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HOUSE OF REPRESENTATIVES

{ REPORT
111-491

NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2011

R E P O R T

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ON

H.R. 5136

together with

ADDITIONAL VIEWS

[Including cost estimate of the Congressional Budget Office]



MAY 21, 2010.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

because infrastructure costs currently shared by the Department of Defense (DOD) and NASA would be passed on to the Department of Defense.

After extensive briefings with the Department and industry, the committee believes there is an opportunity to identify a more strategic, long-term, defense-wide approach to the development, acquisition, and production of solid rocket motors that would benefit the industrial base and could be leveraged for future strategic strike (both nuclear and non-nuclear), missile defense, and space launch systems.

First, the committee believes the Department should invest in a substantive defense-wide research and development (R&D) activity specifically focused on design, development, and technology maturation associated with a 40-inch diameter class rocket motor. The committee understands that the industrial base capabilities necessary to support a 40-inch diameter class rocket motor can be applied to larger size motors that may be required for a next-generation intercontinental ballistic missile or submarine-launched ballistic missile and is also useful for missile defense and prompt global strike applications. However, the committee notes that strategic propulsion development activities have declined in recent years. The Navy terminated its R&D program in 2008; numerous technology demonstrations funded by the Air Force ended in 2009. The committee further recommends the Department foster competition and maintain at least two viable developers through this R&D effort.

Second, the committee believes the Department should align its long-term solid rocket motor production plans to maximize the use of existing production capabilities. For example, the Navy will require solid rocket motor production through 2023 to support its Trident D5 life extension program. At this point, production could transition to the Air Force to support life extension of the Minuteman III beyond 2030 or a follow-on system. Thereafter, production could transition back to the Navy in the mid-2030 timeframe to support a Trident D5 follow-on system. Solid rocket motor production for missile defense systems should also be taken into account.

Finally, the committee believes that the health and long-term viability of the solid rocket motor industrial base is a government-wide challenge. Any DOD strategic plan should include NASA, and any NASA plan should include the Department of Defense. The committee encourages the Department to give full consideration to the committee's preferences in the preparation of the solid rocket motor industrial base sustainment plan required by section 1078 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84).

OTHER MATTERS

Department of Defense Rapid Innovation Program

The committee notes that several major acquisition programs under the purview of the Department of Defense (DOD) have been plagued by cost growth, schedule delays, and under-performance. The Department often emphasizes transformation and reform in its acquisition policies and procedures, however, the trend to poor program performance continues. The committee recognizes that trans-

formation combined with a smart acquisition process should result in affordable and interoperable weapon systems and platforms. Open architecture systems are an example of a transformational technology that has resulted in cost savings or avoidance to the Department.

A great source for transformational technologies and ideas is the small business community which harbors many of the nation's innovative thinkers and creative minds. Not only are small businesses vital to our economy, the committee considers them a vital source for developing innovative and cost-saving technologies in areas of military need. The Department has had success leveraging this source, primarily through the Small Business and Innovative Research (SBIR) Phase I and Phase II awards. The committee remains concerned though over the dismal record of success inserting such technologies into major defense acquisition programs and into the commercial market, despite the many transition organizations, processes, and initiatives designed to do just that. The Defense Science Board stated, in their July 2009 report titled "Fulfillment of Urgent Operational Needs," that "the Department of Defense lacks the ability to rapidly field new capabilities to the warfighter in a systematic and effective way."

The committee notes that SBIR Phase III awards, funded by non-SBIR sources, are intended to help move SBIR-funded projects to the marketplace or into a program of record. The committee remains troubled that the Department has not effectively capitalized on the successes of SBIR Phase I and II innovations. Findings from the National Research Council and the Department of Defense indicate that a lack of stable funding and lack of a transition path are significant inhibitors. To address these inhibitors, the committee notes the precedent set by Navy Program Executive Office Submarine (PEO SUBS), during fiscal years 2008 through 2010, who undertook an effort to solve this problem using funding for the insertion of technologies developed by small businesses. Funding was made available to small business projects identified in program acquisition plans for high-risk/high-reward component technology development for inclusion in the procurement process. The committee notes that there are other examples of funding that has allowed for expedited small business awards that met program of record interoperability and affordability goals. The committee notes the National Research Council's 2009 report, titled "An Assessment of the SBIR Program at the Department of Defense," states that SBIR "Phase III transitions at PEO SUBS account for approximately 86 percent of all Navy Phase III contracts, and Navy in turn accounts for 70 percent of all DOD Phase III contracts." The committee applauds the efforts of the Navy and encourages the acquisition community within the Department of Defense to expand its work on improving the transition of small business research and development ideas.

The committee has included a provision, section 1054, in this title that would establish the Department of Defense Rapid Innovation Program. The committee has also included \$500.0 million in title XV of this Act to fund the program. In executing this program, the committee urges the Secretary of Defense, working through the Undersecretary of Defense for Acquisition, Technology, and Logistics (USD AT&L), to:

(1) Develop and implement a competitive program designed to stimulate innovative technologies; reduce lifecycle costs; address technical risks; improve the timeliness and thoroughness of test and evaluation outcomes; and rapidly insert such products into military systems that meet critical national security needs, such as, but not limited to: force protection, sensors, complex data handling, advanced communications, advanced materials, nano-manufacturing, chemical/biological standoff detection, language translation, and cyber security;

(2) Develop and implement clear goals and metrics for the program that would enhance the insertion or commercialization success of those technologies identified in paragraph (1);

(3) Evaluate and prioritize projects based on the following:

(a) Phase II Small Business Innovation Research (SBIR) projects;

(b) Non-SBIR projects that support ACAT I-IA, II, III and IV programs;

(c) Projects executed by the defense laboratories and the test and evaluation community;

(d) Projects cost-shared with state, local, or other government funds; and

(e) Issue annual solicitations from the military departments, the defense agencies, and the U.S. Special Operations Command applications for funding;

(4) Fund projects proposed by the PEOs or Program Managers that are determined most likely to be fielded or commercialized within three years;

(5) Ensure technology transition decisions are localized as much as possible between the program manager, the acquisition manager, and the user;

(6) The amount for each project under this program would nominally not exceed \$3,000,000, but projects with a cost greater than that would be evaluated on a case-by-case basis approved by the USD AT&L; and

(7) Selected projects would be funded for no more than two years, except on a case-by-case basis approved by the USD AT&L.

The committee further notes that section 1054 would explicitly provide that nothing in section 1054 shall be interpreted to require any official of the Department of Defense to provide funding to any earmark as defined pursuant to House Rule XXI, clause 9 or any congressionally directed spending item as defined pursuant to Senate Rule XLIV, paragraph 5. The committee notes that no bill or report language located anywhere else in this report or in this Act should be interpreted to require the use of funding from the Department of Defense Rapid Innovation Program for any earmark as so defined.

Feasibility Study for Transfer of Aircraft to Non-Federal Entities

The committee directs the Secretary of Defense, with participation of the Defense Logistics Agency, the military departments and other relevant federal agencies (to include the General Services Administration, the Federal Aviation Administration and the Department of Homeland Security), to study the feasibility and advisability of developing criteria for transferring aircraft from a mili-

Section 1053—Sale of Surplus Military Equipment to State and Local Homeland Security and Emergency Management Agencies

This section would amend section 2576 of title 10, United States Code, by expanding the state and local agencies to which the Secretary of Defense may sell surplus military equipment to include homeland security and emergency management agencies. This section would also expand the types of equipment that may be sold to include personal protective equipment and other appropriate equipment.

Section 1054—Department of Defense Rapid Innovation Program

This section would require the Secretary of Defense to establish a program for the purpose of accelerating and supporting defense technology transition to the warfighter or commercial markets and would require the Secretary, within 180 days after the date of enactment of this Act, to establish guidelines for the operation of the program. Under this section, the Secretary would be required, annually, to solicit from the military departments, the defense agencies, and the Special Operations Command applications for funding, under the program, to accelerate certain technology projects from the prototype stage to the field or marketplace. The guidance issued by the Secretary would include priorities for certain types of defense research and criteria for evaluating applications. Nothing in this section would require any official of the Department of Defense to provide funding under this section to any earmark as defined pursuant to House Rule XXI, clause 9 or any congressionally directed spending item as defined pursuant to Senate Rule XLIV, paragraph 5. Funding authorized for the program would be from amounts authorized to be appropriated within research, development, test, and evaluation defense-wide accounts and would not exceed \$500.0 million for any fiscal year under the program.

This section would allow the Secretary to transfer funds available for the program to the research, development, test and evaluation accounts of a military department, defense agency, or the unified combatant command for special operations forces. The Secretary may delegate the management and operation of the program. This section would require the Secretary to submit to the congressional defense committees a report, not later than 60 days after the last day of a fiscal year during which the Secretary carries out the program, describing the operation of the program during such fiscal year.

The authority to carry out a program under this section would terminate on September 30, 2015.

Section 1055—Technical and Clerical Amendments

This section would make a number of technical and clerical amendments of a non-substantive nature to existing law.

Section 1056—Limitation on Air Force Fiscal Year 2011 Force Structure Announcement Implementation

This section would prohibit the obligation or expenditure of fiscal year 2011 funds for the purpose of implementing the Air Force fiscal year 2011 Force Structure Announcement until 45 days after