2014 budget request, that they do not have any plans to close

down the industrial facilities used to upgrade M1 Abrams tanks. The Army has also testified that they plan on proceeding with the next M1 Abrams tank upgrade program in 2019, which the committee assumes will require an active and healthy industrial base. In addition, the Army has testified that one of their top modernization programs, the Ground Combat Vehicle program, is also scheduled to enter production in the 2019 time frame and that the Army will need a viable industrial base to produce it as well.

While the committee understands that the Army assumes that Foreign Military Sales (FMS) alone are enough to keep the Abrams tank line “warm” until the 2019 time frame, based on current world events, the committee believes that reliance upon FMS alone poses an unacceptable level of risk to our heavy vehicle industrial base, and thus to our national security. As a result, the committee believes that the best course of action would be a combination of continued tank upgrades for the Army and ongoing FMS, the combination of which should maintain production lines and suppliers until the next Abrams tank upgrade program begins. To further mitigate risk to the industrial base, the committee encourages the Army to begin the next series of Abrams tank upgrades in the 2017 or 2018 time frame, rather than delaying to 2019.

With regard to the military need for more M1A2 tank upgrades, the committee notes that six National Guard ABCTs are currently equipped with a less capable version of the Abrams tank. In addition, the committee believes that in the future the National Guard’s share of ABCTs in the Army will increase due to possible Active Duty reductions, making the Army more reliant on its National Guard brigades in case of a major conflict. Therefore, the committee believes that as long as the National Guard has a less capable version of the Abrams tank, there will be a requirement for additional modernized M1A2 Abrams tanks.

The committee recommends \$168.0 million in Procurement of Weapons and Tracked Combat Vehicles, Army for the Abrams tank upgrade program.

Bradley fighting vehicle and transmission upgrades

The budget request contained \$158.0 million for Bradley fighting vehicle modifications.

The committee encourages the Army to use fiscal year 2013 authorized and appropriated funds to convert Bradley M2 Calvary vehicles into Bradley M3 infantry fighting vehicles. The committee understands that if the Bradley fighting vehicle production line is shut down, then other currently funded combat vehicle programs, such as the Paladin integrated management and the M88A2 recovery vehicle, will experience cost increases.

The committee also notes that regardless of whether the Ground Combat Vehicle is developed and fielded on schedule, the Army must continue upgrades to the remaining fleet of Bradley fighting vehicles through the Bradley Engineering Change Proposal (ECP) program. If the Army chooses to upgrade the vehicle transmission as part of the ECP program, than the committee encourages the Army to conduct a competitive award process for a transmission provided as government furnished equipment, or to require the prime contractor to conduct a competition to select the trans-

mission used in the upgrade. The committee believes that such a competition will ensure that the Army gets the best possible transmission available at the lowest possible cost.

The committee recommends \$158.0 million, the full amount requested, for Bradley fighting vehicle modifications.

Improved recovery vehicle

The budget request contained \$111.0 million for the M88A2 improved recovery vehicle program.

The committee is aware that in order to provide greater protection for soldiers, the Army's current and future fleet of combat vehicles has grown significantly in weight. As a result, the M88A1 recovery vehicles are approaching their maximum capability with the current fleet, and its capability will be greatly exceeded by the future fleet. The committee supports the Army's decision to include funds in the budget request for procurement of additional M88A2 vehicles, but believes additional funds are necessary to maintain production. The committee believes this will provide the Army with ample time to finalize its force structure and Brigade Combat Team adjustments and to determine a more accurate requirement for the procurement of additional M88A2s.

The committee recommends \$186.0 million, an increase of \$75.0 million, for the M88A2 improved recovery vehicle program.

Carbine program

The budget request contained \$70.8 million for the carbine program. Of this amount, \$18.9 million was requested for 12,000 M4A1 carbines and \$48.6 million was requested for 29,897 new, individual carbine weapons. The budget request also contained \$10.3 million for M4 carbine modifications.

As noted in the committee report (H. Rept. 112-78) accompanying the National Defense Authorization Act for Fiscal Year 2012 and in the committee report (H. Rept. 112-479) accompanying the National Defense Authorization Act for Fiscal Year 2013, the committee continues to support the Army's dual-path acquisition strategy for modernizing its inventory of carbine weapons, which would allow the Army to upgrade its current M4 carbines as well as procure a new carbine after the current individual carbine competition is complete. Section 212 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81) required the Secretary of the Army to submit to the congressional defense committees a business case assessment before making a procurement decision regarding the individual carbine program. The committee has yet to receive this business case assessment. Therefore, the committee is concerned that the amount of procurement funding requested for new carbines is too high given the individual carbine program's current down-select and evaluation schedule as well as the requirement to provide a business case assessment.

The committee recommends \$48.8 million, a decrease of \$22.0 million for new carbine weapons, for the carbine program. The committee also recommends \$10.3 million, the full amount of the request, for M4 carbine modifications.

M9 product improvement strategy

The budget request contained \$0.3 million for the M9 pistol program.

The committee notes that the M9 pistol has been a reliable pistol with consistent and reasonable life-cycle costs. The committee understands that the development of a requirement to replace the M9 pistol has been slowed by budget constraints and system capability debates over the need for a replacement. The committee is aware that the Marine Corps has upgraded the M9 pistol with a series of product improvements that has extended the life-cycle of the program and improved the weapon's capabilities. The committee believes that the Secretary of the Army and the Secretary of the Air Force should consider pursuing a similar product improvement program for their respective service's M9 pistol inventory based on the Marine Corps' experience and lessons learned. The committee expects that any product improvement program be managed and executed through a full and open competitive process.

The committee recommends \$0.3 million, the full amount of the request, for the M9 pistol program.

PROCUREMENT OF AMMUNITION, ARMY

Overview

The budget request for fiscal year 2014 contained \$1.5 billion for Procurement of Ammunition, Army. The committee recommends authorization of \$1.4 billion, a decrease of \$74.5 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement of Ammunition, Army program are identified in division D of this Act.

Items of Special Interest

Acquisition strategy for 40mm ammunition

The budget request contained \$55.8 million in procurement of ammunition, Army for 40mm cartridges.

The committee is concerned that the budget request for 40mm ammunition may disrupt 40mm cartridge production due to the potential changes in allocation between variants of 40mm cartridges. Therefore, the committee directs the Secretary of the Army to submit a report by February 15, 2014 to the congressional defense committees that provides a five year funding estimate and annual production profile for each 40mm cartridge variant, detailed information on proposed new variants, estimated production quantities, the associated acquisition strategies, strategies to avoid potential production gaps or workforce disruptions, and development and production schedules.

The committee recommends \$55.8 million for procurement of 40mm cartridges.

OTHER PROCUREMENT, ARMY

Overview

The budget request for fiscal year 2014 contained \$6.5 billion for Other Procurement, Army. The committee recommends authorization of \$6.4 billion, a decrease of \$54.3 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Other Procurement, Army program are identified in division D of this Act.

Items of Special Interest

Army unmanned ground vehicle upgrades

The committee notes that over the past 10 years, the Army has procured more than 5,000 unmanned ground vehicles (UGVs) of various sizes and for numerous missions. The committee also notes that if modified, many of these UGVs could support engineering, military police, and chemical-biological-radiological-nuclear missions, as well as give them uses in domestic support scenarios. However, the committee is concerned that the Army has not transitioned many of its UGV programs to base budget programs-of-record. For example, the PackBot and Talon systems continue to be managed primarily through Overseas Contingency Operations funding outside the Army's normal upgrade programs. The committee believes that the continued ad hoc nature of the UGV programs will not allow for proper sustainment and upgrades in the future. Therefore, the committee encourages the Secretary of the Army to establish a formal acquisition program for fiscal year 2015 to properly facilitate repair, maintenance, and upgrades of the Army's UGVs. The program should comply with current Federal Acquisition Regulations and should be funded through budget lines for research, development, test, and evaluation, procurement, and modifications.

Civil Support Team information management needs

The committee is aware that the National Guard Bureau Weapons of Mass Destruction Civil Support Teams (WMD CST) currently field an information management system that provides a common operating picture, promotes information sharing and real-time collaboration in an emergency situation, and supports the CST mission of assisting and advising first responders and facilitating communications with other Federal resources. The committee has noted that it believes this system should be expanded to follow-on forces, such as the Chemical, Biological, Radiological, Nuclear, and High-Explosive Enhanced Response Force Package and Homeland Defense Response Force units. However, this has not yet occurred to date. Therefore, the committee directs the Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs to provide a briefing to the Committee on Armed Services of the House of Representatives within 90 days after the date of the enactment of this Act on the information management system needs of the Department of Defense WMD response forces, including the needs of both Active and Reserve Components.

Criteria on the Recertification and Quantity of GEM-Ts

The committee is aware that the Patriot Guidance Enhanced Missile Tactical (GEM-T) missile provides an affordable, but critical, capability within the Patriot missile family that includes a complementary interceptor to the Patriot Advanced Capability-3 (PAC-3) and PAC-3 Missile Segment Enhancement (MSE). At approximately \$0.5 million per missile, the GEM-T provides a lower cost option to PAC-3 when used against the same threat and can make possible saving the PAC-3 inventory for other threats.

The committee encourages the Army to undertake a GEM-T recertification program when the GEM-T missile certification requires renewal in fiscal year 2015. The committee is aware GEM-T recertification could provide an additional 20 years of service life for the GEM-T missiles the Army believes it requires for its future interceptor inventory. The committee believes such recertification could also promote interoperability with allies in Asia and the Arabian Gulf, and it could enable an interceptor mix and inventory that more comprehensively addresses known threats in both quantity and characteristic.

The committee is concerned that the missile inventory, both currently maintained and planned, does not take into account the full range of threats facing forward deployed forces; nor does it reflect the fiscal constraints the Army is likely to face in both procurement and research & development in the future. Therefore, the committee directs the Secretary of the Army to provide a report to the congressional defense committees not later than October 15, 2013, on current and planned missile inventories, namely GEM-T. This report should review the proposed inventory criteria and quantity of GEM-T recertification. Additionally, it should include a cost-benefit analysis, including an assessment of whether or not recertification meets an Army requirement in a cost-effective manner, to address the full range of threats, including short range ballistic missiles, as well as sustainment and procurement costs of the recertified missiles. This report should be submitted in unclassified form with a classified annex as necessary.

Gunshot detection systems

The committee believes that gunshot detection systems have proven to be critical part of force protection of military personnel in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). The committee notes that in response to joint urgent operational needs, these systems were rapidly fielded, in many cases, for use by soldiers and marines conducting mounted and dismounted operations in OEF and OIF. The committee is aware that these systems proved particularly effective in the sniper detection mission. The committee encourages the Chief of Staff of the Army and the Commandant of the Marine Corps to continue to resource and transition gunshot detection systems to official programs of record in order to continue to develop, test, and field Individual, Vehicle, and Helicopter-borne gunshot detection systems.

Joint Tactical Radio System Manpack radio production strategy

The budget request contained \$382.9 million in other procurement, Army for procurement of Joint Tactical Radio System (JTRS)

radios. Of this amount, \$323.7 million was for procurement of 2,648 JTRS Manpack radios.

The committee notes that the amount of competition in the JTRS program has increased dramatically over the past 3 years. Specifically, the committee notes that the Army is now planning full and open competition for production of each element of the JTRS program, including the JTRS small airborne networking radio, the JTRS small airborne link 16 terminal, the mid-tier networking vehicular radio, the JTRS handheld “rifleman” radio, and the JTRS “Manpack” radio.

The committee also supports the Army’s efforts to create a more flexible radio acquisition approach that allows multiple vendors to offer the best available communications technology to meet Army requirements in accordance with Federal Acquisition Regulations. The committee believes that such an approach may reduce cost through competition, and encourage private sector innovation at little or no cost to the Government. The committee notes that this approach is very different from the Army’s traditional, “winner takes all” approach to radio competitions in the past, which usually resulted in a sole-source, multi-decade contract arrangements.

The committee notes with concern, however, that the Army still has not provided the congressional defense committees formal acquisition strategies that would document the planned awards for JTRS radios. The committee understands that in the case of the Manpack radio the Army may award a single vendor a 5-year contract for full rate production. While such a strategy does provide incentive for manufacturers to reduce radio prices, the committee believes that such an award could discourage losing vendors from competing again in the future. Therefore, the committee encourages the Army to consider alternative JTRS Manpack acquisition strategies that would maintain two or more vendors in full rate production for no more than 3 years before the next round of competition if the business case analysis is in the best interest to the warfighter and taxpayer. Such a strategy could balance the need to maintain efficient and cost effective radio production with continued competition and technology improvement.

While the committee continues to support full and open competition for tactical radio systems, the committee also cautions the Army against sacrificing critical warfighter requirements to include size, weight, security protocols and life cycle cost of radios. The burden of winning any competition should fall on the manufacturer which must offer a proposal that is compliant with the Army’s stated requirements. In addition, the committee encourages the Army to avoid procuring tactical radio systems that operate on proprietary waveforms, have not been tested by the Director, Operational Test and Evaluation, and that have not been or are not procured through full and open competition.

The committee recommends \$382.9 million, the full amount of the request, for JTRS radios.

Patriot Modernization Costs

The committee notes that the Army’s Air and Missile Defense Strategy signed in September 2012 by the Secretary of the Army and Chief of Staff acknowledge that current Air and Missile De-

fense forces must be transformed due proliferated ballistic missiles growing in sophistication and growing threats from cruise missiles and unmanned aerial systems. Furthermore, the strategy reaffirms the need for 360-degree surveillance and fire control, a smaller and more expeditionary force, and integration of networked sensors and weapons. The strategy also stresses the need for modem, modular open architectures and admits that the Army's ability to defeat missile threats is complicated by the decision not to procure the Medium Extended Area Defense System (MEADS).

The committee is concerned that the alternatively proposed Patriot 30-year strategic modernization strategy is a significant expense, does not sufficiently address acknowledged air and missile defense capability gaps and includes no discernible intent to harvest the flight tested, modem, technically mature 360-degree sensors, 360-degree lightweight launchers, and battle manager software developed under MEADS, for which the US taxpayer has expended in excess of \$2.4 billion. The draft Patriot modernization strategy proposes spending in excess of \$1.0 billion over the next 5 years mostly on sole-source contracts, while deferring development and fielding of expeditionary 360-degree capability until 2029–2034.

Due to declining defense budgets, and consistent with the Department's better buying power initiatives, the committee therefore believes it is premature to commit to the Patriot modernization strategy without a comprehensive and independent life cycle cost analysis of the Patriot 30-year modernization strategy.

The committee directs the Congressional Budget Office to provide a report to the congressional defense committees not later than November 30, 2013, on an analysis of the estimated development and procurement costs associated with the Patriot modernization including integration activities to enable network operations and testing. Such analysis shall also include estimates of:

(1) Unit Level Personnel: The direct costs of all operator, maintenance, and other support personnel at operating units (or at maintenance and support units that are organizationally related and adjacent to the operating units);

(2) Unit Operations: The unit level consumption costs of operating materials such as fuel, electricity, expendable stores, training munitions, and other operating materials. Also to be included are costs of any unit-funded support activities, training devices, or simulator operations that uniquely support an operational unit, temporary additional duty/temporary duty associated with the unit's normal concept of operations, and other unit-funded services;

(3) Maintenance: The costs of labor (outside of the scope of unit level) and materials at all levels of maintenance in support of the primary system, simulators, training devices, and associated support equipment (this includes intermediate maintenance, depot support, and contractor support). Additionally, the cost of contractor labor, materials, and overhead incurred in providing all or part of the logistics support to a weapon system;

(4) Sustaining Support: Costs for support services provided by centrally managed support activities external to the units

that own the operating systems and that can be identified to a specific system (excludes costs that must be arbitrarily allocated);

(5) Continuing System Improvements: The costs of hardware and software updates that occur after deployment of a system that improve the system's safety, reliability, maintainability, or performance characteristics to enable the system to meet its basic operational requirements throughout its life. (Costs for system improvement identified as part of the acquisition strategy or a pre-planned product improvement program and included in the acquisition cost estimate are not included. Also, any improvements of sufficient dollar value that would qualify as distinct major defense acquisition programs are not included.); and

(6) Indirect Support: Installation and personnel support costs that cannot be directly related to the units and personnel that operate and support the system being analyzed.

Personal protection equipment acquisition strategy

The committee encourages the Secretary of Defense to reconsider its acquisition process for personal protection equipment (PPE), to include body armor. Given the warfighter's experiences during operations in the Republic of Iraq and the Islamic Republic of Afghanistan, the committee notes that PPE, in particular body armor, constitutes an essential part of "warfighter equipment;" and therefore, it should be treated differently than other, more prosaic consumables, such as socks and undershirts, that are included in the Defense Logistics Agency operation and maintenance (O&M) accounts.

The committee encourages the Department to consider adhering to "best value" performance standards in soliciting and evaluating proposals for PPE contracts rather than using lowest priced, technically acceptable (LPTA) contract vehicles. The committee believes that categorizing PPE as "O&M" may decrease commercial interest in pursuing long-term commitments to developing next-generation PPE technology that could increase capability while also decreasing weight. The committee also notes that previous national defense authorization acts have directed the Department to establish dedicated research, development, test, and evaluation and procurement line items for body armor. The committee is disappointed that the Department has not sufficiently implemented congressional direction regarding this matter.

AIRCRAFT PROCUREMENT, NAVY

Overview

The budget request for fiscal year 2014 contained \$17.9 billion for Aircraft Procurement, Navy. The committee recommends authorization of \$18.0 billion, an increase of \$30.0 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Aircraft Procurement, Navy program are identified in division D of this Act.

Items of Special Interest

F/A-18E/F advance procurement

The budget request contained no funds for advance procurement of F/A-18E/F aircraft. The F/A-18E/F is a naval strike fighter aircraft designed for both air-to-air and air-to-ground missions.

The committee notes that the Department of the Navy's strike fighter shortfall forecast has decreased from last year's predicted 56 aircraft in fiscal year 2025 to a prediction of 18 aircraft in fiscal year 2023 for fiscal year 2014. However, the committee understands that these revised shortfall numbers are based on a decreased projected rate of F/A-18 utilization, successful high flight hour inspections on the fleet of F/A-18A through F/A-18D aircraft that would extend their useful flight hours to 9,000, and a service life extension program for 150 F/A-18A through D aircraft that would extend the useful flight hours of those aircraft to 10,000. The committee further notes that the Department of the Navy considers its plan to maintain the required strike fighter inventory with some risk, and the committee believes that a fiscal year 2015 procurement of additional F/A-18E/F aircraft, which have a useful life of 9,000 hours, would reduce the Department of the Navy's risk in maintaining the required inventory of strike fighter aircraft.

Therefore, the committee recommends an increase of \$75.0 million for advance procurement of F/A-18E/F aircraft and encourages the Department of the Navy to budget for 24 additional F/A-18E/F aircraft in fiscal year 2015.

MQ-8 Fire Scout

The budget request contained \$48.7 million for MQ-8 research, development, test and evaluation, and \$61.0 million for the procurement of one MQ-8 Fire Scout vertical take-off and landing unmanned aerial vehicle (VTUAV).

The MQ-8 Fire Scout VTUAV provides real-time and non-real time intelligence, surveillance, and reconnaissance (ISR) data to tactical users without the use of manned aircraft or reliance on limited theater or national assets. The committee understands that the MQ-8 has successfully flown over 4,187 hours in support of the Afghanistan ISR Task Force and that MQ-8 maritime ISR support to special operations forces continues aboard the USS *Bradley* and USS *Roberts* in fiscal year 2013. The committee also understands that future weapons and radar capabilities are being integrated into the MQ-8 to meet U.S. Central Command Naval Component urgent operational needs. Additionally, the committee notes that the Department of the Navy plans to procure 34 MQ-8 VTUAVs between fiscal years 2012-18 to support U.S. Africa Command joint emergent operational needs.

The committee views the MQ-8 VTUAV as a critical ISR asset and encourages the Department of the Navy to fully execute its fiscal year 2014 and Future Years Defense Program plans for procurement and development of the MQ-8.

WEAPONS PROCUREMENT, NAVY

Overview

The budget request for fiscal year 2014 contained \$3.1 billion for Weapons Procurement, Navy. The committee recommends authorization of \$3.1 billion, a decrease of \$14.1 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Weapons Procurement, Navy program are identified in division D of this Act.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

Overview

The budget request for fiscal year 2014 contained \$589.3 million for Procurement of Ammunition, Navy and Marine Corps. The committee recommends authorization of \$589.3 million, no change to the budget request, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement of Ammunition, Navy and Marine Corps program are identified in division D of this Act.

SHIPBUILDING AND CONVERSION, NAVY

Overview

The budget request for fiscal year 2014 contained \$14.0 billion for Shipbuilding and Conversion, Navy. The committee recommends authorization of \$15.0 billion, an increase of \$934.3 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Shipbuilding and Conversion, Navy program are identified in division D of this Act.

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.

Joint High Speed Vessel report

According to the Navy’s fiscal year 2014 budget documentation, the Joint High Speed Vessel is being procured as an intra-theater sealift asset. However, the committee has observed growing indications from Department of the Navy leadership that the Joint High Speed Vessel will serve as much more than a troop transport vessel. Therefore, the committee directs the Secretary of the Navy to provide a report to the congressional defense committees not later than March 1, 2014, on the following items:

- (1) A complete list of existing required operational capabilities for the JHSV approved by the Joint Requirements Oversight Council (JROC);
- (2) The number of vessels to be allocated to each combatant commander area of responsibility under that plan;
- (3) The overseas basing plan to fulfill combatant commander requirements and how dispersal of the vessels will affect each of the JROC-approved operational capability requirements; and
- (4) An assessment of the future options for additional missions to be fulfilled by the Joint High Speed Vessel and their operational benefits to include the following missions: mine countermeasure operations; joint task force command and control; intelligence, surveillance and reconnaissance; counter-piracy operations; counter-drug operations; and counter-smuggling operations.

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 radar's full range of capabilities.

Littoral Combat Ship (LCS) oversight

The committee notes the Navy plans to acquire 52 Littoral Combat Ship seaframes and 64 mission packages at a cost of approximately \$40.0 billion through 2035. Littoral Combat Ships 1–16 are under contract, and Littoral Combat Ships 17–24 are pending authorization. The committee further notes that the Navy's acquisition strategy for the Littoral Combat Ship seaframes has changed several times and continues to evolve as the Navy approaches its next major planned contract award in fiscal year 2016. The Navy has indicated that 10 of the 64 planned mission modules will be procured before the seaframe Milestone B and that this milestone continues to be delayed due to lack of an approved test plan and acquisition program baseline. The Navy expects to procure more than half of the Surface Warfare and Mine Counter Measure modules before it demonstrates they meet minimum requirements. The committee has significant concerns regarding the levels of concurrency associated with the mission modules and the expected delivery of the Littoral Combat Ship seaframes. This dichotomy in capability development appears excessive and the committee believes it should be better aligned to ensure future success of this program.

Therefore, the committee directs the Comptroller General of the United States to prepare a report to the congressional defense committees by March 30, 2014 on the current status of the Littoral Combat Ship program. This report should assess the following:

- (1) Seaframe production and testing, including: (a) Seaframe developmental test activities and changes made to correct deficiencies identified during testing to date; (b) Weight management for both seaframe variants; (c) Planned Navy surrogate damage and survivability tests using aluminum structures; (d) Progress made in implementing commonality across both variants;

(2) Mission module development and testing, including developmental test activities and changes made to correct deficiencies identified during testing to date;

(3) Lessons learned and knowledge gained to date from the Singapore deployment;

(4) Results of Navy technical and requirements studies and any recommendations for changes to the design and/or capabilities of either current or future LCS;

(5) Navy studies, assessments, or potential plans to acquire the Joint High Speed Vessel to operate in conjunction with LCS or perform similar missions; and

(6) Role of LCS Council in acquisition oversight and decision-making.

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 supports a robust shipbuilding plan that invests in the near and long term needs of our Navy, and considers the recapitalization of the SSBN fleet a challenging but necessary strategic priority. However, the committee is concerned that the Navy’s ship construction accounts will face significant pressure in supporting long term ship requirements while also resourcing the *Ohio*-class replacement ballistic missile submarine program. 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, as well as a discussion of alternative strategies for the Navy and Congress to consider in alleviating any shortfalls between this assessment and the May 10 report.

Navy Close-in Weapon System (CIWS) modernization

The committee is aware of a backlog of overhauls and reliability, maintainability, and availability, (RMA) kits for ship self-defense systems including the Navy's Close-in Weapon System (CIWS). The committee is aware that CIWS is a last line of defense against missiles, rockets and mortars for the preponderance of naval vessels including cruisers, destroyers, and aircraft carriers. The committee also remains concerned about credible threats posed to sailors and marines that rely on these systems for protection in a time of heightened operational tempo. The committee directs the Secretary of the Navy to deliver a briefing no later than December 31, 2013 to the House Armed Services Committee which details the current situation pertaining to overhauls and RMA kits and efforts address the backlog of these systems.

Navy fleet oilers

The committee understands that most of the Navy's current fleet oilers are single-hulled, and in 2010, the Navy announced plans to recapitalize fleet oilers with construction of modern, double-hulled ships while leveraging commercial technologies. While the Navy announced plans to start procurement of the new TAO(X) oiler-class in fiscal year 2014, the Navy's fiscal year 2013 and fiscal year 2014 budgets have postponed procurement of the TAO(X) fleet oiler until fiscal year 2016.

However, the committee is concerned that the Navy budget plans show no Advance Procurement (AP) funding in fiscal year 2014 or fiscal year 2015 toward long lead-time material and components for the first TAO(X), and budget plans reflect a gap year between procurement of the first and second ships. Both actions, unless addressed, are likely to lead to higher costs and delayed delivery of required TAO(X) ships. The committee encourages the Navy and the Department of Defense to allocate fiscal year 2015 funds for AP of long-lead time material and components for the first TAO(X) ship in fiscal year 2016 and to look for ways to eliminate the gap year between first and second ships.

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?

OTHER PROCUREMENT, NAVY

Overview

The budget request for fiscal year 2014 contained \$6.3 billion for Other Procurement, Navy. The committee recommends authorization of \$6.2 billion, a decrease of \$26.2 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Other Procurement, Navy program are identified in division D of this Act.

PROCUREMENT, MARINE CORPS

Overview

The budget request for fiscal year 2014 contained \$1.3 billion for Procurement, Marine Corps. The committee recommends authorization of \$1.3 billion, no change to the budget request, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement, Marine Corps program are identified in division D of this Act.

AIRCRAFT PROCUREMENT, AIR FORCE

Overview

The budget request for fiscal year 2014 contained \$11.4 billion for Aircraft Procurement, Air Force. The committee recommends authorization of \$11.7 billion, an increase of \$310.2 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Aircraft Procurement, Air Force program are identified in division D of this Act.

Items of Special Interest

A-10 oxygen delivery systems modernization

The budget request contained \$47.6 million for A-10 aircraft modifications.

The committee supports ongoing modernization of A-10 oxygen delivery systems with On-Board Oxygen Generation Systems (OBOGS). The committee notes that liquid oxygen-based systems are manpower intensive and require significant maintenance and support equipment. The committee is also concerned that the Air Force, at times, must rely upon foreign sources of liquid oxygen when A-10 aircraft are deployed. The committee understands that retrofitting the remaining A-10 aircraft within the Active Duty and Reserve Components that have yet to be modernized with OBOGS could produce significant cost savings over the service life of the aircraft. Therefore, the committee encourages the Air Force to continue conversion of liquid oxygen-based systems to OBOGS in the A-10 fleet.

The committee recommends \$47.6 million, the full amount of the request, for A-10 aircraft modifications.

B-52 Bomber modernization programs

The budget request contains \$12.6 million in PE 101113F for B-52 Combat Network Communications Technology (CONNECT) development and \$87.2 million for B-52 CONNECT procurement of 10 kits, but no funds for the B-52 Strategic Radar Replacement (SRR) program.

The B-52 SRR program replaces the current B-52 fielded in the 1960s and then upgraded in the 1970s and 1980s. Although modified several times, it has never been totally replaced, and several parts of the system remain from the original design, such as the antenna reflector, feed, and casting. Although sustainable through the current service life of the B-52, the legacy radar system mean-time-between-failure continues to degrade and sustainment costs are expected to significantly increase after 2017. The SRR program is a radar replacement program that may take advantage of the advanced capabilities of modern non-developmental radars, maximizing commonality with other platforms. The B-52 SRR program would integrate, test, and field a modern radar system, which supports all weather targeting and navigation to support the requirements of keeping the B-52 combat capable for its extended service life. However, the SRR program was terminated in the budget request for fiscal year 2013 due to Air Force budget constraints and the need to fund other, higher priorities. Although the committee understands that affordability concerns was the primary driver for the SRR program termination, it is unclear to the committee how the Secretary of the Air Force intends to afford the legacy radar system knowing that sustainment costs are predicted to significantly increase after 2017. The committee encourages the Secretary of the Air Force to develop and implement an affordability strategy for maintaining radar capability on the B-52 aircraft through its predicted service-life of 2040 and to communicate that strategy to the congressional defense committees soon after the affordability strategy is developed.

Regarding the previously terminated B-52 CONECT program in the budget request for fiscal year 2013, the committee supports the Secretary's decision reinstating the program in the fiscal year 2014 budget request. However, the committee is concerned with the current plan to only fund and modernize 28 of 76 total aircraft with CONECT capability. The committee reminds the Secretary that section 137 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) requires the Secretary to maintain all B-52 aircraft in a common capability configuration. Realizing that the committee in the future may have to address not retaining the nuclear capability for a certain number of B-52 in order to comply with New START requirements, the committee intends to provide no flexibility for not maintaining B-52 aircraft in a common conventional capability configuration. A dissimilar capability configuration adds complexity to supply chain management, aircrew certification, training and employment, and would inherently complicate combatant commander operational planning and execution by having to account for dissimilar aircraft capabilities.

Battlefield airborne communications node

The committee notes that the battlefield airborne communications node (BACN) system was initially developed to meet an urgent warfighter need. The committee further notes that since its fielding, BACN has provided critical communications and information sharing capability between different tactical data and voice networks in support of operations in the Republic of Iraq and the Islamic Republic of Afghanistan. The committee believes that the BACN is a needed capability for the future and encourages the Department of the Air Force to continue its effort to transition the BACN to a traditional program of record in fiscal year 2015.

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.

Global Hawk Block 30 aircraft

The budget request contained \$202.5 million in aircraft procurement, Air Force and research, development, test and evaluation, Air Force, for development and upgrade of Global Hawk unmanned aircraft. The budget request also contained \$22.2 million in operation and maintenance, Air Force, for continued operation of Global Hawk unmanned aircraft.

In section 154 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112-239), Congress prohibited the proposed retirement of Global Hawk Block 30 unmanned aircraft while also mandating their continued operations through 2014 to meet combatant command intelligence, surveillance, and reconnaissance (ISR) operations. In the committee report (H. Rept. 112-479) accompanying the National Defense Authorization Act for Fiscal Year 2013, the committee stated that this legislation was based on the committee's desire to maintain ISR capability to meet ever-increasing combatant command ISR needs, avoid the retirement of brand new aircraft procured at a cost of more than \$100.0 million each, and support the Department of Defense's new strategy that requires long-duration, long-range ISR assets. The committee believes that even after the war in the Republic of Iraq and transition to a reduced U.S. military presence in the Islamic Republic of Afghanistan, long-range ISR aircraft will be in more demand, not less. The committee notes that as the number of Global Hawk missions in Afghanistan has declined missions in support of U.S. Africa Command, U.S. Central Command, and U.S. Pacific Command have increased. The committee believes that this is due to ongoing and growing demand for ISR of all kinds.

While the committee was pleased to see that the Air Force did request funding for Global Hawk Block 30 operations in the budget request for fiscal year 2014, the committee remains concerned that

the Air Force is not fully committed to retaining much needed ISR capability, and Global Hawk Block 30 aircraft in particular. As a result, the committee supports further extending Global Hawk operations through 2016 and expects the Air Force to maintain Global Hawk operations and support infrastructure, including active duty and reserve units, through at least this timeframe. Additionally, consistent with its position for fiscal year 2013, the committee expects the Secretary of the Air Force to fully execute the fiscal year 2012 Global Hawk Block 30 program, including the procurement of 3 additional aircraft, in accordance with the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81) and the Consolidated Appropriations Act, 2012 (Public Law 112-74).

MQ-9 Reaper remotely piloted aircraft

The budget request contained \$272.2 million in Aircraft Procurement, Air Force for procurement of 12 MQ-9 Reaper remotely piloted aircraft (RPA) systems and \$45.3 million for initial spares and repair parts for MQ-9 Reapers. The budget request also contained \$30.0 million in research, development, test, and evaluation, Air Force, for the extended range capability for MQ-9 Reapers.

The National Defense Authorization Act for Fiscal Year 2013 (Public Law 112-239) authorized procurement of 36 new MQ-9 Reapers and associated ground equipment in an effort to accelerate fielding of the upgraded Block 5 version of the MQ-9 Reaper and meet the Air Force's objective for increasing intelligence, surveillance, and reconnaissance (ISR) capability. This represented an increase of 12 aircraft above the fiscal year 2013 budget request. The committee is concerned, however, that in response to this action, the Air Force chose to reduce the number of MQ-9 Reaper aircraft in the budget request for fiscal year 2014 from 24 to 12 aircraft.

The committee believes that the Air Force must continue to aggressively invest in ISR aircraft. The committee notes that even when the Air Force achieves its current goal of supporting 65 combat air patrols of MQ-1 Predator and MQ-9 Reaper RPAs, there will be significant unmet demand for ISR capability worldwide. While the committee understands the Air Force's desire to transition away from RPAs that are only capable of operating in permissive threat environments, it believes that the daily demand for both traditional ISR and strike missions in support of global counter-terrorism operations will not decline for many years. Furthermore, the Air Force's efforts to increase the operational range and endurance of the baseline MQ-9 Reaper will expand their utility (when accounting for basing constraints) and further increase demand for these platforms. Finally, the committee seeks to sustain the industrial base for remotely piloted aircraft to ensure that it will be available to build the next generation of RPA systems.

The committee recommends \$352.2 million, an increase of \$80.0 million, in aircraft procurement, Air Force for procurement of 18 MQ-9 Reaper RPA systems. The committee also recommends \$56.3 million, an increase of \$11.0 million, in aircraft procurement, Air Force, for initial spares and repair parts for these aircraft. The committee expects the Air Force to place all of the funding provided

on contract for new MQ-9 aircraft and associated ground equipment during fiscal year 2014.

Upgraded ejection seats

The budget request contained no funds for the procurement of upgraded ejection seats for B-2 and F-16 aircraft.

The committee understands that aircraft aging and heavy operations tempo have produced fatigue and corrosion in legacy ejection seat designs which were designed and procured by the Department of the Air Force in the mid-1970s. The committee further understands that the incorporation of modern helmet mounted displays creates significant risk to pilot survival during high speed ejections because the aerodynamic forces of high-speed ejections could lift the modern helmet off the pilot and generate high neck tension loads. Today's state-of-the-art upgraded ejection seats can effectively address these risks while at the same time providing significantly improved ease of maintenance and increased aircraft availability.

Therefore, the committee encourages the Department of the Air Force to begin replacing the 1970s-designed ejection seats equipped in most legacy fighter and bomber aircraft with a low cost approach that would emphasize a form, fit, and function solution requiring minimal qualification in legacy Department of the Air Force aircraft. The committee believes that minimizing sustainment lifecycle costs through commonality with currently-fielded components should also be included as a prime determinant in selecting the upgraded ejection seat, and that the B-2 and the F-16 aircraft, which would require the least effort toward flight-worthy qualification of a new ejection seat, should be given upgrade priority.

PROCUREMENT OF AMMUNITION, AIR FORCE

Overview

The budget request for fiscal year 2014 contained \$759.4 million for Procurement of Ammunition, Air Force. The committee recommends authorization of \$759.4 million, no change to the budget request, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement of Ammunition, Air Force program are identified in division D of this Act.

MISSILE PROCUREMENT, AIR FORCE

Overview

The budget request for fiscal year 2014 contained \$5.3 billion for Missile Procurement, Air Force. The committee recommends authorization of \$5.3 billion, a decrease of \$0.7 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Missile Procurement, Air Force program are identified in division D of this Act.

OTHER PROCUREMENT, AIR FORCE

Overview

The budget request for fiscal year 2014 contained \$16.8 billion for Other Procurement, Air Force. The committee recommends authorization of \$16.8 billion, no change to the budget request, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Other Procurement, Air Force program are identified in division D of this Act.

Items of Special Interest

Remotely Piloted Aircraft Squadron Operations Centers for the Air National Guard

The budget request contained no funds for Remotely Piloted Aircraft Squadron Operations Centers (RSOC) for the Air National Guard.

The committee notes that the Air Force fiscal year 2013 force structure changes approved by the committee included plans to create numerous MQ-1 and MQ-9 remotely piloted aircraft remote-split operations and targeting squadrons in the Air National Guard. However, the committee notes with concern that the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6) did not include sufficient funding to begin acquiring the ground-based equipment necessary to stand up these units. Specifically, the committee understands that to reach full capability these units will need fully modernized RSOCs, and that the infrastructure provided by the RSOC supports hosting up to five ground control stations, intelligence analysts, weather personnel, and other critical personnel required for full operations.

The committee encourages the Air Force, starting by the fiscal year 2015 budget request, to fully fund RSOC and other equipment required to stand up fully modernized Air National Guard MQ-1 and MQ-9 remote-split operations and targeting units.

PROCUREMENT, DEFENSE-WIDE

Overview

The budget request for fiscal year 2014 contained \$4.5 billion for Procurement, Defense-Wide. The committee recommends authorization of \$4.6 billion, an increase of \$107.0 million, for fiscal year 2014.

The committee recommendations for the fiscal year 2014 Procurement, Defense-Wide program are identified in division D of this Act.

Items of Special Interest

Concurrent fielding of equipment for the Army National Guard and Air National Guard

The budget request contained \$2.7 billion for National Guard equipment modernization.

The National Guard and Reserve Components are no longer considered a “strategic reserve,” and are now regarded as an “operational” force. Since September 2001, over 860,000 members of the National Guard and Reserve Components have been mobilized and served on Active Duty in support of Operation Noble Eagle, Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn, of whom over 900 have been killed in action. Domestically, over 50,000 members of the National Guard responded to Hurricane Katrina and, more recently, more than 7,000 members of the National Guard and Reserve Components mobilized in support of Hurricane Sandy.

Recognizing the importance of an operational reserve force and the imperative to equip the National Guard and Reserve Components with modernized equipment, in recent years, the committee authorized funding for additional equipment for the Reserve Components to address chronic shortfalls in Army National Guard (ARNG) and Air National Guard (ANG) equipment inventories. Since 2007, Congress has provided approximately \$9.2 billion in the National Guard and Reserve Equipment Account to address this issue, in addition to other targeted funding increases. As a result of these funding increases and sustained investment in the ARNG and ANG, both components are currently at historic highs in terms of equipment-on-hand, with the ARNG at 87 percent and the ANG at 91 percent.

However, the committee notes that some of the equipment counted as on-hand is substitute or less-capable versions of the required equipment. The committee acknowledges that the National Guard faces mounting challenges regarding how to replace worn out equipment, legacy equipment that is becoming obsolete or irrelevant, and equipment that is aging through normal wear-and-tear. In addition, long-term gaps in funding remain. The “National Guard and Reserve Equipment Report for Fiscal Year 2014” identified an almost \$29.7 billion shortfall for the ARNG for fully modernized equipment, approximately 26.6 percent of the total requirement. The report also found a \$8.8 billion shortfall for the ANG for fully modernized equipment, which is 14.5 percent of the total requirement. Furthermore, the committee is concerned that these shortfalls may not be addressed based on current Army and Air Force procurement and fielding plans. For example, the committee understands that plans for fielding major weapons systems for the ANG, including the F-35 aircraft, remain far in the future. For the ARNG, fielding of the UH-60M and CH-47F helicopters are planned to stretch out over several decades.

The committee recommends that the Army and the Air Force re-examine their funding and fielding plans for all National Guard equipment procurement and that they re-balance those plans to provide the ARNG and the ANG with new equipment concurrent with fielding to Active Duty units. The committee believes that using the National Guard as an operational force, with planned rotations and mobilizations, makes it imperative that National Guard units be provided the necessary resources to man, equip, sustain, and train.

The committee recommends \$2.7 billion, the full amount requested, for National Guard equipment modernization.

Joint Urgent Operational Needs Fund

The budget request contained \$98.8 million for the Joint Urgent Operational Needs (JUON) Fund.

The Office of the Secretary of Defense and the military services have established a number of organizations and programs to respond to requests from units in Operation Iraqi Freedom, Operation New Dawn, and Operation Enduring Freedom (OEF), units supporting other combatant commands, and from combatant commanders to rapidly develop and field solutions to a variety of capabilities, including development and transition of new technologies to the warfighter; support for Joint Experimentation Range Complexes; counter-improvised explosive detection and destroy; and intelligence, surveillance, and reconnaissance sensors and systems. The committee notes each of these programs requests amounts for unspecified purposes for hundreds of projects in anticipation of requests from OEF units, other units in other combatant commands, and combatant commanders. The committee believes that this request lacks proper justification and is duplicative with other requests for rapid acquisition capabilities to address urgent operational needs.

The committee appreciates that the Department of Defense must find ways to rapidly fund urgent needs to address near-term and high-risk scenarios. As such, Congress provided the Department with Rapid Acquisition Authority in section 806(c) of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 (Public Law 107–314), as amended by section 811 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108–375) and section 803 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) which provides the Secretary of Defense \$200.0 million in authority, per fiscal year, to waive any statute hindering quick response to immediate warfighter capability requirements in response to combat fatalities. The committee understands the Department has rarely used this authority.

The committee recommends no funds, a decrease of \$98.8 million, for the JUON Fund.

Multiyear procurement authority for ground-based interceptors

Elsewhere in this Act, the committee includes a provision concerning authority for the Director, Missile Defense Agency to enter into 1 or more multiyear contracts, beginning in fiscal year 2014, for the procurement of 14 ground-based interceptors and authority for advanced procurement associated with these ground-based interceptors.

The committee notes that the Congressional Budget Office has estimated that this provision would result in savings of 10 percent for the Department of Defense on the price of a ground-based interceptor, and that buying these interceptors under the current Missile Defense Agency plan of 14 interceptors under 7 annual contracts of 2 per-year would cost about \$200.0 million more than a single multiyear contract.

LEGISLATIVE PROVISIONS

SUBTITLE A—AUTHORIZATION OF APPROPRIATIONS

Section 101—Authorization of Appropriations

This section would authorize appropriations for Procurement at the levels identified in section 4101 of division D of this Act.

SUBTITLE B—ARMY PROGRAMS

Section 111—Limitation on Availability of Funds for Stryker Vehicle Program

This section would limit the obligation of procurement funds of the Stryker program to not more than 75 percent of the fiscal year 2014 requested amount until the Secretary of the Army submits to the congressional defense committees a report on the Stryker vehicle spare parts inventory.

SUBTITLE C—NAVY PROGRAMS

Section 121—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.

Section 122—Cost Limitation for CVN-78 Aircraft Carriers

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. This section would also update the cost cap associated with CVN-79 and later *Ford*-class aircraft carriers.

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.

SUBTITLE D—AIR FORCE PROGRAMS

Section 131—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 132—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.

Section 133—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 134—Competition for Evolved Expendable Launch Vehicle Providers

This section would require the Secretary of the Air Force to develop and implement a plan to ensure the fair evaluation of competing contractors in awarding a contract to a certified evolved expendable launch vehicle provider. This plan would include descriptions of how the following areas would be addressed in the evaluation: the proposed cost, schedule, and performance; mission assurance activities; the manner in which the contractor will operate under the Federal Acquisition Regulation; the effect of other contracts in which the contractor is entered into with the Federal Government, such as the evolved expendable launch vehicle launch capability and the space station commercial resupply services contracts; and any other areas determined appropriate by the Secretary.

This section would also require that the Secretary submit a report to Congress not later than 90 days after the date of the enactment of this Act that includes the aforementioned plan or provide a briefing to the appropriate congressional committees on the plan. After the Secretary provides the report or briefing to Congress, the Comptroller General of the United States shall conduct a review of the plan.

SUBTITLE E—DEFENSE-WIDE, JOINT, AND MULTISERVICE MATTERS

Section 141—Multiyear Procurement Authority for Ground-based Interceptors

The section would provide the Director, Missile Defense Agency with authority to enter into 1 or more multiyear contracts, beginning in fiscal year 2014, for the procurement of 14 ground-based interceptors. This section would also provide authority for advanced procurement associated with these ground-based interceptors. This section would also require that such contracts include a requirement that they be subject to the availability of appropriation for these purposes.

Section 142—Multiyear Procurement Authority for Tactical Wheeled Vehicles

This section would authorize the Secretary of Defense to enter into a 5-year pilot program for the multiyear procurement of tactical wheeled vehicles. This section would also require the Secretary to submit to the congressional defense committees within 180 days after the date of the enactment of this Act, their intent to award such a contract, and if not, justification for not pursuing the pilot program. If the program is implemented, this section would also direct the Secretary of Defense to submit, as part of the Department's justification materials in support of the President's annual budget request, detailed information on the status, progress, and challenges associated with implementation of the pilot program.

The committee notes that the Department of the Army, the Department of the Navy, and the Department of the Air Force have validated requirements for tactical wheeled vehicles. The committee also notes that the Department of Defense has procured certain tactical wheeled vehicles, including the Family of Medium Tactical Vehicles, the Medium Tactical Wheeled Vehicle Replacement, and the Family of Heavy Tactical Vehicles, through multiyear procurement contracts and achieved significant cost savings.

Section 143—Limitation on Availability of Funds for Retirement of RQ-4 Global Hawk Unmanned Aircraft Systems

This section would limit the use of funds to retire Global Hawk Block 30 unmanned aircraft systems and would require the Secretary of the Air Force to take all actions necessary to maintain the operational capability of the RQ-4 Block 30 Global Hawk through December 31, 2016.

Section 144—Personal Protection Equipment Procurement

This section would require the Secretary of Defense to ensure that within each military service procurement account, a separate procurement budget line item is designated for personal protection equipment (PPE) investment and funding transparency.

Section 145—Repeal of Certain F-35 Reporting Requirements

This section would amend section 122 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) by striking subsection (b), and re-designating subsection (c) as subsection (b).

Section 146—Study on Procurement of Personal Protection Equipment

This section would authorize the Secretary of Defense to enter into a contract with a federally funded research and development center (FFRDC) to conduct a study to identify and assess alternative and effective means for stimulating competition and innovation in the personal protection equipment industrial base, to include body armor. This section would also require that within 180 days after the date of the enactment of this Act, the FFRDC shall submit to the Secretary of Defense a report detailing the findings and recommendations from the study. In addition, the Secretary shall submit to the congressional defense committees a report on the findings and recommendations of the FFRDC study, along with the complete study.