



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 15, 2009

### **H.R. 1665** **Coast Guard Acquisition Reform Act of 2009**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on April 2, 2009*

H.R. 1665 addresses the contracting practices used by the U.S. Coast Guard (USCG) to acquire capital assets such as vessels and aircraft. The legislation would restrict the Coast Guard's reliance on private entities to manage such contracts and would require the agency to revise other procurement practices to rectify problems identified by the Department of Defense, the Department of Homeland Security, and the Government Accountability Office. It also would require that many future acquisitions be open to competition and be subject to specified testing, analysis, and certification requirements. Finally, the bill would require the Coast Guard to hire additional contracting and management personnel and to produce various reports on its acquisition activities.

Assuming appropriation of the necessary amounts, CBO estimates that the USCG would spend less than \$5 million over the next two or three years, mostly to develop life-cycle cost estimates for capital assets. We estimate that other administrative costs for additional required testing and certification would not significantly affect the agency's annual budget. Enactment of the bill would not affect direct spending or revenues.

The contracting reforms required by H.R. 1665 could result in lower procurement expenditures in the future. Much of the long-term savings, however, might occur even in the absence of the legislation because the Coast Guard is already implementing many of the required reforms, including hiring additional contracting personnel. CBO cannot estimate the likely size of cost savings from improving procurement practices or clearly identify what proportion of such savings would be attributable to the legislation and what share would result from changes that the Coast Guard is already implementing under current law.

Any annual costs or savings realized by the Coast Guard as a result of the legislation would depend on future changes in the level of discretionary appropriations for capital acquisitions. Annual funding for Coast Guard acquisition has risen rapidly in recent years—from about \$640 million in fiscal year 2002 to nearly \$1.6 billion to date for 2009. (The 2009 figure includes nearly \$100 million provided by the American Recovery and Reinvestment Act of 2009.) Most of the increase over this period stems from new funding for the Integrated Deepwater Initiative, which will be used to replace many of the agency’s vessels, aircraft, and other assets and is expected to cost between \$25 billion to \$30 billion over the next 25 years.

H.R. 1665 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Deborah Reis. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.