

1 **SEC. \_\_\_\_ . MULTIYEAR PROCUREMENT AUTHORITY FOR VIRGINIA CLASS**  
2 **SUBMARINE PROGRAM.**

3 (a) **AUTHORITY FOR MULTIYEAR PROCUREMENT.**—Subject to section 3501 of title 10,  
4 United States Code, the Secretary of the Navy may enter into one or more multiyear contracts for  
5 the procurement of 10 Virginia class submarines.

6 (b) **AUTHORITY FOR ADVANCE PROCUREMENT AND ECONOMIC ORDER QUANTITY.**—The  
7 Secretary of the Navy may enter into one or more contracts, beginning in fiscal year 2024, for  
8 advance procurement associated with the Virginia class submarines for which authorization to  
9 enter into a multiyear procurement contract is provided under subsection (a) and for equipment  
10 or subsystems associated with the Virginia class submarine program, including procurement of—

11 (1) long lead time material; or

12 (2) material or equipment in economic order quantities when cost savings are  
13 achievable.

14 (c) **CONDITION FOR OUT-YEAR CONTRACT PAYMENTS.**—A contract entered into under  
15 subsection (a) shall provide that any obligation of the United States to make a payment under the  
16 contract for a fiscal year after fiscal year 2025 is subject to the availability of appropriations or  
17 funds for that purpose for such later fiscal year.

18 (d) **LIMITATION ON TERMINATION LIABILITY.**—A contract for the construction of Virginia  
19 class submarines entered into under subsection (a) shall include a clause that limits the liability  
20 of the United States to the contractor for any termination of the contract. The maximum liability  
21 of the United States under the clause shall be the amount appropriated for the submarines  
22 covered by the contract regardless of the amount obligated under the contract.

## Section-by-Section Analysis

This proposal would allow the Secretary of the Navy to utilize the authority under 10 U.S.C. 3501 to enter into a multiyear contract for 10 VIRGINIA Class Block VI submarines and government-furnished equipment or subsystems beginning as early as fiscal year (FY) 2025, with Advance Procurement (AP) beginning in FY 2023 used to acquire long lead material items or achieve economic order quantity (EOQ) savings. This is consistent with the requirement at subsection (i) of 10 U.S.C. 3501, which provides that a multiyear contract in an amount equal to or greater than \$500,000,000 may not be entered into unless it is specifically authorized by law in an Act other than an appropriations Act. It also requires certifications to be made by the Secretary of Defense not later than 30 days before entry into such a contract.

The multi-year procurement (MYP) for the five Block II ships (FY 2004-2008), the eight Block III ships (FY 2009–2013), the ten Block IV ships (FY 2014–2018), and ten Block V ships (FY 2019–FY 2023) are producing significant cost savings and facilitating industry stability. The Department of Defense expects the Block VI MYP to yield similar benefits.

Consistent with subsection (h) of 10 U.S.C. 3501, subsection (b) of this proposal would permit the use of AP and economic order quantity (EOQ) procurement to reduce the cost of subcontractor effort, material, and components. AP and EOQ funds also allow the program to ensure that material is available to support a steady construction span resulting in more predictable ship delivery. Additionally, there are savings from large lot vendor procurement of shipbuilder material and major equipment, and from improved procurement stability. The FY 2024 budget includes AP for both long lead materials and EOQ funding.

In summary, this proposal would provide the following benefits: (1) generate significant savings compared to the annual procurement cost estimates; (2) provide a long-term commitment to the shipbuilders, stabilizing employment and the industrial base; (3) reduce disruptions in vendor delivery schedules; and (4) improve procurement stability.

**Resource Information:** The first two MYP contracts, Block II (FY 2004–2008) and Block III (FY 2009–2013), achieved savings greater than 10 percent as compared to annual procurements. Block IV, the third MYP (FY 2014–2018) generated 15 percent in savings as compared to annual procurements. Block V, the fourth MYP (FY 2019–2023) generated 16.5 percent savings to target compared to annual procurements. Block VI MYP is currently anticipated to achieve 9.7% savings compared to annual procurements. The DON has high confidence that this is the best and most cost-effective contracting approach, in light of actual costs under the Block II, Block III, Block IV, and Block V contracts. The table below reflects the best estimate of resources requested with the Fiscal Year (FY) 2024 President’s Budget request that are impacted by this proposal.

**RESOURCE IMPACT (\$MILLIONS)**

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>Appropriation From</b>	<b>Budget Activity</b>	<b>Dash-1 Line Item</b>	<b>Program Element</b>
Navy	0.0	0.0	6,450.3	5,911.7	5,986.7	6,068.6	Shipbuilding and Conversion, Navy	02	2013 (FF)	0204281N
Navy	1,221.5	3,215.5	3,513.3	2,758.1	2,102.9	712.1	Shipbuilding and Conversion, Navy	02	2013 (AP/EOQ)	0204281N
<b>Total</b>	1,221.5	3,215.5	9,963.7	8,669.8	8,089.5	6,780.6	--	--	--	--

FY 2023-FY 2028 includes funding only associated with the Block VI submarines.

Budget estimates for VIRGINIA Class submarines are predicated on MYP authorization. Without the cost savings associated with a MYP, current budget estimates would be insufficient to support the planned procurement of VIRGINIA Class submarines. If the MYP is not approved in FY 2024, the Navy would lose EOQ savings across the procurement and the long-term shipbuilder and vendor base stability achieved with an MYP authority. If an MYP is not authorized for the next Block of VCS submarines, the Navy may have to enter a single ship procurement contract for FY 2025 ships forcing industry to assume greater risk and raise prices. Additionally, the \$4,753 million in cost savings would need to be added to program funding levels to ensure that the annual contract is executable.

**DRAFT MYP Savings by Fiscal Year<sup>a</sup> (\$M)**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>Total</b>
<b>End Cost with MYP</b>	8,594.0	8,617.3	8,814.4	8,965.6	9,135.5	44,126.7
<b>End Cost without MYP</b>	9,532.5	9,535.7	9,759.8	9,931.5	10,119.9	48,879.2
<b>Savings</b>	938.5	918.4	945.4	965.8	984.4	4,752.5

**Changes to Existing Law:** This proposal would make no changes to the text of existing law.

<sup>a</sup> Draft funding controls values are pre-decisional and do not reflect an approved President’s budget submission. These values include various programmatic assumptions. Further details provided upon request.

1 **SEC. \_\_\_. ORGANIZATIONAL FRAMEWORK OF THE MILITARY HEALTHCARE**  
2 **SYSTEM TO SUPPORT THE MEDICAL REQUIREMENTS OF THE**  
3 **COMBATANT COMMANDS.**

4 (a) DEFENSE HEALTH AGENCY REGIONS IN CONUS.—Section 712(c)(1) of the John S.  
5 McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115–232; 10  
6 U.S.C. 1073c note) is amended—

- 7 (1) in the paragraph heading, by striking “AGENCY” and inserting “AGENCY”; and
- 8 (2) by striking “not more than two”.

9 (b) DEFENSE HEALTH AGENCY REGIONS OCONUS.—Section 712(d) of such Act (Public  
10 Law 115–232; 10 U.S.C. 1073c note) is amended—

- 11 (1) in the matter preceding paragraph (1), by striking “not more than two”; and
- 12 (2) in paragraph (3), by striking “defense health regions” and inserting “Defense  
13 Health Agency regions”.

14 (c) PLANNING AND COORDINATION.—Section 712(e)(1)(A) of such Act (Public Law 115–  
15 232; 10 U.S.C. 1073c note) is amended by striking “defense health region” and inserting  
16 “Defense Health Agency region”.

17 (d) EFFECTIVE DATE.—The amendments made by this section shall take effect on  
18 October 1, 2023.

**Section-by-Section Analysis**

This proposal would amend section 712(c) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232; 10 U.S.C. 1073c note) to eliminate limitations on the number of Defense Health Agency (DHA) regions established both within and outside the continental United States.

The existing authority imparts significant risk to the DHA in exercising control of the Agency. Both the Assistant Director, Healthcare Administration (AD HCA) and the Small Market and Stand Alone Organization (SSO) Director have over 20 direct reports. For the SSO,

this Director has over 70 direct reporting units across CONUS. It is unreasonable to expect one Director to adequately supervise more than 70 units. For AD HCA, this constitutes oversight across CONUS and OCONUS with no intermediate organization to assist. It is unreasonable for one individual to oversee all aspects of healthcare delivery, budgetary authority, military and civilian personnel, quality, and other areas for such a large amount of direct reporting organizations. This reporting and control structure reduces effective oversight and accountability over the DHA by its leadership.

This proposal would give DHA the opportunity to reorganize in a way that allows the span of control to be distributed in a way that effectively manages direct reports. The removal of the limitation on the number of regions would allow for the implementation of a model that takes advantage of the geographic alignment concept and eases integration with managed care support contracts by positioning direct reporting markets to optimally manage direct and purchased care in large markets with the greatest potential for recapture and support.

**Resource Information:** This proposal has no impact on the use of resources requested within the Fiscal Year 2024 President's Budget request.

**Changes to Existing Law:** This proposal would amend section 712 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115–232; 10 U.S.C. 1073c note) as follows:

**SEC. 712. ORGANIZATIONAL FRAMEWORK OF THE MILITARY HEALTHCARE SYSTEM TO SUPPORT THE MEDICAL REQUIREMENTS OF THE COMBATANT COMMANDS.**

(a) ORGANIZATIONAL FRAMEWORK REQUIRED.—

(1) IN GENERAL.—The Secretary of Defense shall, acting through the Secretaries of the military departments, the Defense Health Agency, and the Joint Staff, implement an organizational framework of the military health system that effectively and efficiently implements chapter 55 of title 10, United States Code, to maximize the readiness of the medical force, promote interoperability, and integrate medical capabilities of the Armed Forces in order to enhance joint military medical operations in support of requirements of the combatant commands.

(2) COMPLIANCE WITH CERTAIN REQUIREMENTS.—The organizational framework, as implemented, shall comply with all requirements of section 1073c of title 10, United States Code, except for the implementation date specified in subsection (a) of such section.

(b) ADDITIONAL DUTIES OF SURGEONS GENERAL OF THE ARMED FORCES.—The Surgeons General of the Armed Forces shall have the following duties:

(1) To ensure the readiness for operational deployment of medical and dental personnel and deployable medical or dental teams or units of the Armed Force or Armed Forces concerned.

(2) To meet medical readiness standards, subject to standards and metrics established by the Assistant Secretary of Defense for Health Affairs.

(3) With respect to uniformed medical and dental personnel of the military department concerned—

(A) to assign such personnel-

(i) primarily to military medical treatment facilities, under the operational control of the commander or director of the facility; or

(ii) secondarily to partnerships with civilian or other medical facilities for training activities specific to such military department; and  
(B) to maintain readiness of such personnel for operational deployment.

(4) To provide logistical support for operational deployment of medical and dental personnel and deployable medical or dental teams or units of the Armed Force or Armed Forces concerned.

(5) To oversee mobilization and demobilization in connection with the operational deployment of medical and dental personnel of the Armed Force or Armed Forces concerned.

(6) To develop operational medical capabilities required to support the warfighter, and to develop policy relating to such capabilities.

(7) To provide health professionals to serve in leadership positions across the military healthcare system.

(8) To deliver operational clinical services under the operational control of the combatant commands—

(A) on ships and planes; and

(B) on installations outside of military medical treatment facilities.

(9) To manage privileging, scope of practice, and quality of health care in the settings described in paragraph (8).

(c) DEFENSE HEALTH AGENCY REGIONS IN CONUS.—The organizational framework required by subsection (a) shall meet the requirements as follows:

(1) DEFENSE HEALTH AGENCY ~~AGENCY~~ REGIONS.—There shall be ~~not more than two~~ Defense Health Agency regions in the continental United States.

(2) LEADERS.—Each region under paragraph (1) shall be led by a commander or director who is a member of the Armed Forces serving in a grade not higher than major general or rear admiral, and who—

(A) shall be selected by the Director of the Defense Health Agency from among members of the Armed Forces recommended by the Secretaries of the military departments for service in such position; and

(B) shall be under the authority, direction, and control of the Director while serving in such position.

(d) DEFENSE HEALTH AGENCY REGIONS OCONUS.—The organizational framework required by subsection (a) shall provide for the establishment of ~~not more than two~~ Defense Health Agency regions outside the continental United States in order—

(1) to enhance joint military medical operations in support of the requirements of the combatant commands in such region or regions, with a specific focus on current and future contingency and operational plans;

(2) to ensure the provision of high-quality healthcare services to beneficiaries; and

(3) to improve the interoperability of healthcare delivery systems in the ~~defense health~~ Defense Health Agency regions (whether under this subsection, subsection (c), or both).

(e) PLANNING AND COORDINATION.—

(1) SUSTAINMENT OF CLINICAL COMPETENCIES AND STAFFING.—The Director of the Defense Health Agency shall—

(A) provide in each ~~defense health~~ Defense Health Agency region under this section healthcare delivery venues for uniformed medical and dental personnel to obtain operational clinical competencies; and

(B) coordinate with the military departments to ensure that staffing at military medical treatment facilities in each region supports readiness requirements for members of the Armed Forces and military medical personnel.

(2) OVERSIGHT AND ALLOCATION OF RESOURCES.—

(A) IN GENERAL.—The Secretaries of the military departments shall coordinate with the Chairman of the Joint Chiefs of Staff to direct resources allocated to the military departments to support requirements related to readiness and operational medicine support that are established by the combatant commands and validated by the Joint Staff.

(B) SUPPLY AND DEMAND FOR MEDICAL SERVICES.—The Director of the Defense Health Agency, in coordination with the Assistant Secretary of Defense for Health Affairs, shall-

(i) validate supply and demand requirements for medical and dental services at each military medical treatment facility;

(ii) in coordination with the Surgeons General of the Armed Forces, provide currency workload for uniformed medical and dental personnel at each such facility to maintain skills proficiency; and

(iii) if workload is insufficient to meet requirements, identify alternative training and clinical practice sites for uniformed medical and dental personnel, and establish military-civilian training partnerships, to provide such workload.

(3) MEDICAL FORCE REQUIREMENTS OF THE COMBATANT COMMANDS.—The Surgeon General of each Armed Force shall, on behalf of the Secretary concerned, ensure that the uniformed medical and dental personnel serving in such Armed Force receive training and clinical practice opportunities necessary to ensure that such personnel are capable of meeting the operational medical force requirements of the combatant commands applicable to such personnel. Such training and practice opportunities shall be provided primarily through programs and activities of the Defense Health Agency, in coordination with the Secretaries of the military departments, and by such other mechanisms as the Secretary of Defense shall designate for purposes of this paragraph.

(4) CONSTRUCTION OF DUTIES.—The duties of a Surgeon General of the Armed Forces under this subsection are in addition to the duties of such Surgeon General under section 3036, 5137, or 8036 of title 10, United States Code, as applicable.

(5) MANPOWER.—

(A) ADMINISTRATIVE CONTROL OF MILITARY PERSONNEL.—Each Secretary of a military department shall exercise administrative control of members of the

Armed Forces assigned to military medical treatment facilities, including personnel assignment and issuance of military orders.

(B) OVERSIGHT OF CERTAIN PERSONNEL BY THE DIRECTOR OF THE DEFENSE HEALTH AGENCY.—In situations in which members of the Armed Forces provide health care services at a military medical treatment facility, the Director of the Defense Health Agency shall maintain operational control over such members and oversight for the provision of care delivered by such members through policies, procedures, and privileging responsibilities of the military medical treatment facility.

(f) REPORT.—Not later than 270 days after the date of the enactment of this Act [Aug. 13, 2018], the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report that sets forth the following:

(1) A description of the organizational structure of the office of each Surgeon General of the Armed Forces, and of any subordinate organizations of the Armed Forces that will support the functions and responsibilities of a Surgeon General of the Armed Forces.

(2) The manning documents for staffing in support of the organizational structures described pursuant to paragraph (1), including manning levels before and after such organizational structures are implemented.

(3) Such recommendations for legislative or administrative action as the Secretary considers appropriate in connection with the implementation of such organizational structures and, in particular, to avoid duplication of functions and tasks between the organizations in such organizational structures and the Defense Health Agency.



1    **SEC. \_\_. PILOT PROGRAM TO IMPROVE THE EFFICIENCY OF COMPETITIVE**  
2                   **SERVICE APPOINTMENTS.**

3            Chapter 81 of title 10, United States Code, is amended by inserting after section 1599d  
4    the following new section:

5    **“§ 1599e. Pilot program to improve the efficiency of competitive service appointments**

6            “(a) IN GENERAL.—The Secretary of Defense, in consultation with the Director of the  
7    Office of Personnel Management, shall carry out a pilot program seeking to improve the  
8    efficiency of competitive appointments to positions within the Department of Defense described  
9    in subsection (b) through the elimination of traditional position vacancy notice requirements and  
10   implementation of nontraditional position vacancy notice methods to improve hiring efficiency.

11           “(b) COVERED POSITIONS.—The positions described in this subsection are competitive  
12   service positions within the Department of Defense that are located within the continental United  
13   States and classified at or below GS13 of the General Schedule under subchapter III of chapter  
14   53 of title 5 or an equivalent level under another wage system in the following occupational  
15   categories:

16                   “(1) Human resources management.

17                   “(2) Human resources assistance.

18                   “(3) Social sciences and social services.

19                   “(4) Social services aid and technician.

20           “(c) REGULATIONS.—The Secretary, in consultation with the Director, shall prescribe any  
21   required regulations for carrying out the pilot program.

1 “(d) INAPPLICABILITY OF CERTAIN PROVISIONS OF LAW.—Appointments under the pilot  
2 program shall be made without regard to sections 3327 and 3330 of title 5 or any other provision  
3 of Federal law concerning Federal vacancy notice and publication requirements.

4 “(e) ANNUAL REPORT TO CONGRESS.—

5 “(1) IN GENERAL.—Not later than one year after the first day on which the  
6 Secretary implements the pilot program, and annually thereafter until the termination date  
7 specified in subsection (f), the Secretary shall transmit to Congress, and provide to the  
8 Director, a report on the efficiency of competitive appointments made under the pilot  
9 program.

10 “(2) CONTENTS.—The report shall include information on—

11 “(A) the number of employees hired under the pilot program, by  
12 occupation and pay level;

13 “(B) the impact of the pilot program on—

14 “(i) the hiring of veterans; and

15 “(ii) diversity, inclusion, equity, and accessibility goals;

16 “(C) the timeliness of using traditional public notification in filling  
17 position vacancies as compared to nontraditional public notification; and

18 “(D) the training that human resource practitioners received under the pilot  
19 program on establishing nontraditional public notification methods.

20 “(f) TERMINATION DATE.—The authority to make appointments under the pilot program  
21 shall terminate on the date that is three years after the first day on which the Secretary  
22 implements the pilot program.”.

### **Section-by-Section Analysis**

This proposal would create a time-limited pilot program to improve the efficiency of hiring under the competitive appointment authority by removing the public notice requirements for certain Federal hiring actions for certain categories of positions. This pilot program is intended to encourage experimentation with nontraditional notice methods that are more targeted and efficient to potentially alleviate some of the unique challenges associated with management of Federal hiring operations.

The scope of the pilot program would be limited to the Department of Defense and subordinate organizations including the Military Departments for positions in the grade of GS-13 and below (or equivalent). It would also be restricted to three years and would apply to the following categories of competitive service positions:

- Human Resources Management Series (0201)
- Human Resources Assistance Series (0203)
- Social Sciences and Social Services Series (0101 and 0187)
- Social Services Aid and Technician Series (0186)

The time limited nature and narrow employment application of the pilot program are designed to facilitate data and best practices collection on the impact exceptions from public notice requirements have while ensuring that other job seekers are not being negatively impacted in a material way. Anecdotal evidence indicates that current public notice requirements are inflexible and are causing delays in efforts to expeditiously hire candidates. By removing the current requirements for public notice and employing novel and targeted methods of announcing job openings, Federal agencies may be able to place candidates into existing vacant positions for which they qualify in a more efficient manner.

The pilot program also safeguards governmentwide competitive service equities, and the spirit of maintaining open and fair competition, by providing a consultation role for the Office of Personnel Management.

**Resource Information:** This proposal has no significant impact on the use of resources requested within the Fiscal Year (FY) 2024 President's Budget.

**Changes to Existing Law:** This proposal adds a new section to title 10, United States Code, as set forth in the legislative text above.