

- Sec.  
579. Extension of major acquisition program contracts.
- SUBCHAPTER III—DEFINITIONS
581. Definitions.

#### PRIOR PROVISIONS

A prior chapter 15 of this title, consisting of sections 561 to 576 and relating to Coast Guard discipline, was repealed by act May 5, 1950, ch. 169, §14(v), 64 Stat. 148.

#### AMENDMENTS

2016—Pub. L. 114-328, div. A, title VIII, §899(b)(2), Dec. 23, 2016, 130 Stat. 2335, added items 578 and 579.

Pub. L. 114-120, title I, §102(b), title II, §209(7), Feb. 8, 2016, 130 Stat. 32, 41, struck out item 569a “Major acquisitions” and “Sec.” before item 571.

2014—Pub. L. 113-281, title II, §215(b), Dec. 18, 2014, 128 Stat. 3035, substituted “Mission need statement” for “Report on former Coast Guard officials employed by contractors to the agency” in item 569.

2012—Pub. L. 112-213, title II, §§210(b), 211(b), Dec. 20, 2012, 126 Stat. 1551, 1552, added items 569a and 577.

#### SUBCHAPTER I—GENERAL PROVISIONS

##### § 561. Acquisition directorate

(a) ESTABLISHMENT.—The Commandant of the Coast Guard shall establish an acquisition directorate to provide guidance and oversight for the implementation and management of all Coast Guard acquisition processes, programs, and projects.

(b) MISSION.—The mission of the acquisition directorate is—

(1) to acquire and deliver assets and systems that increase operational readiness, enhance mission performance, and create a safe working environment;

(2) to assist in the development of a workforce that is trained and qualified to further the Coast Guard’s missions and deliver the best-value products and services to the Nation; and

(3) to meet the needs of customers of major acquisition programs in the most cost-effective manner practicable.

(Added Pub. L. 111-281, title IV, §402(a), Oct. 15, 2010, 124 Stat. 2931; amended Pub. L. 114-328, div. A, title VIII, §899(b)(1)(A), Dec. 23, 2016, 130 Stat. 2333.)

#### PRIOR PROVISIONS

A prior section 561, act Aug. 4, 1949, ch. 393, 63 Stat. 538, related to limitations on punishment by commanding officer, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2016—Subsec. (b)(3). Pub. L. 114-328 added par. (3).

#### REVIEW REQUIRED

Pub. L. 114-328, div. A, title VIII, §899(c), Dec. 23, 2016, 130 Stat. 2335, provided that:

“(1) REQUIREMENT.—The Commandant of the Coast Guard shall conduct a review of—

“(A) the authorities provided to the Commandant in chapter 15 of title 14, United States Code, and other relevant statutes and regulations related to Coast Guard acquisitions, including developing recommendations to ensure that the Commandant plays an appropriate role in the development of requirements, acquisition processes, and the associated budget practices;

“(B) implementation of the strategy prepared in accordance with section 562(b)(2) of title 14, United States Code, as in effect before the enactment of the National Defense Authorization Act for Fiscal Year 2017 [Pub. L. 114-328, see Tables for classification]; and

“(C) acquisition policies, directives, and regulations of the Coast Guard to ensure such policies, directives, and regulations establish a customer-oriented acquisition system.

“(2) REPORT.—Not later than March 1, 2017, the Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report containing, at a minimum, the following:

“(A) The recommendations developed by the Commandant under paragraph (1) and other results of the review conducted under such paragraph.

“(B) The actions the Commandant is taking, if any, within the Commandant’s existing authority to implement such recommendations.

“(3) MODIFICATION OF POLICIES, DIRECTIVES, AND REGULATIONS.—Not later than one year after the date of the enactment of this Act [Dec. 23, 2016], the Commandant of the Coast Guard shall modify the acquisition policies, directives, and regulations of the Coast Guard as necessary to ensure the development and implementation of a customer-oriented acquisition system, pursuant to the review under paragraph (1)(C).”

##### § 562. Improvements in Coast Guard acquisition management

(a) PROJECT OR PROGRAM MANAGERS.—

(1) LEVEL 1 PROJECTS.—An individual may not be assigned as the project or program manager for a Level 1 acquisition unless the individual holds a Level III acquisition certification as a program manager.

(2) LEVEL 2 PROJECTS.—An individual may not be assigned as the project or program manager for a Level 2 acquisition unless the individual holds a Level II acquisition certification as a program manager.

(b) ACQUISITION WORKFORCE.—

(1) IN GENERAL.—The Commandant shall designate a sufficient number of positions to be in the Coast Guard’s acquisition workforce to perform acquisition-related functions at Coast Guard headquarters and field activities.

(2) REQUIRED POSITIONS.—In designating positions under subsection (a), the Commandant shall include, at a minimum, positions encompassing the following competencies and functions:

(A) Program management.

(B) Systems planning, research, development, engineering, and testing.

(C) Procurement, including contracting.

(D) Industrial and contract property management.

(E) Life-cycle logistics.

(F) Quality control and assurance.

(G) Manufacturing and production.

(H) Business, cost estimating, financial management, and auditing.

(I) Acquisition education, training, and career development.

(J) Construction and facilities engineering.

(K) Testing and evaluation.

(3) ACQUISITION MANAGEMENT HEADQUARTER ACTIVITIES.—The Commandant shall also designate as positions in the acquisition work-

force under paragraph (1) those acquisition-related positions located at Coast Guard headquarters units.

(4) **APPROPRIATE EXPERTISE REQUIRED.**—The Commandant shall ensure that each individual assigned to a position in the acquisition workforce has the appropriate expertise to carry out the responsibilities of that position.

(c) **MANAGEMENT INFORMATION SYSTEM.**—

(1) **IN GENERAL.**—The Commandant shall establish a management information system capability to improve acquisition workforce management and reporting.

(2) **INFORMATION MAINTAINED.**—Information maintained with such capability shall include the following standardized information on individuals assigned to positions in the workforce:

(A) Qualifications, assignment history, and tenure of those individuals assigned to positions in the acquisition workforce or holding acquisition-related certifications.

(B) Promotion rates for officers and members of the Coast Guard in the acquisition workforce.

(d) **APPOINTMENTS TO ACQUISITION POSITIONS.**—The Commandant shall ensure that no requirement or preference for officers or members of the Coast Guard is used in the consideration of persons for positions in the acquisition workforce.

(e) **CAREER PATHS.**—

(1) **IDENTIFICATION OF CAREER PATHS.**—To establish acquisition management as a core competency of the Coast Guard, the Commandant shall—

(A) ensure that career paths for officers, members, and employees of the Coast Guard who wish to pursue careers in acquisition are identified in terms of the education, training, experience, and assignments necessary for career progression of those officers, members, and employees to the most senior positions in the acquisition workforce; and

(B) publish information on such career paths.

(2) **PROMOTION PARITY.**—The Commandant shall ensure that promotion parity is established for officers and members of the Coast Guard who have been assigned to the acquisition workforce relative to officers and members who have not been assigned to the acquisition workforce.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2931; amended Pub. L. 111–330, § 1(4), Dec. 22, 2010, 124 Stat. 3569; Pub. L. 112–213, title II, § 210(c)(2)(A), Dec. 20, 2012, 126 Stat. 1551; Pub. L. 114–328, div. A, title VIII, § 899(b)(1)(B), Dec. 23, 2016, 130 Stat. 2333.)

#### REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010 and the date of enactment of this section, referred to in subsec. (b)(1), (2)(A), is the date of enactment of Pub. L. 111–281, which was approved Oct. 15, 2010.

#### PRIOR PROVISIONS

A prior section 562, act Aug. 4, 1949, ch. 393, 63 Stat. 539; Aug. 3, 1950, ch. 536, § 27, 64 Stat. 407, related to deck

courts, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2016—Subsecs. (b) to (g). Pub. L. 114–328 redesignated subsecs. (c), (d), (f), and (g) as (b), (c), (d), and (e), respectively, and struck out former subsec. (b) which related to guidance on tenure and accountability of program and project managers.

2012—Subsec. (e). Pub. L. 112–213 struck out subsec. (e) which related to annual report on adequacy of acquisition workforce.

2010—Pub. L. 111–330 amended Pub. L. 111–281, § 402(a), which enacted this section.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111–281.

### § 563. Recognition of Coast Guard personnel for excellence in acquisition

(a) **IN GENERAL.**—The Commandant shall maintain a program to recognize excellent performance by individuals and teams comprised of officers, members, and employees of the Coast Guard that contributed to the long-term success of a Coast Guard acquisition project or program.

(b) **ELEMENTS.**—The program shall include—

(1) specific award categories, criteria, and eligibility and manners of recognition;

(2) procedures for the nomination by personnel of the Coast Guard of individuals and teams comprised of officers, members, and employees of the Coast Guard for recognition under the program; and

(3) procedures for the evaluation of nominations for recognition under the program by one or more panels of individuals from the Government, academia, and the private sector who have such expertise and are appointed in such manner as the Commandant shall establish for the purposes of this program.

(c) **AWARD OF CASH BONUSES.**—As part of the program required by subsection (a), the Commandant, subject to the availability of appropriations, may award to any civilian employee recognized pursuant to the program a cash bonus to the extent that the performance of such individual so recognized warrants the award of such bonus.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2934; amended Pub. L. 111–330, § 1(4), Dec. 22, 2010, 124 Stat. 3569; Pub. L. 114–328, div. A, title VIII, § 899(b)(1)(C), Dec. 23, 2016, 130 Stat. 2333.)

#### PRIOR PROVISIONS

A prior section 563, act Aug. 4, 1949, ch. 393, 63 Stat. 539; Aug. 3, 1950, ch. 536, § 28, 64 Stat. 407, related to summary courts-martial, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2016—Subsec. (a). Pub. L. 114–328 substituted “The Commandant shall maintain” for “Not later than 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Commandant shall commence implementation of”.

2010—Pub. L. 111–330 amended Pub. L. 111–281, § 402(a), which enacted this section.

## EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, §1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

**§ 564. Prohibition on use of lead systems integrators**

## (a) IN GENERAL.—

(1) USE OF LEAD SYSTEMS INTEGRATOR.—The Commandant may not use a private sector entity as a lead systems integrator.

(2) FULL AND OPEN COMPETITION.—The Commandant shall use full and open competition for any acquisition contract unless otherwise excepted in accordance with Federal acquisition laws and regulations promulgated under those laws, including the Federal Acquisition Regulation.

(3) NO EFFECT ON SMALL BUSINESS ACT.—Nothing in this subsection shall be construed to supersede or otherwise affect the authorities provided by and under the Small Business Act (15 U.S.C. 631 et seq.).

(b) LIMITATION ON FINANCIAL INTEREST IN SUBCONTRACTORS.—Neither an entity performing lead systems integrator functions for a Coast Guard acquisition nor a Tier 1 subcontractor for any acquisition may have a financial interest in a subcontractor below the Tier 1 subcontractor level unless—

(1) the subcontractor was selected by the prime contractor through full and open competition for such procurement;

(2) the procurement was awarded by an entity performing lead systems integrator functions or a subcontractor through full and open competition;

(3) the procurement was awarded by a subcontractor through a process over which the entity performing lead systems integrator functions or a Tier 1 subcontractor exercised no control; or

(4) the Commandant has determined that the procurement was awarded in a manner consistent with Federal acquisition laws and regulations promulgated under those laws, including the Federal Acquisition Regulation.

## (c) ACQUISITION OF UNMANNED AERIAL SYSTEMS.—

(1) IN GENERAL.—During any fiscal year for which funds are appropriated for the design or construction of the Offshore Patrol Cutter, the Commandant—

(A) may not award a contract for design of an unmanned aerial system for use by the Coast Guard; and

(B) may acquire an unmanned aerial system only—

(i) if such a system has been acquired by, or has been used by, the Department of Defense or the Department of Homeland Security, or a component thereof, before the date on which the Commandant acquires the system; and

(ii) through an agreement with such a department or component, unless the unmanned aerial system can be obtained at less cost through independent contract action.

## (2) LIMITATIONS ON APPLICATION.—

(A) SMALL UNMANNED AERIAL SYSTEMS.—The limitations in paragraph (1)(B) do not apply to any small unmanned aerial system that consists of—

(i) an unmanned aircraft weighing less than 55 pounds on takeoff, including all components and equipment on board or otherwise attached to the aircraft; and

(ii) associated elements (including communication links and the components that control such aircraft) that are required for the safe and efficient operation of such aircraft.

(B) PREVIOUSLY FUNDED SYSTEMS.—The limitations in paragraph (1) do not apply to the design or acquisition of an unmanned aerial system for which funds for research, development, test, and evaluation have been received from the Department of Defense or the Department of Homeland Security.<sup>1</sup>

(Added Pub. L. 111-281, title IV, §402(a), Oct. 15, 2010, 124 Stat. 2935; amended Pub. L. 111-330, §1(4), Dec. 22, 2010, 124 Stat. 3569; Pub. L. 112-213, title II, §217(7), Dec. 20, 2012, 126 Stat. 1557; Pub. L. 114-328, div. A, title VIII, §899(b)(1)(D), Dec. 23, 2016, 130 Stat. 2333.)

## REFERENCES IN TEXT

The Small Business Act, referred to in subsec. (a)(3), is Pub. L. 85-536, §2(1 et seq.), July 18, 1958, 72 Stat. 384, which is classified generally to chapter 14A (§631 et seq.) of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 631 of Title 15 and Tables.

## PRIOR PROVISIONS

A prior section 564, act Aug. 4, 1949, ch. 393, 63 Stat. 540; Aug. 3, 1950, ch. 536, §29, 64 Stat. 407, related to general courts-martial, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

## AMENDMENTS

2016—Subsec. (c). Pub. L. 114-328 added subsec. (c).

2012—Pub. L. 112-213 amended section generally. Prior to amendment, section related to prohibition on use of lead systems integrators and provided for certain exceptions to such prohibition.

2010—Pub. L. 111-330 amended Pub. L. 111-281, §402(a), which enacted this section.

## EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, §1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

**§ 565. Required contract terms**

(a) IN GENERAL.—The Commandant shall ensure that a contract awarded or a delivery order or task order issued for an acquisition of a capability or an asset with an expected service life of 10 or more years and with a total acquisition cost that is equal to or exceeds \$10,000,000 awarded or issued by the Coast Guard after the date of enactment of the Coast Guard Authorization Act of 2010—

(1) provides that all certifications for an end-state capability or asset under such contract, delivery order, or task order, respectively, will be conducted by the Commandant or an independent third party, and that self-

<sup>1</sup> So in original. Probably should be followed by a period.

certification by a contractor or subcontractor is not allowed;

(2) provides that the Commandant shall maintain the authority to establish, approve, and maintain technical requirements;

(3) requires that any measurement of contractor and subcontractor performance be based on the status of all work performed, including the extent to which the work performed met all performance, cost, and schedule requirements;

(4) specifies that, for the acquisition or upgrade of air, surface, or shore capabilities and assets for which compliance with TEMPEST certification is a requirement, the standard for determining such compliance will be the air, surface, or shore standard then used by the Department of the Navy for that type of capability or asset; and

(5) for any contract awarded to acquire an Offshore Patrol Cutter, includes provisions specifying the service life, fatigue life, and days underway in general Atlantic and North Pacific Sea conditions, maximum range, and maximum speed the cutter will be built to achieve.

(b) PROHIBITED PROVISIONS.—

(1) IN GENERAL.—The Commandant shall ensure that any contract awarded or delivery order or task order issued by the Coast Guard after the date of enactment of the Coast Guard Authorization Act of 2010 does not include any provision allowing for equitable adjustment that is not consistent with the Federal Acquisition Regulations.

(2) EXTENSION OF PROGRAM.—A contract, contract modification, or award term extending a contract with a lead systems integrator—

(A) may not include any minimum requirements for the purchase of a given or determinable number of specific capabilities or assets; and

(B) shall be reviewed by an independent third party with expertise in acquisition management, and the results of that review shall be submitted to the appropriate congressional committees at least 60 days prior to the award of the contract, contract modification, or award term.

(c) INTEGRATED PRODUCT TEAMS.—Integrated product teams, and all teams that oversee integrated product teams, shall be chaired by officers, members, or employees of the Coast Guard.

(d) TECHNICAL AUTHORITY.—The Commandant shall maintain or designate the technical authority to establish, approve, and maintain technical requirements. Any such designation shall be made in writing and may not be delegated to the authority of the Chief Acquisition Officer established by section 56 of this title.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2936; amended Pub. L. 111–330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsecs. (a) and (b)(1), is the date of enactment of Pub. L. 111–281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 565, act Aug. 4, 1949, ch. 393, 63 Stat. 540, related to Public Health Service officers as court members, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2010—Pub. L. 111–330 amended Pub. L. 111–281, § 402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111–281.

§ 566. Department of Defense consultation

(a) IN GENERAL.—The Commandant shall make arrangements as appropriate with the Secretary of Defense for support in contracting and management of Coast Guard acquisition programs. The Commandant shall also seek opportunities to make use of Department of Defense contracts, and contracts of other appropriate agencies, to obtain the best possible price for assets acquired for the Coast Guard.

(b) INTERSERVICE TECHNICAL ASSISTANCE.—The Commandant shall seek to enter into a memorandum of understanding or a memorandum of agreement with the Secretary of the Navy to obtain the assistance of the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition, including the Navy Systems Command, with the oversight of Coast Guard major acquisition programs. The memorandum of understanding or memorandum of agreement shall, at a minimum, provide for—

(1) the exchange of technical assistance and support that the Assistant Commandants for Acquisition, Human Resources, Engineering, and Information technology may identify;

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

(3) the temporary assignment or exchange of personnel between the Coast Guard and the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition, including Naval Systems Command, to facilitate the development of organic capabilities in the Coast Guard.

(c) TECHNICAL REQUIREMENT APPROVAL PROCEDURES.—The Chief Acquisition Officer shall adopt, to the extent practicable, procedures modeled after those used by the Navy Senior Acquisition Official to approve all technical requirements.

(d) ASSESSMENT.—Within 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Comptroller General of the United States shall transmit a report to the appropriate congressional committees that—

(1) contains an assessment of current Coast Guard acquisition and management capabilities to manage Level 1 and Level 2 acquisitions;

(2) includes recommendations as to how the Coast Guard can improve its acquisition management, either through internal reforms or by seeking acquisition expertise from the Department of Defense; and

(3) addresses specifically the question of whether the Coast Guard can better leverage

Department of Defense or other agencies' contracts that would meet the needs of Level 1 or Level 2 acquisitions in order to obtain the best possible price.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2937; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

#### REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsec. (d), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

#### PRIOR PROVISIONS

A prior section 566, act Aug. 4, 1949, ch. 393, 63 Stat. 541, related to reviewing authorities, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2010—Subsec. (d). Pub. L. 111-330, which directed the amendment of Pub. L. 111-281, § 402(a), which enacted this section, by substituting “Coast Guard Authorization Act of 2010” for “Coast Guard Authorization Act for Fiscal Years 2010 and 2011” wherever appearing, was executed in subsec. (d) of this section as added by section 402(a) by making the substitution for text which read “Coast Guard Authorization Act for fiscal years 2010 and 2011”, to reflect the probable intent of Congress.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

### § 567. Undefinitized contractual actions

(a) **IN GENERAL.**—The Coast Guard may not enter into an undefinitized contractual action unless such action is directly approved by the Head of Contracting Activity of the Coast Guard.

(b) **REQUESTS FOR UNDEFINITIZED CONTRACTUAL ACTIONS.**—Any request to the Head of Contracting Activity for approval of an undefinitized contractual action shall include a description of the anticipated effect on requirements of the Coast Guard if a delay is incurred for the purposes of determining contractual terms, specifications, and price before performance is begun under the contractual action.

(c) **REQUIREMENTS FOR UNDEFINITIZED CONTRACTUAL ACTIONS.**—

(1) **DEADLINE FOR AGREEMENT ON TERMS, SPECIFICATIONS, AND PRICE.**—A contracting officer of the Coast Guard may not enter into an undefinitized contractual action unless the contractual action provides for agreement upon contractual terms, specification, and price by the earlier of—

(A) the end of the 180-day period beginning on the date on which the contractor submits a qualifying proposal to definitize the contractual terms, specifications, and price; or

(B) the date on which the amount of funds obligated under the contractual action is equal to more than 50 percent of the negotiated overall ceiling price for the contractual action.

(2) **LIMITATION ON OBLIGATIONS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), the contracting officer for

an undefinitized contractual action may not obligate under such contractual action an amount that exceeds 50 percent of the negotiated overall ceiling price until the contractual terms, specifications, and price are definitized for such contractual action.

(B) **EXCEPTION.**—Notwithstanding subparagraph (A), if a contractor submits a qualifying proposal to definitize an undefinitized contractual action before an amount that exceeds 50 percent of the negotiated overall ceiling price is obligated on such action, the contracting officer for such action may not obligate with respect to such contractual action an amount that exceeds 75 percent of the negotiated overall ceiling price until the contractual terms, specifications, and price are definitized for such contractual action.

(3) **WAIVER.**—The Commandant may waive the application of this subsection with respect to a contract if the Commandant determines that the waiver is necessary to support—

(A) a contingency operation (as that term is defined in section 101(a)(13) of title 10);

(B) operations to prevent or respond to a transportation security incident (as defined in section 70101(6) of title 46);

(C) an operation in response to an emergency that poses an unacceptable threat to human health or safety or to the marine environment; or

(D) an operation in response to a natural disaster or major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(4) **LIMITATION ON APPLICATION.**—This subsection does not apply to an undefinitized contractual action for the purchase of initial spares.

(d) **INCLUSION OF NONURGENT REQUIREMENTS.**—Requirements for spare parts and support equipment that are not needed on an urgent basis may not be included in an undefinitized contractual action by the Coast Guard for spare parts and support equipment that are needed on an urgent basis unless the Commandant approves such inclusion as being—

(1) good business practice; and

(2) in the best interests of the United States.

(e) **MODIFICATION OF SCOPE.**—The scope of an undefinitized contractual action under which performance has begun may not be modified unless the Commandant approves such modification as being—

(1) good business practice; and

(2) in the best interests of the United States.

(f) **ALLOWABLE PROFIT.**—The Commandant shall ensure that the profit allowed on an undefinitized contractual action for which the final price is negotiated after a substantial portion of the performance required is completed reflects—

(1) the possible reduced cost risk of the contractor with respect to costs incurred during performance of the contract before the final price is negotiated; and

(2) the reduced cost risk of the contractor with respect to costs incurred during performance of the remaining portion of the contract.

(g) DEFINITIONS.—In this section:

(1) UNDEFINITIZED CONTRACTUAL ACTION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “undefinitized contractual action” means a new procurement action entered into by the Coast Guard for which the contractual terms, specifications, or price are not agreed upon before performance is begun under the action.

(B) EXCLUSION.—The term “undefinitized contractual action” does not include contractual actions with respect to—

- (i) foreign military sales;
- (ii) purchases in an amount not in excess of the amount of the simplified acquisition threshold; or
- (iii) special access programs.

(2) QUALIFYING PROPOSAL.—The term “qualifying proposal” means a proposal that contains sufficient information to enable complete and meaningful audits of the information contained in the proposal as determined by the contracting officer.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2938.)

#### REFERENCES IN TEXT

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, referred to in subsec. (c)(3)(D), is Pub. L. 93-288, May 22, 1974, 88 Stat. 143, which is classified principally to chapter 68 (§ 5121 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5121 of Title 42 and Tables.

#### PRIOR PROVISIONS

A prior section 567, act Aug. 4, 1949, ch. 393, 63 Stat. 541, related to jurisdiction of offenses, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

### § 568. Guidance on excessive pass-through charges

(a) IN GENERAL.—Not later than 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Commandant shall issue guidance to ensure that pass-through charges on contracts, subcontracts, delivery orders, and task orders that are entered into with a private entity acting as a lead systems integrator by or on behalf of the Coast Guard are not excessive in relation to the cost of work performed by the relevant contractor or subcontractor. The guidance shall, at a minimum—

- (1) set forth clear standards for determining when no, or negligible, value has been added to a contract by a contractor or subcontractor;
- (2) set forth procedures for preventing the payment by the Government of excessive pass-through charges; and
- (3) identify any exceptions determined by the Commandant to be in the best interest of the Government.

(b) EXCESSIVE PASS-THROUGH CHARGE DEFINED.—In this section the term “excessive pass-through charge”, with respect to a contractor or subcontractor that adds no, or negligible, value to a contract or subcontract, means a charge to the Government by the contractor or subcontractor that is for overhead or profit on work performed by a lower tier contractor or sub-

contractor, other than reasonable charges for the direct costs of managing lower tier contractors and subcontracts and overhead and profit based on such direct costs.

(c) APPLICATION OF GUIDANCE.—The guidance under this subsection shall apply to contracts awarded to a private entity acting as a lead systems integrator by or on behalf of the Coast Guard on or after the date that is 360 days after the date of enactment of the Coast Guard Authorization Act of 2010.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2940; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

#### REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsecs. (a) and (c), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

#### PRIOR PROVISIONS

A prior section 568, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to time limitations between offense and prosecution, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2010—Pub. L. 111-330 amended Pub. L. 111-281, § 402(a), which enacted this section.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

### § 569. Mission need statement

(a) IN GENERAL.—On the date on which the President submits to Congress a budget for fiscal year 2016 under section 1105 of title 31, on the date on which the President submits to Congress a budget for fiscal year 2019 under such section, and every 4 years thereafter, the Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate an integrated major acquisition mission need statement.

(b) DEFINITIONS.—In this section, the following definitions apply:

(1) INTEGRATED MAJOR ACQUISITION MISSION NEED STATEMENT.—The term “integrated major acquisition mission need statement” means a document that—

(A) identifies current and projected gaps in Coast Guard mission capabilities using mission hour targets;

(B) explains how each major acquisition program addresses gaps identified under subparagraph (A) if funded at the levels provided for such program in the most recently submitted capital investment plan; and

(C) describes the missions the Coast Guard will not be able to achieve, by fiscal year, for each gap identified under subparagraph (A).

(2) MAJOR ACQUISITION PROGRAM.—The term “major acquisition program” has the meaning given that term in section 2903.

(3) CAPITAL INVESTMENT PLAN.—The term “capital investment plan” means the plan required under section 2902(a)(1).

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2940; amended Pub. L. 112-213, title II, § 217(8), Dec. 20, 2012, 126 Stat. 1558; Pub. L. 113-281, title II, § 215(a), Dec. 18, 2014, 128 Stat. 3034; Pub. L. 114-120, title I, § 102(f), Feb. 8, 2016, 130 Stat. 33.)

#### PRIOR PROVISIONS

A prior section 569, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to trial by civil authorities for offenses against United States, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

#### AMENDMENTS

2016—Subsec. (b)(2). Pub. L. 114-120, § 102(f)(1), substituted “in section 2903” for “in section 569a(e)”.

Subsec. (b)(3). Pub. L. 114-120, § 102(f)(2), substituted “under section 2902(a)(1)” for “under section 663(a)(1)”.

2014—Pub. L. 113-281 amended section generally. Prior to amendment, section related to submission of report, not later than Dec. 31, 2011, to appropriate congressional committees on the employment during the preceding year by Coast Guard contractors of individuals who were Coast Guard officials in the previous 5-year period.

2012—Subsec. (a). Pub. L. 112-213 struck out “and annually thereafter,” after “December 31, 2011.”

#### ADDITIONAL SUBMISSIONS

Pub. L. 114-120, title I, § 101(f), Feb. 8, 2016, 130 Stat. 32, provided that: “The Commandant of the Coast Guard shall submit to the Committee on Homeland Security of the House of Representatives—

“(1) each plan required under section 2904 of title 14, United States Code, as added by subsection (a) of this section;

“(2) each plan required under section 2903(e) of title 14, United States Code, as added by section 206 of this Act;

“(3) each plan required under section 2902 of title 14, United States Code, as redesignated by subsection (d) of this section; and

“(4) each mission need statement required under section 569 of title 14, United States Code.”

### § 569a. Renumbered § 2903

#### PRIOR PROVISIONS

A prior section 570, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to designation of any Federal prison for execution of sentence, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

## SUBCHAPTER II—IMPROVED ACQUISITION PROCESS AND PROCEDURES

### § 571. Identification of major system acquisitions

#### (a) IN GENERAL.—

(1) SUPPORT MECHANISMS.—The Commandant shall develop and implement mechanisms to support the establishment of mature and stable operational requirements for all acquisitions.

(2) MISSION ANALYSIS; AFFORDABILITY ASSESSMENT.—The Commandant may not initiate a Level 1 or Level 2 acquisition project or program until the Commandant—

(A) completes a mission analysis that—

(i) identifies the specific capability gaps to be addressed by the project or program; and

(ii) develops a clear mission need to be addressed by the project or program; and

(B) prepares a preliminary affordability assessment for the project or program.

#### (b) ELEMENTS.—

(1) REQUIREMENTS.—The mechanisms required by subsection (a) shall ensure the implementation of a formal process for the development of a mission-needs statement, concept-of-operations document, capability development plan, and resource proposal for the initial project or program funding, and shall ensure the project or program is included in the Coast Guard Capital Investment Plan.

(2) ASSESSMENT OF TRADE-OFFS.—In conducting an affordability assessment under subsection (a)(2)(B), the Commandant shall develop and implement mechanisms to ensure that trade-offs among cost, schedule, and performance are considered in the establishment of preliminary operational requirements for development and production of new assets and capabilities for Level 1 and Level 2 acquisitions projects and programs.

(c) HUMAN RESOURCE CAPITAL PLANNING.—The Commandant shall develop staffing predictions, define human capital performance initiatives, and identify preliminary training needs required to implement each Level 1 and Level 2 acquisition project and program.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2941.)

#### PRIOR PROVISIONS

A prior section 571, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to Treasury and Navy Department jurisdiction, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

### § 572. Acquisition

(a) IN GENERAL.—The Commandant may not establish a Level 1 or Level 2 acquisition project or program until the Commandant—

(1) clearly defines the operational requirements for the project or program;

(2) establishes the feasibility of alternatives;

(3) develops an acquisition project or program baseline;

(4) produces a life-cycle cost estimate; and

(5) assesses the relative merits of alternatives to determine a preferred solution in accordance with the requirements of this section.

(b) SUBMISSION REQUIRED BEFORE PROCEEDING.—Any Coast Guard Level 1 or Level 2 acquisition project or program may not begin to obtain any capability or asset or proceed beyond that phase of its development that entails approving the supporting acquisition until the Commandant submits to the appropriate congressional committees the following:

(1) The key performance parameters, the key system attributes, and the operational performance attributes of the capability or asset to be acquired under the proposed acquisition project or program.

(2) A detailed list of the systems or other capabilities with which the capability or asset to be acquired is intended to be interoperable, including an explanation of the attributes of interoperability.