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Summary of Major Provisions

H.R. 4205:

National Defense Authorization Act for Fiscal Year 2001 (Conference Report)

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Providing Quality Health Care and Keeping Faith with America's Veterans

TRICARE for Life

The men and women who serve in our nation's armed forces were promised lifetime health care benefits for answering the call to defend this great nation; the conferees kept this promise and are fulfilling the commitment made to military retirees. The conferees restructured the military health care program and provided permanent lifetime TRICARE eligibility to Medicare-eligible military retirees and their family members beginning in fiscal year 2002. Under the plan, beneficiaries would pay no co-pays or deductibles. There would also be no TRICARE enrollment fees or premiums for all Medicare-eligible beneficiaries.

Additionally, the conferees strengthened the military health care proposals requested by the Administration and adopted by the House and Senate earlier this year. To support these recommendations, the conferees added $178.6 million to the President's request for the Defense Health Program.

Health Care Programs for Medicare-Eligible Military Retirees

Restoring TRICARE Benefits to Medicare-Eligible Military Retirees. Under current law, military retirees and their family members lose the TRICARE military health care benefits they earned with years of military service when they become eligible for Medicare. The conferees restored the benefit by allowing beneficiaries to receive care from Medicare providers while TRICARE pays for any costs not covered by Medicare.

Restoring the Prescription Drug Benefit. By law, all 1.4 million Medicare-eligible military retirees and family members are eligible for reduced-cost prescription drugs. However, 800,000 of them do not actually have access to the benefit because they do not live close enough to a military treatment facility or otherwise cannot take advantage of TRICARE Senior Prime, the Uniformed Services Family Health Plan, or the Base Realignment and Closure program. Therefore, the conferees expanded the Department of Defense's (DOD) mail order and network retail pharmacy programs, the "TRICARE Senior Pharmacy Program," to allow participation by all beneficiaries, including the over 64 population without enrollment fees. Military retirees over the age of 64 will also be able to use out-of-network pharmacies, but would then pay a deductible of $150 per year.

Medicare Subvention. TRICARE Senior Prime (also known as the Medicare subvention demonstration project), has proven very popular among Medicare-eligible beneficiaries, but without action by the conferees, the authority for this demonstration will expire on December 31, 2000. The conferees believe termination is premature and authorized a limited extension of the demonstration to December 31, 2001. The conferees also authorized the Secretaries of the Department of Defense and Health and Human Services to enter into a new agreement to make TRICARE Senior Prime permanent and extend the program to other locations subject to certain limitations and further Congressional action.

Improved Active and Retiree Benefit

Eliminating Inequities in Health Care Costs. Under current law, family members of military personnel who are stationed far from military treatment facilities are not covered by the TRICARE Prime Remote program and must pay higher costs for health care than family members of military personnel living near a military base. Also under current law, some active duty families enrolled in TRICARE Prime do not pay any co-payments at all because they receive care at military treatment facilities, while others are required to pay co-payments because they are referred to a civilian provider. To eliminate these inequities, the conferees extended TRICARE Prime Remote coverage to family members and eliminated co-payments for all active duty family members under TRICARE Prime.

Protecting Retirees from Excessive Medical Expenses. Currently, retired TRICARE beneficiaries not enrolled in TRICARE Prime face potential annual medical expenses of up to $7,500 per family. Because of the decreasing amount of space available care for the retired beneficiary population, an increasing number of families of retired military personnel face burdensome medical expenses. Therefore, the conferees reduced the maximum for annual out-of-pocket medical expenses of retired TRICARE beneficiaries to $3,000 per family.

Reimbursing Travel Expenses. In certain cases, TRICARE beneficiaries must travel great distances at their own expense because a particular specialist is not available within the local network of TRICARE providers. The conferees authorized DOD to reimburse TRICARE beneficiaries for reasonable expenses incurred while traveling more than 100 miles from the location at which they normally receive their primary care services.

Expanding Chiropractic Services. The conferees authorized the phase-in of a permanent chiropractic benefit for active duty military personnel over the next five years. To fill the gap until the Secretary of Defense develops a plan for phase-in of the permanent benefit, the conferees also extended the current level and scope of chiropractic services for one year.

TRICARE Program Reforms

Improving the Health Care System Through Good Business Practices and Technology. Despite congressional pressure to do so, DOD still has not taken full advantage of good business practices and technologies that could significantly improve access to military health care and reduce costs.

Therefore, the conferees required the Secretary of Defense to submit a plan for improving TRICARE business practices by March 15, 2001, and to implement the plan by October 1, 2001. As it is sometimes necessary to invest resources before gaining benefits, the conferees authorized $134.5 million of the emergency supplemental for efforts to increase the efficiency of health care operations in military treatment facilities.

Reducing Administrative Waste. Due to TRICARE's outdated claims processing systems and procedures, the average cost of processing a TRICARE claim is nearly $8.00, approximately eight times more than the government's cost of processing a Medicare claim. To improve the efficiency of claims processing and reduce overhead costs, the conferees authorized $3.6 million to develop an automated TRICARE Encounter Data System. In addition, the conferees set a goal of increasing to 50 percent the number of claims submitted by electronic means and required providers with large numbers of TRICARE patients to submit their claims electronically. These efficiencies will save DOD over $500 million over the next five years, allowing the Secretary of Defense to improve the military health care benefit.

Reducing Administrative Burdens on Beneficiaries. TRICARE patients are sometimes required to seek approval prior to being referred to another specialist or institution, even though they may remain within the TRICARE network of providers. Such unnecessary administrative steps are a significant source of frustration to beneficiaries and providers alike. Therefore, the conferees eliminated the requirement for TRICARE primary care providers to seek authorization before making a referral to a specialist who is part of the managed care support contractor's network of providers.

Expanding Access to TRICARE Providers. In a few areas of the United States, TRICARE provider reimbursement rates are unusually low in comparison to prevailing local or other governmental reimbursement rates, making recruitment of health care providers into the TRICARE system difficult, and denying beneficiaries access to care. Therefore, the conferees authorized the Secretary of Defense to increase reimbursement rates in certain localities and directed the Secretary of Defense to examine the effect of TRICARE reimbursement rates on beneficiary access to health care providers in rural areas.

Enhancing Quality of Life

It may be the high-tech equipment and weapons that capture the public's attention, but the heart of the armed services has always been the men and women who serve in uniform. America's service members are dedicated, loyal, and hardworking. They routinely work around the clock, are frequently deployed away from family and friends, and perform their job selflessly and efficiently.

Over the past six years, Congress has worked hard to reduce the "pay gap" between military and civilian workers, improve military health care, enhance the military retirement system, and provide additional funds to build, renovate, and fix military facilities and homes. These improvements have made a real difference for U.S. service members. Congress is committed to doing more by continuing to enhance the quality of life for service members and their families.

Raising the Military Standard of Living

Many junior military personnel continue to struggle to make ends meet – a fact dramatized by reports that more than 5,100 military families currently receive food stamps. In an effort to raise the standard of living for such military personnel, the conferees:

- increased basic pay by 3.7 percent (approving the President's request) (also listed under "Basic Military Pay" on page 10);
- established a targeted subsistence payment (up to $500 per month) to assist the most economically challenged personnel (principally those living on food stamps);
- authorized an additional $25 million to reduce out-of-pocket housing costs below the 15 percent envisioned in the President's budget proposal (also listed under "Housing Allowance" on page 10);
- required the Secretary of Defense to establish a single housing rate for members in grades E-1 through E-4 with dependents that is greater than the current single housing rate for E-4 personnel;
- authorized a basic allowance for housing for service members in grade E-4 while assigned to sea duty; and
- increased the allowance provided to partially reimburse members in grades E-1 through E-4 with dependents for costs of moving.

Military Construction

The President's $8 billion request for military construction and military family housing programs for fiscal year 2001 was $500 million below the levels authorized in the current fiscal year and approximately 25 percent below the level requested six years ago. Once again, the conferees rejected the administrations's budget for construction and authorized $8.8 billion

($787 million more than the President's request) for military construction accounts, fulfilling over $200 million of the service chiefs' unfunded requirements. The funds added by the conferees are targeted at critical military infrastructure accounts to improve living and working conditions for military personnel and their families, and $374 million of the increase is specifically dedicated to quality of life enhancements. Specific initiatives include:

- **Military Family Housing.** The conferees authorized $906 million ($157 million more than the President's request) for construction and improvement of military family housing units.

- **Troop Housing.** The conferees authorized $655.8 million for the construction of 44 new barracks and dormitories ($135.2 million and 11 more facilities than the President's request).

- **Child Development Centers.** The conferees authorized $43.1 million for 10 child development centers ($26 million and six more than the President's request).

- **Fitness Centers.** The conferees authorized $65.6 million for nine fitness centers ($29.6 million and four more than the President's request).

Other Initiatives

Special Compensation for Severely Disabled Retirees (Concurrent Receipt). The National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65) included a provision to authorize the service secretaries to pay a monthly allowance to military retirees with severe service-connected disabilities rated by the Veterans Administration at 70 percent or greater. The provision authorized payments of $300 per month to retirees with 100 percent disability, $200 per month to retirees with 90 percent disability, and $100 per month to retirees with 70 and 80 percent disability. The conferees, believing that other veterans with severe disabilities deserve this additional compensation, expanded the eligibility for these special payments to those people retired for disability by their service (also known as "Chapter 61 retirees") beginning in fiscal year 2002.

Educational Assistance Programs. Educational benefits are an effective way to improve the recruiting and retention efforts of the services. Accordingly, the conferees established a one-year period during which service members eligible for the Veterans Educational Assistance Program may enroll in the Montgomery G.I. Bill. Service members who elect to do so will be responsible for a premium of up to $2,700. In addition, the conferees authorized the services to pay up to 100 percent of the educational costs of service members enrolled in off-duty educational programs.

Impact Aid. The conferees included the Department of Education Impact Aid Reauthorization Act of 2000 in the conference report, ensuring that appropriate levels of federal support go to school districts nationwide to support the education of nearly 550,000 military and other federal children. As this legislation was last authorized by Congress in 1994, the conferees made a number of changes to exist-

ing law that reflect the changing nature of military bases including: doubling the "weight" of military children residing off base in calculations that determine impact aid funding levels; accounting for impact aid funds lost by districts that have experienced large numbers of military families moving off base because of military housing privatization and renovation; speeding the distribution of impact aid funds to heavily impacted districts; and providing grants for school renovation and repair to school districts unable to raise funds through bond efforts. In addition, the conferees authorized $35 million (the President's request did not include any funds) to DOD for Impact Aid spending.

Local School Grants. Some local schools that educate children of military personnel are falling into disrepair because their school districts have a limited tax base and are unable to raise construction money through local bond issues. Therefore, the conferees authorized the Secretary of Defense to make grants to repair and renovate the schools with the most urgent needs in fiscal year 2001.

Special Needs Children. The conferees are concerned with the education of special needs children of military personnel. Often, military humanitarian assignment policies result in parents of special needs children being assigned repeatedly to bases with large military medical centers, creating a financial burden beyond the control of the local school districts. Therefore, the conferees authorized the Secretary of Defense to provide assistance to local school districts that educate a disproportionate number of special needs children by reason of military assignment policies.

Education Funding. The conferees authorized $1.4 billion for DOD Dependent schools (matching the President's request). The conferees continue to place a priority on ensuring that the children of military families receive a quality education.

Biological Defense Vaccination Programs. Several Defense Contract Audit Agency and DOD Inspector General Reports have found irregularities in the financial management of DOD's Anthrax Vaccine Immunization Program, and questions have been raised about the program's long-term effects on recruitment and retention. Therefore, the conferees:

- required the Secretary of Defense and the Comptroller General to report periodically to Congress on personnel separations resulting from refusal to participate in the Anthrax vaccine program, actions taken against civilian personnel as a result of their refusal to participate in the program, and financial management and overall administration of the program;
- imposed limits on the purchase of anthrax vaccine until the Food and Drug Administration approves the current manufacturer for the production of the vaccines and strategies for new sources of the vaccine have been developed;
- required the Secretary of Defense to provide a plan for modernizing all force protection vaccines; and
- required the Secretary of Defense to report to Congress on DOD's overall program for development and procurement of vaccines for biological warfare agents.

Morale, Welfare, and Recreation (MWR).

- **Commissary Store Modernization.** The conferees required that various commissary operating costs (including utility, communications, information technology, and operating supply and service expenses) be paid with appropriated funds rather than with surcharge funds (as is the current practice). This action will protect the commissary surcharge fund, which supports commissary renovation and replacement, and will free approximately $80 million dollars annually of the surcharge fund for commissary renovation and construction.

- **Magazine Sales.** The conferees added magazines to the list of authorized commissary store merchandise, supporting the commissary surcharge fund and allowing commissary patrons to purchase magazines at commissaries.

Thrift Savings Plan (TSP). Although the Administration's fiscal year 2001 budget request failed to identify the funds necessary to implement the military TSP included in the National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65), the 106th Congress did make the necessary funding available. Accordingly, the conferees authorized implementation of the military Thrift Savings Plan in fiscal year 2001.

Improving U.S. Military Readiness

Readiness and Training

Critical Readiness Accounts. Over the past six years, Congress has increased critical readiness accounts by more than $10 billion. Nevertheless, in fiscal year 2001 alone, the service chiefs' unfunded requirements lists identified a real property and repair shortfall of over $1 billion, a spare parts funding shortfall of $250 million, and a ship depot maintenance shortfall of over $180 million. As such, for the sixth consecutive year, the conferees authorized increased funding for critical readiness accounts by more than $1 billion, including:

- $428 million for real property maintenance;
- $135.5 million for depot maintenance;
- $199 million for ship depot maintenance;
- $81 million for training and training range improvements at the military services premier training facilities; and
- $222.8 million for spare parts for aircraft squadrons.

Improving the Readiness Reporting System. Currently, DOD's quarterly reports to Congress on the readiness of the U.S. military lack information critical to assessing the military's readiness-related requirements. Therefore, the conferees required the Secretary of Defense to report to Congress on whether adequate funding is being programmed for identified military readiness and capability shortfalls. The conferees also required the Secretary of Defense to report to Congress on the readiness effects of worldwide contingency operations on the services.

Cannibalization of Aircraft and Vehicles. The "cannibalization" of aircraft and vehicles – the stripping of parts from one vehicle or aircraft in order to repair another – continues to increase. The practice of cannibalization creates extra work for already over-

worked maintenance crews and increases the risk of damaging parts in the process. Therefore, tracking cannibalization trends has become increasingly important. Subsequently, the conferees required the Secretary of Defense to include cannibalization rates in DOD's quarterly readiness reports.

Reserve Component Readiness. The conferees authorized $668 million ($446 million more than the President's request) for facilities enhancements to improve the training and readiness of the National Guard and reserves, including:

- $266 million for the Army National Guard;
- $195 million for the Air National Guard;
- $108 million for the Army Reserve;
- $62 million for the Navy and Marine Corps Reserves; and
- $36 million for the Air Force Reserve.

Training Ammunition. Although Congress has provided additional funds for training ammunition in each of the past five years, the military services continue to experience shortfalls in their stocks of training ammunition. In some instances, these shortfalls have forced the military services to limit live-fire training or to use war reserve ammunition for training purposes. Accordingly, the conferees authorized $46.3 million more than the President's request for procurement of training ammunition for the Army, Navy, and Marine Corps.

Meeting the Recruiting and Retention Challenge

The conferees continue to be concerned with the services' ability to recruit and retain a quality force. As a result of substantial congressional support for recruiting and retention efforts including over $400 million of additional funding over the last three years, each of the services have reported significant improvements in recruiting in fiscal year 2000. Unfortunately, the fiscal year 2001 budget request for recruiting and retention programs was considerably lower than what the services expect to spend during fiscal year 2000, threatening to aggravate the problem. Considering that the services reported $704 million in unfunded requirements in recruiting and retention programs for fiscal year 2001 alone, the pending shortfall is of serious concern. Therefore, the conferees (in addition to authorizing an additional $357.4 million in military personnel and operations and maintenance funding for recruiting and retention contained in the Fiscal Year 2000 Emergency Supplemental Appropriations Act) authorized $104.7 million in addition to the amounts requested in the budget for recruiting and retention programs.

Congressional efforts to retain key personnel are paying off. Though each of the services continues to struggle to meet retention goals, reports indicate that an increasing number of critical personnel are choosing to remain in the force. Like the recent progress with recruiting programs, maintaining improvements in retention is a delicate balance. In an effort to continue to improve military retention rates, the conferees' improved those programs that most directly affect service personnel and their families.

Basic Military Pay. The conferees authorized a 3.7 percent military pay raise (matching the President's request), effective January 1, 2001. This pay raise is .5 percent above the Employment Cost Index (ECI), and reduces the "pay gap" between military and civilian pay as measured by the ECI to approximately 10.9 percent.

Non-Commissioned Officer Pay Table Reform. The conferees increased the basic pay rates for enlisted members in grades E5 through E7. The conferees also authorized the Secretary of Defense to increase the pay tables for enlisted members, on a one-time basis to ensure the pay table operates efficiently and effectively. To support this initiative, the conferees added $88 million to the amounts requested for military pay.

Housing Allowance. Congress has long supported efforts to reduce out-of-pocket housing costs for service members. As such, the conferees authorized the Secretary of Defense to increase basic allowance for housing rates until out-of-pocket housing expenses for military members are reduced to zero by fiscal year 2005. The conferees also authorized an additional $25 million to reduce out-of-pocket housing costs below the 15 percent envisioned in the Administration's proposal.

Active Duty Special Pay and Bonuses. The conferees extended the authority for several special pays and bonuses for active duty personnel through December 31, 2001, including:

- aviation officer retention bonus;
- reenlistment bonus for active members;
- special pay for nuclear qualified officers extending the period of active service;
- nuclear career accession bonus; and
- nuclear career annual incentive bonus.

For additional information on the conferees actions on enlistment bonuses, see page 11.

Reserve Forces Special Pay and Bonuses. The conferees extended several special pays and bonuses for reserve personnel through December 31, 2001, including:

- special pay for health care professionals who serve in the selected reserve in critically short wartime specialties;
- selected reserve reenlistment bonuses;
- special pay for selected reserve enlisted who are assigned to certain high priority units;
- ready reserve enlistment and reenlistment bonus;
- selected reserve affiliation bonus;
- prior service enlistment bonus; and
- authority for repayment of educational loans for certain health professionals who serve in the selected reserve (extended to January 1, 2002).

Other Special Pays and Bonuses. The conferees recognize the importance of special pays and bonuses to the military services' retention efforts and:

- increased the initial uniform allowance paid to officers from $200 to $400, and the additional uniform allowance from $100 to $200;
- authorized service secretaries to restructure career sea pay and to increase career sea pay to as much as $750 per month and premium sea pay to as much as $350 per month after 36 months of sea duty;
- authorized service secretaries to reimburse military personnel for mandatory pet quarantine fees for household pets up to a maximum of $275 when resulting from a permanent change of station; and
- increased the maximum for special duty assignment pay (effective October 1, 2000) from $275 to $600 per month.

Reserve Retirement Points. In order to ensure that reservists receive full credit for the time and effort they commit to attending drills, performing annual training, and completing correspondence courses, the conferees increased from 70 to 90 the maximum number of days per year that reservists may accrue as credit towards retirement benefits.

Enlistment and Reenlistment Bonuses. In determining where to allocate additional funding, the conferees gave priority to bonuses because they are consistently effective in improving recruiting and retention and they put money directly into service members' pockets. Thus, of the total $104.7 million in recruiting and retention funding added by the conferees, $83.8 million went to bonuses. Specifically, the conferees authorized an additional:

- $20 million for the Army,
- $20 million for the Navy,
- $6 million for the Marine Corps,
- $29 million for the Air Force, and
- $8.8 million for the Air Force Reserve.

In addition, the conferees authorized enlistment bonuses of up to $20,000 (effective October 1, 2000) and extended the authorities for enlistment bonuses for selected reserve, ready reserve, and for reserves with prior service through December 31, 2001. The conferees actions on other bonuses and pay are listed under "Special Pay and Bonuses" on page 10.

Reserve Officer Training Corps (ROTC) and Service Academies. The services' senior ROTC programs continue to struggle to meet officer-commissioning goals. For example, the Army fell 17 percent short of its fiscal year 2000 goal, and projects that it will also miss its fiscal year 2001 goal by 15 percent. The Air Force, after predicting that it would miss its fiscal year 2000 goal by five percent, finished the year one percent short. According to the services, one reason for these shortfalls

is that the current $200 monthly stipend paid to ROTC cadets is insufficient to attract and retain people to the ROTC program. Therefore, the conferees increased the minimum monthly stipend to $250 and authorized the payment of a tiered set of stipends, up to a monthly maximum of $674. The conferees also increased the basic pay of cadets and midshipmen at the service academies from $600 to $674, and authorized this pay to be increased each year at the same rate of increase as military basic pay.

Junior Reserve Officer Training Corps (JROTC). In recognition of the growing importance of the JROTC program to recruiting for the military services, the conferees increased the requested funding for this program by $13.5 million. The increased funding will facilitate the expansion of the program undertaken by the Secretary of Defense.

Recruiter Access to High Schools. The conferees required that military recruiters have the same access to high school students as do other prospective employers and colleges and universities, unless the local educational agency votes to deny military recruiters access. If after one year access is still denied, the Secretary of Defense must notify Congress.

National Guard Challenge Program. The conferees authorized federal agencies to provide funds to support the National Guard Challenge Program in excess of the current law limitation and required the Secretary of Defense to establish regulations guiding the use of the program. The conferees also clarified the oversight responsibility of the Secretary of Defense for the National Guard Challenge Program.

Shaping the Force

Active Duty End Strengths. The conferees authorized increasing the President's request for active duty end strengths to accommodate high priority unfunded requirements of the Chief of Naval Operations for recruiters and crew for an additional attack submarine that is being retained in the force structure. The conferees also continue to believe it necessary to retain end strength floors in light of the lack of commitment by the services to sustain manpower levels with adequate resources.

Fiscal Year 2001 Endstrength - Active Forces

Service	*FY 2000 Level*	*FY 2001 Request*	*Conference Agreement*	*Change from FY 2001 Request*	*Change from 2000 Level*
Army	480,000	480,000	480,000	0	0
Navy	372,037	372,000	372,642	642	605
USMC	172,518	172,600	172,600	0	82
Air Force	360,877	357,000	357,000	0	-3,877
Total	1,385,432	1,381,600	1,382,242	642	-3,190

Selected Reserve End Strengths. The conferees authorized selected reserve end strengths as follows:

Fiscal Year 2001 Endstrength - Selected Reserve

Service	FY 2000 Level	FY 2001 Request	Conference Agreement	Change from FY 2001 Request	Change from 2000 Level
ARNG	350,000	350,000	350,526	526	526
USAR	205,000	205,000	205,300	300	300
USNR	90,288	88,900	88,900	0	-1,388
USMCR	36,624	39,500	39,558	58	2,934
ANG	106,678	108,000	108,022	22	1,344
ASAFR	73,708	74,300	74,358	58	650
USCGR	8,000	8,000	8,000	0	0
Total	870,298	873,700	874,664	964	4,366

Army National Guard and Army Reserve Full Time Personnel. The conferees authorized increases to the President's request for selected reserve end strength for full-time Active Guard and Reserve personnel in the Army National Guard, the Army Reserve, the Air National Guard, and the Air Force Reserve, as well as for full time Active Reservists in the Marine Corps Reserve. To fund these increases, the conferees authorized an additional $16.5 million, $10 million, $1.2 million, and $2.1 million, and $1.9 million for the military personnel accounts of each of the respective components. In addition, the conferees increased the President's budget request for the Army National Guard by $20.5 million for an additional 771 military technicians (dual status) and increasing the President's budget request for the Army Reserve by $20.5 million for an additional 650 military technicians (dual status). These full-time personnel directly contribute to the readiness of the selected reserve and enhance the ability of the National Guard to assist, supplement, and substitute for the active components in meeting peacetime contingency requirements.

Mandatory Retirement of Non-Dual Status Military Technicians. Last year, Congress passed legislation intended to reduce the numbers of non-dual status technicians while providing for a process that minimized the impact on the technicians being separated. However, this legislation has not worked as intended, and some non-dual status technicians would have been forced to retire without adequate notice. Therefore, the conferees authorized the Secretary of the Army to retain certain non-dual status reserve technicians until age 60.

Building Tomorrow's Military

Ballistic Missile Defense (BMD)

Developing and fielding effective theater and national missile defenses to counter rapidly evolving ballistic missile threats remain among the conferee's highest priorities. Therefore, the conferees authorized $4.8 billion ($264.1 million more than the President's request) for ballistic missile defense. This total includes the programs below.

National Missile Defense (NMD). The conferees authorized $2.1 billion ($135 million more for research and development than the President's request) for NMD research and development, procurement, and related military construction requirements. The additional funds will allow BMDO to reduce NMD program risks and meet a BMDO unfunded requirement.

Theater Missile Defense (TMD). Iran's continued development of medium range ballistic missiles and North Korean deployment of ballistic missiles capable of striking South Korea, Japan, and U.S. military forces deployed in northeast Asia underscore the importance of quickly developing and fielding theater missile defenses. Therefore, the conferees authorized the following for TMD programs:

- $550 million (matching the President's request) for the Theater High Altitude Air Defense (THAAD) program;
- $462.7 million ($80 million more than the President's request) for the Navy's Theater Wide program;
- $274.2 million for development of the Navy Area Defense program (matching the President's request); and
- $365.5 million (matching the President's request) for procurement of additional PAC-3 missiles.

In addition, the conferees required the Director of BMDO to develop a plan to adapt ballistic missile defense systems and architectures to counter potential intermediate range ballistic missile threats to the United States, deployed U.S. forces, and U.S. national security interests.

BMD Technology. Efforts to develop advanced BMD technologies are languishing as current generation BMD programs enter procurement. The President's budget request includes insufficient BMDO funds to keep pace with expected threats. Therefore, the conferees authorized $198.1 million ($30.3 million more than the President's request) for BMD technology development.

Airborne Laser (ABL). The conferees authorized $233.6 million ($85 million more than the President's request) for ABL, a high-powered laser carried aboard an aircraft that will destroy ballistic missiles in their launch phase. These additional funds will keep the program on schedule to conduct the first lethal demonstration during fiscal year 2003. Also of concern is the fact that the Air Force reduced future ABL funding, even though it is a high priority within the larger BMD effort. Therefore, the conferees directed that the Air Force must obtain approval of the Director of BMDO for any changes to the ABL budget, schedule, or technical requirements.

Aircraft

(Listed Alphabetically)

B-2 Spirit. The conferees authorized $115.3 million ($67 million more than the President's request) for research and development to modify the B-2 fleet. The additional funds will be used to enhance B-2 capabilities through development of a bomb rack that will allow the B-2 to carry small "smart" munitions, integration of the Link-16 datalink, and development of a center instrument display. The conferees also authorized $83 million (matching the President's request) for procurement of B-2 aircraft modifications and post production support.

E-2 Hawkeye. The Hawkeye performs the Navy's airborne early warning and command and control functions for Navy carrier battle groups. In addition to supporting the President's request for five new-production E-2Cs, the conferees authorized $42.5 million ($24 million more than the President's request) for E-2 Hawkeye modifications. The additional funds will upgrade one aircraft to the Hawkeye 2000 configuration, a significantly more capable version that includes satellite communications, a commercial off-the-shelf high-capacity computer, and cooperative engagement capability, one of the top unfunded requirements of the Chief of Naval Operations.

E-8C Joint Surveillance and Target Attack Radar System (JSTARS). The E-8C JSTARS is an aircraft equipped with a long-range, air-to-ground surveillance system designed to locate, classify, and track ground targets in all weather conditions. These "low-density, high demand" aircraft are among the most sought-after assets by regional commanders-in-chief for a range of reconnaissance and surveillance operations and were combat-proven in Operation Allied Force in the Balkans. Although the Joint Requirements Oversight Council established a requirement for 19 JSTARS, DOD has only

budgeted for 15. Since fiscal year 1999, Congress has annually provided additional advance procurement funding to maintain the E-8C production line and to build additional aircraft. Once again, the conferees authorized $46 million (the President's request did not include any funds) for advanced procurement of a 16th E-8C JSTARS aircraft, one of the unfunded requirements of the Chief of Staff of the Air Force.

F-15 Eagle. The F-15E is an all-weather, deep penetration, air-to-surface attack aircraft. As the F-15E fleet has recently suffered from very high operational tempos, the conferees authorized $149.8 million (the President's request did not include any funds) for two F-15E aircraft to increase the Air Force's attrition reserve fleet. The conferees also authorized $310.2 million ($52 million more than the President's request) for F-15 modifications and upgrades that provide increased engine safety, reliability, and performance, and improved combat survivability – allowing the F-15A, B, C, and D models to remain the Air Force's primary air superiority fighter until the F-22 enters service later in this decade.

F-16 Falcon. In support of the unfunded requirements for both the Chief of Staff of the Air Force and the Chief of the Air National Guard, the conferees authorized $51.7 million (the President's request did not include any funds) to procure two F-16C aircraft. Additionally, the conferees authorized $305.5 million ($56.7 million more than the President's request) for F-16 modifications to enhance engine capabilities for the Air National Guard and improve the F-16's navigation and safety systems.

F/A-18 Hornet. The F/A-18 Hornet is the primary strike aircraft for both the Navy and the Marine Corps. While production of the F/A-18E/F started three years ago, the Marine Corps and Naval Reserve continue to fly several older F/A-18As, which lack important avionics and weapons capabilities of later version Hornets. In support of both the Navy's and Marine Corps' unfunded requirement lists, the conferees authorized $264.2 million ($51.6 million more than the President's request) for F-18 series modifications to procure kits to upgrade F/A-18As to more capable configurations, for an updated forward-looking infrared targeting pod and for tactical cockpit display mapping capability. Furthermore, the conferees authorized $2.9 billion for procurement of 42 F/A-18E/F Superhornets (matching the President's request).

Joint Strike Fighter (JSF). The JSF will be an affordable, next-generation, single-engine combat aircraft based on a common airframe and components for use by the Air Force, Navy, and Marine Corps. Given the importance of the JSF to the services' future airpower plans, it is critical to ensure the maturity of the JSF program's technologies before moving into the next stage of development, the Engineering, Manufacturing and Development (EMD) phase. Accordingly, the conferees transferred $224.9 million from the President's request for JSF EMD efforts to extend the Demonstration and Validation phase. In total, the conferees authorized $688.6 million ($168 million less than the President's request) for JSF, which includes the $225 million increase to the Demonstration and Validation phase and a decrease of $393 million for the EMD phase which reflects recent schedule delays. The conferees also required the Secretary of Defense to report to Congress about criteria to enter the EMD phase and prohibited DOD from doing so until the Secretary of Defense certifies that the JSF's key technologies are sufficiently mature, the exit criteria have been met, and the short take off vertical landing aircraft variant has successfully flown at least 20 hours.

KC-130J Hercules. The KC-130J is a transport plane that also serves as a refueling aircraft. The J-variant replaces the Marine Corps' older F-, R-, and T-models, providing increased range, cruise ceiling, maximum speed, and decreased take-off distance. The Marine Corps' inventory of KC-130s contains primarily F-variants, which are approaching 40 years of age, and current plans to replace the aircraft with KC-130Js will result in a shortfall of 15 aircraft as early as 2001. Therefore, the conferees authorized $229.4 million to procure three KC-130J ($74.6 million and one aircraft more than the President's request) for the Marine Corps, one of the unfunded requirements of the Commandant of the Marine Corps.

T-45A Goshawk. The T-45 is the Navy's intermediate and advanced level undergraduate pilot training aircraft. Since the Chief of Naval Operations identified additional T-45 aircraft among his unfunded requirements in fiscal year 2001, the conferees authorized $306.5 million for 14 T-45 aircraft ($32.8 million and two aircraft more than the President's request).

V-22 Osprey. The conferees authorized $1.2 billion for the procurement of 16 MV-22 aircraft and $358.4 million for four CV-22 aircraft (matching the President's request). In addition, the conferees authorized $154.2 million including $6 million more than the President's request to accelerate radar development for the CV-22 Special Operations Variant.

Helicopters

(Listed Alphabetically)

CH-60S. The conferees authorized $287.3 million for 17 CH-60S helicopters ($41.9 million and two helicopters more than the President's request). The CH-60S replaces the H-46 by meeting combat support requirements for cargo and personnel transfer, medical evacuation, and search and rescue and is one of the top unfunded requirements of the Chief of Naval Operations.

HH/UH-1N Huey. The conferees authorized $6 million (the President's request did not include any funds) for the HH/UH-1N reclamation and conversion program. The HH/UH-1N reclamation and conversion program restores old Huey helicopters for entry into a remanufacturing line to rebuild the aircraft, a program identified by the Chief of Naval Operations and the Commandant of the Marine Corps as a critical unfunded requirement. Additionally, the conferees authorized $7 million (the President's request did not include any funds) for thermal imaging systems to improve night attack capabilities.

RAH-66 Comanche. Warfighting experiments at the National Training Center have validated the need for the Comanche in tomorrow's Army, and the Army's recent Aviation Modernization Plan emphasizes the importance of the Comanche. The conferees applaud the Secretary of the Army for increasing Comanche funding above the previously projected level and authorized $614 million (matching the President's request) for Comanche development.

TH-67 Creek. The retirement of Vietnam-era helicopters is creating a shortage of quality training helicopters for Army aviators, making procurement of additional Creek helicopters an unfunded require-

ment of the Chief of Staff of the Army. Therefore, the conferees authorized $24 million (the President's request did not include any funds) for 19 TH-67s.

UH-60 Blackhawk Helicopters. The conferees authorized $206 million for 16 UH-60L Blackhawks and two UH-60Q enhanced medical evacuation helicopters ($125 million, 12 UH-60Ls, and two UH-60Qs more than the President's request) for the Army National Guard. The Blackhawk is the Army's primary utility helicopter for air assault, general support, and medical evacuation missions, and is listed by the Chief of Staff of the Army as a critical unfunded requirement.

Unmanned Aerial Vehicles (UAVs)

Global Hawk UAV. The conferees authorized $109.2 million (matching the President's request) for the Global Hawk UAV program. The Global Hawk UAV has the potential to provide significant intelligence, surveillance, and reconnaissance support to the military.

Predator UAV. The conferees authorized $32.1 million ($10 million more than the President's request) to upgrade existing Predator ground stations with commercial hardware, to integrate a capability to control multiple UAVs simultaneously, and to improve air vehicle reliability and maintainability. Over the past several years, the Predator has proven its usefulness in missions in the Balkans by flying over 600 missions in support of NATO, United Nations, and U.S. operations.

Munitions

Precision-Guided Munitions (PGMs). In military operations since the Persian Gulf War, increased use of PGMs has reduced the risk to U.S. military personnel and collateral damage around enemy targets, while enhancing the effectiveness of U.S. weapons platforms. However, recent operations exposed shortfalls in several PGM stocks. Therefore, the conferees authorized:

- $244.2 million (matching the President's request) for Joint Direct Attack Munitions (JDAMs) ($220 million for 9,098 for the Air Force and $24 million for 672 for the Navy), weapons heavily used during recent air operations over Kosovo;

- $20 million (the President's request did not include any funds) for Hellfire II missiles, one of the top unfunded requirements of the Chief of Naval Operations;

- $6 million ($4 million more than the President's request) to convert older AGM-65 Maverick missiles to an updated infrared and electro-optical configuration. Over 5,300 Mavericks were fired in Operation Desert Storm in the Persian Gulf and over 800 were used in Operation Allied Force in the Balkans; and

- $40 million (the President's request did not include any funds) to develop the Extended Range Cruise Missile to replace the conventional air-launched cruise missile, one of the unfunded requirements of the Chief of Staff of the Air Force.

Shipbuilding Programs

(Listed Alphabetically)

Auxiliary Dry Cargo Ship (ADC(X)). The conferees authorized $339 million (matching the President's request) for procurement of the second ADC(X). The conferees also permitted the Secretary of the Navy to build the ADC(X) in a single shipyard if that is the most economical method.

Future Navy Surface Combatants. The conferees strongly support the Navy's program for development of the next-generation surface combatant, the DD-21 land attack destroyer, and authorized a total of $539.8 million for the program. The conferees also authorized a technology insertion approach for construction of the DD-21 *Zumwalt*-class destroyer.

In addition, the conferees authorized $101.9 million (matching the President's request) to develop an advanced naval gun system and $9 million ($10.8 million less than the President's request) to begin development of an advanced land attack missile system (ALAM) for the DD-21.

Finally, the conferees authorized $143 million for development of land attack technology for the current generation of surface combatants (e.g., DDG-51 *Arleigh Burke*-class destroyers and CG-47 *Ticonderoga*-class cruisers), including $46.1 million ($7 million more than the President's request) to continue development of the Extended Range Guided Munition and $22.2 million (matching the President's request) for the Land Attack Standoff Missile.

LPD-17. The conferees authorized $1.5 billion (matching the President's request) for procurement of the fifth and sixth *San Antonio*-class amphibious ships.

Ground Weapons and Vehicles

(Listed Alphabetically)

Advanced Amphibious Assault Vehicle (AAAV). The conferees authorized $150.4 million ($12.5 million more than the President's request) to accelerate development of the AAAV, a high-water speed, amphibious, armored personnel carrier that will replace the Marine Corps' aging fleet of amphibious assault vehicles.

Army Transformation. The Chief of Staff of the Army has expressed the need to build a medium-weight force that is capable of quickly deploying to a full spectrum of contingencies including peace-keeping and humanitarian operations, low intensity conflicts, and full-scale warfare. The conferees

strongly support this effort and look forward to receiving a well-defined road map that lays out the course of the Army Transformation initiative through fiscal year 2002. The conferees required the Secretary of the Army to conduct an evaluation to illustrate the differences in capabilities between the new interim armored vehicle (IAV) and the vehicles currently in use by the Army prior to procurement of IAVs for a third brigade. In addition, the conferees authorized $1.3 billion ($750 million more than the President's request) for procurement and research and development of medium-weight armored vehicles.

Enhanced Position Location Reporting System (EPLRS) Radios. The EPLRS radio system provides secure, jam-resistant communications to ground units while allowing battlefield commanders to track the location of their forces, and is the Army and Marine Corps' primary position location reporting system. Accordingly, the conferees authorized $70.2 million ($37.5 million more than the President's request) for Army EPLRS radios, $24.2 million for Radios to be allocated at the discretion of the Army, $8 million for Army National Guard EPLRS and $5.3 million for EPLRS software development. Additionally, the conferees authorized $6.4 million (the President's request did not include any funds) for EPLRS radios for the Marine Corps, one of the Commandant of the Marine Corps' top unfunded requirements for fiscal year 2001.

Future Combat System. The Army has begun the process of transforming its organization into a more strategically responsive force that is dominant across the full spectrum of operations. This transformation began this year with a partnership between the Army and the Defense Advanced Research Projects Agency (DARPA) to incorporate high-risk/high-gain technologies into a family of future combat systems as directed by the National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65). The conferees are encouraged by the Army's vision for the future, particularly the capabilities of future combat vehicles and automotive advanced technology. Therefore, the conferees authorized $46 million more than the President's request for research on the future combat system.

Hercules Improved Recovery Vehicle (IRV). The conferees authorized $6 million (the President's request did not include any funds) for IRVs for the Army Reserve. The A2 upgrade, which improves the existing M88A1 vehicle, has greater engine horsepower, and braking, steering, winch, lift, and suspension capabilities that permit it to recover Abrams tanks and other heavy combat systems.

High Mobility Artillery Rocket Systems (HIMARS). The conferees authorized $17.3 million (the President's request did not include any funds) for two HIMARS systems for test and evaluation by the Marine Corps. This highly mobile and transportable rocket artillery system is an unfunded requirement of the Commandant of the Marine Corps and will be evaluated for filling a critical fire support shortfall.

High Mobility Multipurpose Wheeled Vehicle (HMMWV). The conferees authorized $139.4 million ($15 million more than the President's request) for HMMWVs, a four-wheel drive utility and logistics vehicle that is the number one ground unfunded requirement for the Commandant of the Marine Corps. The conferees also authorized $3 million for HMMWVs for the Army Reserve.

M113A3 Carrier. The conferees authorized $55.1 million ($10 million more than the President's request) to upgrade reliability and safety of the M113A3 troop carrier, one of the Chief of Staff of the Army's highest unfunded requirements.

M249 Squad Automatic Weapon (SAW). In support of the unfunded requirements of the Chief of Staff of the Army, the conferees authorized $17 million (the President's request did not include any funds) for 4,280 SAWs, which will complete the Army's procurement objective for these weapons. The M249 SAW is a highly effective lightweight machine gun used by Army airborne, infantry and air cavalry units.

Wolverine Heavy Assault Bridge (HAB). The HAB is a mobile bridge that may be deployed in five minutes, retrieved from either end in less than ten minutes, and can support up to 70-ton vehicles. The President's budget request terminated this program in order to pay for Army Transformation efforts, even though Congress has provided multi-year procurement authority and additional funds for the HAB in recent years, and it is the top unfunded modernization requirement of the Chief of Staff of the Army for fiscal year 2001. To restore this program, the conferees authorized $77 million for 12 HABs.

National Guard and Reserve Equipment

(Listed Alphabetically)

Bradley Fighting Vehicle Modifications. Both the Army and the Army National Guard currently rely upon the Bradley Fighting Vehicle as their primary infantry support vehicle. While the Army plans to upgrade its entire Bradley fleet to highly survivable updated variants, the Army National Guard continues to rely upon the far less-survivable first-generation Bradley A0-variant. This plan is of particular concern since the Army intends to use Army National Guard enhanced brigades to augment its active forces, which will result in the deployment of Bradley A0s. Therefore, the conferees authorized $72 million (the President's request did not include any funds) to upgrade Army National Guard Bradley vehicles to combat-capable specifications. In addition, the conferees authorized $379.4 million (matching the President's request) to upgrade active-Army Bradleys.

Radio Systems. The Single Channel Ground and Airborne Radio Systems (SINCGARS) family provides military commanders with a reliable, secure command and control capability. The recent Advanced System Improvement Program (ASIP) upgrades older SINCGARS to allow both voice and data capabilities. The conferees authorized $48 million ($30 million more than the President's request) for SINCGARS ASIP, radios of which $20 million is for the Army National Guard.

UH-60 Blackhawk Helicopters. The conferees authorized an increase of $125 million to procure 12 additional Blackhawks for the reserve component, for a total of 18 Blackhawks as noted under "Helicopters" on page 18. Additionally, the conferees authorized $3 million (the President's request did not include any funds) for two Firehawk Aviation Firefighting Conversion Kits for the Army National Guard.

Innovative Technologies

(Listed Alphabetically)

High Energy Laser Initiative. The conferees believe that high-energy lasers hold considerable promise for weapons applications, and that development efforts deserve greater attention and priority than they have received in the past. The conferees directed the Secretary of Defense to implement DOD's High Energy Master Plan, and approved provisions that allow for better coordination of DOD high energy laser programs and establish the basis for joint research between DOD and the National Nuclear Security Administration on high-energy lasers. The conferees authorized $30 million (the President's request did not include any funds) in defense-wide research and development for high-energy laser research not currently supported by the Airborne Laser and Space Based Laser programs, and $27.5 million ($13 million more than the President's request) for the DOD High Energy Laser Test Facility, which includes $10 million for solid-state high energy laser research. The conferees also authorized $15 million (the President's request did not include any funds) for the Tactical High Energy Laser (THEL) and $5 million (the President's request did not include any funds) for the Navy Free Electron Laser.

Land Information Warfare Activity (LIWA). The conferees authorized $2 million (the President's request did not include any funds) to develop and operate LIWA, in support of the Chief of Staff of the Army's unfunded requirement list. LIWA is recognized as being in the lead of security technology and information dominance for computer-based information systems. Most importantly, LIWA has provided valuable assistance to DOD in identifying and countering global security threats to DOD computer infrastructure.

Safety and Survivability

(Listed Alphabetically)

Aircraft Survivability Equipment (ASE). Continued proliferation of anti-aircraft weapons has raised the importance of teaching U.S. aircrews to recognize, avoid, and counter ground-to-air threats. The Aircraft Survivability Equipment Trainer IV (ASET IV), a mobile ground-based system that replicates anti-aircraft threats for crews in training, has proven to be a particularly effective teaching tool, even though all the systems have not yet been upgraded to reflect current threats. To ensure that aircrews are able to train in realistic environments, the conferees authorized $4 million (the President's request did not include any funds) to upgrade ASET IV systems with current infrared-guided surface-to-air threat simulators.

Chemical-Biological Defense. The conferees authorized $855.8 million for the chemical-biological defense program including $473.9 million (matching the President's request) for procurement of chemical and biological defense material and $381.9 million ($20 million more than the President's request) for research and development. The additional funding is to support initiatives for research, development and demonstration of advanced chemical and biological defense technologies and systems.

Night Vision Goggles. Each of the military services have indicated an increasing need for night vision devices, systems that give U.S. forces an overwhelming advantage in nighttime operations. The conferees authorized $37.5 million ($8 million more than the President's request) for AN/PVS-7

night vision goggles and $6 million (the President's request did not include any funds) for third generation, 25-millimeter image intensification tube upgrades, both of which were on the unfunded requirements list of the Chief of Staff of the Army. The conferees also authorized $6.2 million (the President's request did not include any funds) to complete procurement of OMNI IV/V night vision goggles for all Navy and Marine Corps helicopter squadrons, both active and reserve. Additionally, the conferees authorized $18.4 million ($4 million more than the President's request) for Marine Corps ground night vision devices.

Building Better Government through Effective Oversight and Reform

Acquisition Pilot Program Extension. The Acquisition Pilot Program was established by Congress in 1994 to test and evaluate a streamlined, defense-specific process for purchasing major military systems and is currently being used for five DOD programs, including the Joint Direct Attack Munition. The pilot program could result in significant savings and other dramatic improvements including reduced contract costs, faster cycle times, and more efficient staffing. Without an extension, DOD runs the risk of losing these benefits. Therefore, the conferees extended the Acquisition Pilot Program for seven years.

Defense Environmental Security Corporate Information Management (DESCIM) Program. The DESCIM program was established in 1993 to oversee the information technology efforts of DOD environmental programs. However, the program has been poorly organized and managed, and despite receiving $88 million over 8 years, has done little of note. Therefore, the conferees direct DOD to reevaluate and to clearly define DESCIM's mission, objectives, and management structure of this program.

Information Security. The threat of cyber attacks against the United States is very real, yet efforts to reduce vulnerability to such attacks have had varying degrees of success across the federal government. Therefore, the conferees took steps to reform and coordinate U.S. information security policy by:

- building a framework for establishing and ensuring the effectiveness of controls over federal information resources;
- authorizing $15 million for a DOD information security scholarship and grant program intended to recruit and retain computer specialists;
- authorizing $5 million to establish the Institute for Defense Computer Security and Information Protection to conduct research and technology on cyber threats against DOD; and
- requiring the President to report to Congress on each federal agency's progress in developing internal information security plans.

Inventory Management. The GAO annually includes DOD's inventory management systems as a "high-risk area." GAO also reported in 1999 that the military services' systems are unable to account for weapons and equipment while "in-transit." Though these items are usually accounted for some time after delivery, failure to establish a better tracking system represents an opportunity for waste, fraud,

and abuse. Accordingly, the conferees took steps to ensure DOD assigned clear oversight responsibilities for in-transit items and identified cost and necessary resources to ensure adequate oversight.

Legislative Affairs Offices. Congress benefits daily from DOD's various legislative affairs offices and rely on them to provide timely and accurate information in response to numerous queries. Over the last few years, nearly every unified and specified command, major military command, and most defense agencies have established a legislative affairs or legislative liaison office. As proliferation of these legislative service offices may diminish the effectiveness of the primary legislative affairs offices of the Secretary of Defense and the service Secretaries, the conferees direct the Secretary of Defense to provide a report to Congress identifying all personnel assigned to legislative affairs and legislative liaison offices throughout the military departments and defense agencies by December 1, 2000.

Management Headquarters. In 1999, Congress passed legislation that required DOD to cut management headquarters personnel levels by 15 percent (approximately 9,500 positions) by the end of fiscal year 2002. This law was intended to shrink DOD's oversized management headquarters and headquarters support organizations, thereby allowing the services to meet manpower shortages throughout the force. However, DOD failed to adequately implement reductions in this area in fiscal year 2000. Overall, DOD had only planned less than 3,000 total reductions in headquarters management personnel by the end of fiscal year 2001. As a result of this foot dragging, DOD compliance with the law would require nearly 7,000 headquarters workforce cuts in fiscal year 2002. While the conferees believe that DOD should make every effort to comply with the mandated reductions over the next two years, they recognize that making nearly 7,000 cuts in one year would present a significant challenge. Accordingly, the conferees authorized the Secretary of Defense to waive up to half of the required cuts upon certification that compliance with the mandated reductions would jeopardize national security.

National Ignition Facility (NIF). A recent GAO report detailed management failings, cost overruns, and schedule delays in the NIF program. These problems have led to a re-baselining of the program and significant reforms in the program's management. The conferees remain deeply concerned about the status of the program, but recognize the consensus within the National Nuclear Security Administration that NIF is important to the effort to sustain U.S. nuclear weapons without underground nuclear testing. The conferees authorized $209.1 million for NIF construction ($135 million more than the President's request including an increase of $95 million and transfer of $40 million from operations and maintenance).

Navy Marine Corps Intranet Contract (NMCI). NMCI is a major information technology effort to contract out all Navy and Marine Corps communications (including telephone, video, and computer services) to a contractor who would own, operate, and maintain the systems. Such an information technology contract is unprecedented in scope and expense; therefore, the conferees believe a phased implementation of the effort is the most appropriate approach. The conferees authorized up to 15 percent of the total number of workstations to be provided under the program, or 45,000 seats, as the first phase of implementation. DOD and the Navy are then required to undertake a complete evaluation of the first phase before starting the second phase. The conferees also prohibited the naval shipyards, naval aviation depots, and Marine Corps from participating in NMCI in fiscal year 2001.

Security Checks. According to the General Accounting Office (GAO), DOD is unable to provide an "accurate count" of how many DOD employees and contract personnel are awaiting security clearance investigations. Furthermore, although DOD estimates the backlog at over 500,000 cases, GAO believes the number to be significantly higher. While DOD had planned on clearing the security check backlog by the end of 2000, DOD has since changed their estimate to late 2002. This backlog presents significant national security concerns and can cause significant delays to projects, thereby increasing costs. Accordingly, the conferees required the Secretary of Defense to establish a process for prioritizing background checks for DOD personnel and contractors.

Other Initiatives

(Listed Alphabetically)

Civilian Personnel. In an effort to assist the Secretary of Defense's efforts to manage DOD's civilian personnel workforce, the conferees authorized:

- the Secretary of Defense to pay for college degrees for civilian personnel;
- all agencies of the federal government to repay student college loans in exchange for government service;
- expansion of an experimental hiring program currently in use at Defense Advanced Research Projects Agency (DARPA) to all defense laboratories;
- special pay for foreign language proficiency for deployed civilian workers; and
- civilian employees designated as emergency essential employees to enroll in the federal government life insurance program.

The conferees also directed the Secretary of Defense to:

- conduct a demonstration program that would apply standard industry safety practices to certain DOD activities;
- continue an equal employment opportunity program currently in use by the Department of the Navy and to test it at additional DOD organizations; and
- provide a transit pass benefit to DOD military and civilian employees who commute to work in areas of the United States, which fail to meet clean air standards.

Cooperative Threat Reduction (CTR). The conferees authorized $433.4 million ($25 million less than the President's request) for CTR activities in fiscal year 2001. The conferees continue to support the core purposes of CTR – the accelerated dismantlement of former Soviet strategic offensive arms that threaten the United States. In light of the conferee's belief that the CTR program should be focused on eliminating former Soviet weapons of mass destruction, the conferees agreed to make permanent last year's prohibition on using CTR funds for conventional weapons elimination purposes. In addition, the conferees agreed to prohibit fiscal year 2001 CTR funds from being used to construct fossil fuel plants in Russia as part of any effort to eliminate plutonium production in Russia. Furthermore, in accordance with section 1205 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), the conferees denied the President's request for $35 million for work on a chemical weapons destruction facility in Russia. Specific actions taken by the conferees include:

- $177.8 million ($25 million more than the President's request) for the elimination of strategic offensive arms in Russia;
- $29.1 million (matching the President's request) for elimination of strategic offensive arms in Ukraine;
- $89.7 million (matching the President's request) to improve security at nuclear weapons storage facilities in Russia;
- $12 million (matching the President's request) for biological weapons proliferation prevention in Russia;

- $32.1 million (matching the President's request) for the elimination of plutonium production in Russian nuclear reactors;
- $57.4 million (matching the President's request) for fissile material storage in Russia; and
- $9 million ($5 million less than the President's request) for defense and military contacts.

Counter-Drug Activities. Escalating production of cocaine and heroin has fueled the ongoing conflict between the government, armed insurgents, and paramilitary groups in Colombia. This increased violence has caused significant regional instability and has strained the ability of Panama, Ecuador, and Peru to respond to incursions by Colombian drug trafficking organizations, guerrillas, and paramilitary forces. DOD counter-drug efforts can provide important support to these regional allies as part of a comprehensive U.S. effort to contain the drug trade.

The conferees authorized $869 million ($32.7 million more than the President's request) for counter-drug activities and $155.9 million (matching the President's request) for expenses contained within the operating budgets of the services. Highlights include:

- **Eastern Pacific Drug Trafficking Detection.** Once again, the President's budget request failed to fully support Operation Caper Focus, a valuable ongoing operation to disrupt maritime narcotics trafficking in the Eastern Pacific. The conferees continue to support this effort, and authorized $6 million (the President's request did not include any funds) for the operation.

- **Puerto Rico Relocatable Over-The-Horizon Radar (ROTHR) Security.** The ROTHR based in Puerto Rico will greatly enhance the effectiveness of efforts to curtail the flow of illegal narcotics into the United States. However, the planned transfer of Navy land on the western side of Vieques, Puerto Rico, would leave the ROTHR without adjacent federal property, presenting a potential security risk to the facility. Therefore, the conferees authorized $1 million (the President's request did not include any funds) for security enhancements at the ROTHR facility.

- **National Guard Counter-Drug Activities.** The conferees recognize the important role of the National Guard in combating the flow of illegal narcotics in the U.S. However, the conferees are concerned that the President's budget requested insufficient resources for the National Guard in this area. Therefore, the conferees authorized an additional $25 million for National Guard counter-drug activities.

Defense Institute for Hemispheric Security Cooperation. The conferees are aware of persistent concerns that the Army School of the Americas does not focus sufficient classroom attention upon critical issues such as rule of law and civilian control of the military within the countries of Latin America. While the conferees support the unique mission of the school, they recognize the need to implement fundamental changes to the School of the Americas to ensure that its student curriculum properly reflects post-cold war challenges facing Latin American nations such as counter-narcotics operations. Accordingly, the conferees transferred the School of the Americas mission to the newly

created Defense Institute for Hemispheric Security Cooperation. The conferees also established a board of visitors to oversee the activities of the Institute and require that the Institute's curriculum include instruction in human rights, the rule of law, due process, civilian control of the military, and the role of the military in a democratic society.

Electromagnetic Pulse (EMP) Commission. A nuclear weapon detonated at high-altitude would generate an EMP that can damage and destroy electronic systems over the entire continental United States. Some analysts have suggested that nations having small numbers of nuclear missiles, such as China or North Korea, may consider an EMP attack against U.S. forces regionally to degrade the U.S. technological advantage, or against the United States national electronic infrastructure as a way to get the most utility from their modest nuclear capabilities. Accordingly, the conferees established an EMP Commission, to be comprised of independent scientists and military experts, to assess the evolving EMP threat and the vulnerability of U.S. military and civilian electronic infrastructure, and to recommend steps that can be taken to better protect the United Sates from an EMP attack. The conferees also required the Secretary of Defense to report to Congress with comments on the Commission's findings and conclusions.

Grades of Chiefs of the Reserve Components. The conferees required the service secretaries to increase the rank of the Chief of Army Reserve, Chief of Naval Reserve, Chief of Air Force Reserve, Director of Army National Guard, Director of Air National Guard, and Commander, Marine Forces Reserve to lieutenant general or vice admiral. To accommodate the request, the conferees also increased the statutory limit on the number of active duty officers in grades above major general and rear admiral, but maintained the limit on the number of general and flag officers.

Merchant Marine. Ensuring a healthy domestic maritime industry remains a critical element of U.S. military and economic strength. Therefore, the conferees authorized $148.4 million ($62 million more than the President's request) for the Title XI loan guarantee program and capital improvements and maintenance to the United States Merchant Marine Academy.

Vieques. Vieques, with its live-fire range and associated underwater and electronic warfare ranges, remains the only site on the East Coast where the Navy and Marine Corps can conduct joint and combined live-fire training in conjunction with the actual amphibious landing of troops ashore - training that is essential to warfighting readiness. As such, retaining the Vieques Island training facility is critical to the future readiness of U.S. naval forces. Therefore, the conferees:

- transferred land surrounding the Naval Ammunition Support Detachment on the western end of Vieques to the Municipality of Vieques by May 1, 2001, and transferred conservation areas on the western end of the island to the Department of the Interior to be managed as a wildlife refuge;
- required a structured binding referendum by the people of Vieques on whether live fire training can resume on the island;
- authorized $40 million in economic assistance to Vieques, and an additional $50 million in economic assistance if the residents vote to resume live fire training;
- transferred the Eastern Maneuver Area and the live impact area to the Department of the Interior if the residents vote to terminate live fire training; and

- established a moratorium on military construction at Ft. Buchanan, Puerto Rico, until it is determined whether this facility is required or whether its activities can be transferred to Naval Station Roosevelt Roads.

Department of Energy (DOE)

(Listed Alphabetically)

Ballistic Missile Defense Research and Development. The conferees believe development of effective ballistic missile defenses is one of the highest national priorities and that the National Nuclear Security Administration's (NNSA) national laboratories are valuable, multi-mission, national security assets that can and should contribute to this effort. Therefore, the conferees included a plan to enhance cooperative efforts between the Ballistic Missile Defense Organization and NNSA.

Directed Stockpile Work. The conferees authorized $862.6 million ($26 million more than the President's request) for stockpile life extension and evaluation programs.

Energy Employees' Occupational Illness Compensation Program. Thousands of workers were exposed to dangerous levels of radiation, beryllium, and other toxic substances while they worked on the nation's nuclear weapons programs. A number of these individuals have become sick from illnesses that may be traced to that exposure. Therefore, the conferees authorized a compensation plan for covered workers made ill by exposure to toxic or radioactive materials. The plan requires the President, by March 15, 2001, to submit to Congress a legislative proposal that identifies the types and amounts of compensation for individuals and the procedures for providing the compensation. If the Congress does not act by July 31, 2001 to enact a compensation program, employees will be entitled to a lump sum payment of $150,000 and medical care. Also covered (unless the President specifically certifies otherwise) are employees with chronic silicosis who helped to dig nuclear test tunnels in Nevada and Alaska. Additionally, uranium mineworkers who are currently compensated at a lesser rate under the Radiation Exposure Compensation Act will be paid an additional $50,000 (for a total compensation of $150,000) and will also be eligible for medical care. To fund the program, the conferees provided $275 million to establish the Energy Employees' Occupational Illness Compensation Program to provide timely, uniform, and adequate compensation to employees or their survivors. The package includes $250 million from the Treasury's General Fund to establish the Energy Employees' Occupational Illness Compensation Fund and $25 million to establish and administer the compensation program during fiscal year 2001.

Environmental Management Programs. The conferees authorized $6 billion ($161 million less than the President's request) for DOE's environmental cleanup and management programs including:

- $1.1 billion (matching the President's request) for the Defense Facilities Closure Project;
- $971 million ($29 million less than the President's request) to facilitate construction and site completion at facilities DOE will close by 2006;
- $3.4 billion ($333 million more than the President's request) for construction and project work at facilities with complex and extensive environmental issues that DOE will close after 2006; and
- $246.5 million ($50 million more than the President's request) for the Defense Environmental Restoration and Waste Management Science and Technology program, which develops new technologies for nuclear waste cleanup.

Hanford Tank Waste Remediation System. The Hanford Tank Waste Remediation System was to be designed, built, and operated with private financing – government payment was not to occur until the facility was successfully producing treated waste. In April 2000, the chosen contractor submitted the required multi-year proposal to DOE with an estimated total cost of $15.2 billion, $8.3 billion higher than the estimate provided 18 months earlier. Because of the unexpectedly large price, the Secretary of Energy rejected the proposal and terminated the contract. Subsequently, DOE removed the Hanford Tank Waste Remediation System from DOE's privatization programs in favor of using a "cost-plus-incentive" contract. Since the project will no longer need funds for future payment of interest on private capital, DOE estimates that only $377 million of the $450 million requested for fiscal year 2001 are necessary. Furthermore, these changes have delayed the project, eliminating the need for $45 million for long-lead and other procurement. Consequently, the conferees authorized $332 million for the Hanford Tank Waste Remediation System, allowing DOE to complete the full design work agenda for fiscal year 2001.

National Nuclear Security Administration (NNSA). To meet long-standing security and management concerns, last year Congress created the NNSA, a semi-autonomous agency to manage the nation's nuclear weapons, nonproliferation and naval reactors programs. The conferees believe that DOE has not yet fully complied with this law, and took steps to assure greater compliance. Specifically, the conferees:

- restructured the budget request to reflect discrete program elements;
- required that NNSA submit a plan to obligate its funds;
- required that NNSA submit a detailed future-year nuclear security program to Congress;
- provided a three-year term of office for the first NNSA administrator; and
- prohibited "dual-hatting," the practice of appointing DOE officers and employees to fill NNSA positions; and
- provided the NNSA administrator authority to restructure NNSA and prohibited the Secretary of Energy from doing so, consonant with authorities and limitations established in the National Defense Authorization Act for Fiscal Year 2000.

The conferees authorized $6.4 billion for the NNSA ($244.7 million more than the President's request) to meet national security needs.

Nuclear Nonproliferation Programs. The conferees authorized $872.5 million ($34 million less than the President's request) for DOE's Nuclear Nonproliferation programs including:

- $246 million ($20 million more than the President's request) for nonproliferation verification research and development for detecting and deterring the proliferation of weapons of mass destruction;
- $320.6 million ($88 million less than the President's request) for DOE arms control programs; and
- $252 million ($29 million more than the President's request) for the control and disposition of excess weapons-grade nuclear material.

Production Facilities Operations. The conferees believe the budget request places insufficient priority on restoring and modernizing infrastructure at the nuclear weapons plants and authorized $42.1 million ($13 million more than the President's request) for infrastructure improvements at the Pantex plant, $59.8 million ($20 million more than the President's request) for infrastructure improvements and capital equipment at the Kansas City plant, and $75.3 million ($8 million more than the President's request) for infrastructure improvements at the Y-12 plant.

Tritium Readiness. Tritium is a radioactive isotope of hydrogen necessary for the proper functioning of U.S. nuclear weapons. Because it has a short half-life, it must periodically be replenished. However, the United States has not produced any tritium in over a decade. In December 1998, the Secretary of Energy selected commercial light water reactor technology to be the nation's primary tritium production technology, but continued development of Accelerator Production of Tritium (APT) as a back-up production technology. Unfortunately, the President's request did not include sufficient funds for APT. Therefore, the conferees authorized $25 million (the President's request did not include any funds) for tritium readiness construction to continue APT design readiness efforts.

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Actions on Major Programs in the Fiscal Year 2001 Defense Authorization Act

(dollars in millions)

Major Army Programs

	FY 2001 Budget Request			Conference Agreement		
	R & D	Quantity	Procurement	R & D	Quantity	Procurement
Medium Armored Vehicle Family			$537.1			$637.0
2nd Medium Brigade/Support Equip.			$0.0			$500.0
Transformation Test and Evaluation	$0.0			$150.0		
Bradley A2 ODS		0	$0.0		65	$72.3
RAH-66 Comanche	$614.0			$614.0		
Crusader	$355.3			$355.3		
MLRS Launchers		66	$188.7		66	$188.7
Small Arms			$34.2			$53.7
CH-47 Upgrades			$200.9			$200.9
Wolverine Heavy Assault Bridge		0	$0.0		12	$77.0
UH-60 Blackhawk *		6	$86.8		18	$206.2
TH-67 Creek		0	$0.0		19	$24.0
AH-64D Longbow		60	$744.5		60	$762.3
Future Combat System	$458.0			$504.0		

Major Navy and Marine Corps Programs

	FY 2001 Budget Request			Conference Agreement		
	R & D	Quantity	Procurement	R & D	Quantity	Procurement
V-22 Osprey	$148.2	16	$1,208.5	$148.2	16	$1,208.5
AAAV	$138.0			$150.5		
Joint Strike Fighter	$427.6			$344.3		
F/A-18E/F	$19.2	42	$2,919.6	$19.2	42	$2,877.0
E-2C Hawkeye	$18.7	5	$320.9	$22.7	5	$315.9
JPATS		21	$74.4		24	$81.4
NSSN	$207.1	1	$1,711.2	$214.1	1	$1,706.2
CVN-77	$38.3	1	$4,053.7	$38.3	1	$4,053.7
CVN(X)	$236.1		$21.9	$236.1		$21.9
DDG-51*	$179.7	3	$3,070.4	$179.7	3	$3,160.4
CH-60 *	$13.2	15	$245.5	$13.2	17	$287.3
Hercules IRV		16	$42.6		16	$42.6
HMMWV			$124.4			$139.4
HIMARS	$0.0			$17.3	2	
KC-130J		2	$154.8		3	$229.4
ADC(X)		1	$339.0		1	$339.0
DD-21	$549.7			$539.8		
SH-60R	$69.9	4	$162.3	$74.9	6	$209.7
AV-8B	$38.1	10	$226.6	$38.1	12	$262.2
LPD-17	$2.6	2	$1,510.0	$2.6	2	$1,510.0
C-40A		0	$0.0		1	$55.0
T-45		12	$273.7		14	$306.5

Major Air Force Programs

	FY 2001 Budget Request			Conference Agreement		
	R & D	Quantity	Procurement	R & D	Quantity	Procurement
F-22	$1,411.8	10	$2,546.1	$1,411.8	10	$2,546.1
E-8C Joint STARS	$144.1	1	$260.6	$149.1	1	$250.6
E-8C Joint STARS Adv. Proc.		-	$0.0		-	$46.0
F-16C/D Fighting Falcon	$124.9	-	$0.0	$119.9	2	$51.7
JPATS		27	$113.8		34	$132.7
C-17 Globemaster	$176.4	12	$2,478.7	$176.4	12	$2,428.7
Joint Strike Fighter	$429.0			$344.3		
JASSM	$120.3			$116.3		
Global Hawk UAV			$22.4			$22.4
B-2 Stealth Bomber	$48.3		$83.0	$115.3		$83.0
Airborne Laser	$148.6			$233.6		
CV-22	$40.5	4	$363.0	$43.5	4	$358.4
Extended Range Cruise Missile	$0.0			$40.0		

Major Defense-wide Programs

	FY 2001 Budget Request			Conference Agreement		
	R & D	Quantity	Procurement	R & D	Quantity	Procurement
Ammunition (all services)			$2,105.5			$2,205.3
Ballistic Missile Defense	$3,943.2		$444.0	$4,207.3		$444.0
THAAD	$549.9			$549.9		
Navy Theater Wide	$382.7			$462.6		
PAC-3	$81.0	40	$365.5	$81.0	40	$365.5
National Missile Defense	$1,740.2		$74.5	$1,875.2		$74.5
BMD Technology	$167.8			$198.1		
High Energy Laser Initiative	$14.5			$77.5		
Chemical-Biological Defense	$361.9		$473.9	$855.8		$473.9

*** Multiyear Procurement Programs**

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