



**TESTIMONY OF
REAR ADMIRAL MICHAEL J. HAYCOCK
ASSISTANT COMMANDANT FOR ACQUISITION AND CHIEF ACQUISITION OFFICER**

**ON
POLAR ICEBREAKER ACQUISITION**

**BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

NOVEMBER 29, 2018

Good morning Chairman Mast, Ranking Member Garamendi, and distinguished members of the subcommittee. I appreciate the opportunity to testify today and thank you for your enduring support of the United States Coast Guard.

The Coast Guard offers unique and enduring value to the nation. A branch of the Armed Forces at all times, our combination of broad authorities and complementary capabilities squarely align with the President's national security and economic prosperity priorities. The Coast Guard is also a federal law enforcement agency, a regulatory body, a first responder, and a member of the U.S. Intelligence Community, which uniquely position the Service to help secure the maritime border, combat transnational criminal organizations (TCOs), facilitate and safeguard commerce on America's waterways, and protect our national interests in the Polar Regions.

Recapitalization of the Nation's Polar Fleet

The United States is an Arctic nation and Antarctic principal with substantial political, national security, natural resource, environmental, and other interests in both Polar Regions. The Coast Guard has been the lead federal agency in assuring surface access to the Polar Regions since 1965, meeting the Nation's most critical mission needs in the Arctic and Antarctic. The Coast Guard's current polar icebreaking fleet provides minimal capacity to carry out current icebreaking missions and does not provide uninhibited access, continuous presence, or self-rescue. To ensure access and sovereign presence in the high latitudes, the nation must take swift action to rebuild and enhance this critical national capability.

We have established an Integrated Program Office (IPO) with the Navy to leverage each service's experience and lessons learned across similar shipbuilding programs. Program roles and responsibilities for each service are well defined, and the acquisition is following established processes and procedures under the Department of Homeland Security's (DHS) acquisition framework while incorporating Navy best practices.

The IPO leveraged extensive industry studies with five U.S. shipyards to identify and reduce potential acquisition, technology and production risks and to inform development of the system specification. This effort significantly enhanced our understanding of the state of the market and the capabilities of the industrial base. In conjunction with the DHS Science and Technology Directorate, the Naval Surface Warfare Center Carderock and the Canadian National Research Council, the IPO conducted extensive modeling and simulation (M&S) of Polar Security Cutter hulls and propulsion systems, which validated our “Indicative Design”. The combined industry studies and M&S efforts identified cost and resource savings and provided the framework to minimize the negative effects of potential risks.

With the support of the Administration and Congress, we are making significant progress toward building new Polar Security Cutters. This past March, we released a request for proposal (RFP) as a full and open competition, and we are on track to award a Detail Design and Construction (DD&C) contract in FY 2019 for the construction of up to three heavy Polar Security Cutters. We are as close as we have been in over 40 years to recapitalizing our polar icebreaking fleet; continued investment **now** is vital to solidifying our standing as an Arctic nation and affirms the Coast Guard’s role in providing assured access to the Polar Regions for decades to come.

Given the state of our heavy icebreaker fleet, recapitalization cannot be delayed and must be carried out expeditiously. As highlighted in the 2017 National Security Strategy, China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. This is increasingly the case in the Polar Regions. The ongoing rapid expansion of China’s icebreaker fleet is a bellweather to its ambition as a Polar power. In order to maintain American leadership in this vital arena, acquisition of the Polar Security Cutter must also account for the pace at which China is surging past the United States.

GAO Review of the Polar Icebreaker Program

The Coast Guard continues to benefit from our collaborative relationship with the Government Accountability Office (GAO). The recent GAO report on the Polar Icebreaker, renamed the “Polar Security Cutter,” acquisition program highlights the work by the IPO to develop mature designs and technologies and set realistic cost and schedule estimates. As noted in the report, the IPO has complied with DHS acquisition directives and policies and leveraged the Navy’s expertise to develop an independent cost estimate to guide acquisition decisions.

The IPO has adopted an acquisition strategy designed to maximize competition by inviting industry to propose a design that meets the government’s operational requirements and to constrain the government’s cost risk through the use of a fixed price contract. This approach leverages lessons learned from recent Coast Guard acquisition programs, including the Offshore Patrol Cutter program, as well as similar Navy shipbuilding programs.

The Polar Security Cutter solicitation directs offerors to use proven, state of the market technologies and components in their proposals to minimize design risk. Under the Polar Security Cutter contract, the selected shipyard will mature the proposed design further during the detail design process, and a stable design will be achieved and approved prior to the start of construction of the first Polar Security Cutter. To guide development of industry technical and price proposals for DD&C, the IPO provided an estimated cost for the government's indicative design – a representative design that meets key performance parameters – at an average price of \$615 million per ship for design and construction of a three-ship acquisition.

As part of the study, GAO made six recommendations for action by DHS, the Coast Guard and the Navy. We concurred with each of the recommendations, and we are collectively moving forward on addressing each item along the timeline noted in the Department's response letter.

Conclusion

Coast Guard mission readiness requires an ability to execute our full suite of missions in the present while simultaneously making the investments necessary to meet mission demands in the future. There is no doubt that we are operating on a challenging schedule to replace the Nation's aging polar icebreaker fleet; however we are confident that our acquisition approach and the risk reduction measures that we have already taken position the IPO to deliver the first PSC on the current schedule. Prudence demands we continue investing in a modernized Coast Guard, and your support has helped us make tremendous progress.

Thank you for the opportunity to testify before you today and for all that you do for the men and women of the Coast Guard. I look forward to your questions.