EXPLANATION OF THE COMMITTEE AMENDMENTS

The committee adopted an amendment in the nature of a substitute during the consideration of H.R. 2586. The title of the bill is amended to reflect the amendment to the text of the bill. The remainder of the report discusses the bill, as amended.

PURPOSE

The bill would – (1) Authorize appropriations for fiscal year 2002 for procurement and for research, development, test and evaluation (RDT&E); (2) Authorize appropriations for fiscal year 2002 for operation and maintenance (O&M) and for working capital funds; (3) Authorize for fiscal year 2002: (a) the personnel strength for each active duty component of the military departments; (b) the personnel strength for the Selected Reserve for each reserve component of the armed forces; (c) the military training student loads for each of the active and reserve components of the military departments; (4) Modify various elements of compensation for military personnel and impose certain requirements and limitations on personnel actions in the defense establishment; (5) Authorize appropriations for fiscal year 2002 for military construction and family housing; (6) Authorize appropriations for fiscal year 2002 for the Department of Energy national security programs; (7) Modify provisions related to the National Defense Stockpile; and (8) Authorize appropriations for fiscal year 2002 for the Maritime Administration.

RELATIONSHIP OF AUTHORIZATION TO APPROPRIATIONS

The bill does not generally provide budget authority. The bill authorizes appropriations. Subsequent appropriation acts provide budget authority. The bill addresses the following categories in the Department of Defense budget: procurement; research, development, test and evaluation; operation and maintenance; working capital funds, military personnel; and military construction and family housing. The bill also addresses Department of Energy National Security Programs and the Maritime Administration.

Active duty and reserve personnel strengths authorized in this bill and legislation affecting compensation for military personnel determine the remaining appropriation requirements of the Department of Defense. However, this bill does not provide authorization of specific dollar amounts for personnel.

SUMMARY OF AUTHORIZATION IN THE BILL

The President requested budget authority of $343.3 billion for the national defense budget function for fiscal year 2002. Of this amount, the President requested $328.0 billion for the Department of Defense (including $10.0 billion for military construction and family housing) and $13.8 billion for Department of Energy national security programs and the Defense Nuclear Facilities Safety Board.

The committee recommends an overall level of $343.2 billion in budget authority. This amount is consistent with the discretionary defense spending limitations imposed by the

Balanced Budget Act of 1997 and it represents an increase of approximately $33.3 billion from the amount authorized for appropriation by the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398).

SUMMARY TABLE OF AUTHORIZATIONS

The following table provides a summary of the amounts requested and that would be authorized for appropriation in the bill (in the column labeled "Budget Authority Implication of Committee Recommendation") and the committee's estimate of how the committee's recommendations relate to the budget totals for the national defense function. For purposes of estimating the budget authority implications of committee action, the table reflects the numbers contained in the President's budget for proposals not in the committee's legislative jurisdiction.

(INSERT FY 2002 BUDGET SUMMARY TABLES)

RATIONALE FOR THE COMMITTEE BILL

To "provide for the common defense" is one of the most important responsibilities vested in the federal government. Article I, section 8, of the Constitution grants Congress the power "to raise and support armies" and "to provide and maintain a navy," in order to provide for the common defense. It is a solemn responsibility Congress must exercise with diligence, wisdom, and foresight.

The National Defense Authorization Act for Fiscal Year 2002 continues the process of rebuilding America's defenses and restoring the health of the military. The policies, programs, and priorities it supports are intended to ensure continued U.S. military preeminence for decades to come and to provide America's men and women in uniform with the training and tools necessary to deal successfully with the security challenges of the future.

The committee bill would authorize $343.3 billion for defense during fiscal year 2002 – matching the President's amended budget request and marking the most significant increase to the defense budget since fiscal year 1986. Restoring the health of America's military will take years of work. Secretary of Defense Donald Rumsfeld, in testimony before the committee on June 28, 2001, noted that a one year increase in spending "does not get us well. The underinvestment went on far too long, the gap is too great, and there is no way it can be fixed in a year or, in my view, even in six."

In the committee's view, significant increases in defense spending are long overdue. The committee is pleased with the new Administration's recognition that defense spending in the post-Cold War era has fallen too far too fast and applauds the Administration's commitment to reverse this trend. The U.S. military for too long has been living off the defense investments made in the 1980s. Military equipment is being utilized beyond its service life, weapons systems are becoming costlier to maintain, and military readiness has declined virtually across the board. The U.S. military has been called on to do more with less, deploying with increasing frequency around the globe. Morale and quality of life have suffered. This is the unfortunate legacy of years of underfunding.

This year, the challenge facing the Administration and Congress is to ensure that the most immediate modernization, readiness, and personnel needs are met, while preparing to transition the armed forces into a more capable force prepared to meet emerging threats.

The Strategic Defense Review and U.S. National Military Strategy

The committee supports the efforts of the Department of Defense (DOD) to assess defense requirements in light of the potential and emerging threats to U.S. interests expected to materialize over the next decade and beyond. For the past several months, the Department of Defense has been conducting an extensive and multifaceted review of U.S. national military strategy. Secretary of Defense Donald Rumsfeld formed more than a dozen Task Forces to review the assumptions and strategic underpinnings of U.S. defense policy. Separate Task Forces were established on Strategy, Transformation, Acquisition Reform, Quality of Life, Nuclear Forces, Conventional Forces, Intelligence and Space, National Missile Defense, and a

variety of other issues. The underlying premise of these reviews was that resources and force levels should flow from strategy, not the other way around.

The results of the DOD strategy review will be incorporated into the next Quadrennial Defense Review (QDR), scheduled to be completed by September 30, 2001. The results of the QDR will, in turn, be factored into the Administration's defense budget request for fiscal year 2003. The committee expects that the 2001 QDR will be strategy-based and not budget-driven. In the meantime, U.S. military strategy continues to be guided by the tenets outlined in the 1997 QDR. The 1997 QDR, building upon its predecessor, the 1993 Bottom-Up Review, postulated that the sizing and composition of U.S. military forces should be based on the requirement to fight two nearly simultaneous major theater wars. This force-sizing construct has been called into question by the Administration.

The Administration has indicated that the two major theater war construct may need to be replaced with a different force sizing metric. Although Secretary Rumsfeld has cautioned that no final decision has been made, he has also noted that DOD is "looking carefully at an alternative." That alternative would be to replace the traditional "threat-based" military strategy with one that is "capability-based" and designed to deal with the kinds of asymmetric threats that might emerge in the future.

The committee believes that the two major theater war standard has served as a useful planning tool and is concerned that its abandonment could be viewed as an attempt to scale back U.S. military strategy to conform to budgetary realities. Such an approach would be ill-advised. Jettisoning the two major theater war construct without an effective alternative would lead to acceptance of a greater than prudent level of risk. Indeed, Secretary Rumsfeld has stated that "you don't tear down what is unless you have something better…." The committee expects to work closely with the Administration in the coming year to ensure that any changes to U.S. military strategy are based on sound strategic principles and do not result in increased risk to U.S. national security.

Although Department of Defense officials have emphasized the need for the U.S. armed forces to transform themselves into a more capable force able to successfully confront the more difficult challenges in the future, the Department's budget request for fiscal year 2002 is not a "transformation" budget. At minimum, it properly addresses many of the deficiencies that plague existing forces without laying the groundwork for significant structural changes. In his testimony before the committee on June 28, 2001, Secretary of Defense Rumsfeld stated that even a budget of nearly $350 million "would just be holding where we are" and "would not make a significant contribution to transformation."

As the Department of Defense wrestles with options for transforming the U.S. military in the long-term, the committee's approach this year has been guided by an effort to develop a defense budget that is more responsive to the post-Cold War threats faced by the United States and commensurate with America's global responsibilities – and, in so doing, to ensure that U.S. forces can successfully execute their missions at the lowest possible level of risk.

The Administration's Defense Budget Request

The President's defense budget request for fiscal year 2002 reflects the most significant real increase in defense funding since the mid-1980s. Nevertheless, despite the increases

proposed by the Administration this year, serious problems continue to exist in readiness, modernization, and quality of life. The previous Administration significantly underfunded the defense budget and overcommitted U.S. military forces to a variety of peacekeeping and humanitarian missions. The result was a high operating tempo, degraded morale, aging equipment, reduced training, and decaying infrastructure. General Henry Shelton, Chairman of the Joint Chiefs of Staff, testified before the committee on June 28, 2001, that since 1995 there has been "a 133 percent increase in the number of military personnel committed to joint operations. These are real-world events, not exercises, and we are doing it with nine percent fewer people."

Although the fiscal year 2002 defense budget request reflects nearly a $33 billion increase over the fiscal year 2001 level, significant shortfalls remain unaddressed. In particular, the service chiefs have identified more than $32 billion in critical unfunded requirements in fiscal year 2002, roughly twice the amount they identified last year. These shortfalls were not addressed in the fiscal year 2001 supplemental appropriations bill recently passed by the Congress and signed by the President. Moreover, the Army is the smallest it has been since 1950, the Navy has shrunk to 317 ships – more than 40 percent fewer than a decade ago and the smallest fleet since 1933, and the average age of the Air Force's aircraft is 22 years.

With this in mind, the committee has sought to address in this year's budget the most serious aspects of the shortfalls in readiness, modernization, and quality of life.

Restoring the Bond of Trust with Our Men and Women in Uniform

Ensuring a decent quality of life for military personnel and their families remains one of the most important national defense priorities. America's military is only as good as the people who serve in it. Recruiting and retaining top-notch personnel remains vital to ensuring that the U.S. armed forces are the best in the world.

With the efforts of Congress over the past six years, the quality of living for U.S. military personnel and their families has improved, and recruiting and retention trends have improved. Nevertheless, meeting the challenge of recruiting and retaining sufficient numbers of high quality personnel remains difficult, and the troublesome trend of the continued departure of many of the best and brightest mid-career enlisted and officer personnel continues.

Continuing its effort to improve quality of life and ensure adequate military pay and bonuses, the committee recommends the largest single-year increase in military personnel funding since 1985 – a total increase of $6.9 billion over the fiscal year 2001 level. The committee bill also would fund the largest military pay raise since 1982, thereby fully supporting the President's proposal to add $1.0 billion to military pay. This pay raise provides five to six percent across-the-board pay raises for all military personnel, as well as targeted pay increases for mid-career service members that range above 10 percent. In addition, the bill would boost military special pay and enhance incentives to join the Reserve Officers Training Corps (ROTC). Moreover, the committee bill would improve the recruiting and retention efforts of the services and would provide for enlistment and re-enlistment bonuses. The committee bill also contains the increases for military housing contained in the budget request. Further, the committee bill recommends an additional effort: innovative programs to reduce the significant out-of-pocket costs experienced by military personnel as a result of permanent change of station moves.

Importantly, the committee bill satisfies $95 million of the service chiefs' unfunded personnel requirements.

The committee bill also would increase funding for defense medical programs of over $6 billion. With this authorization, the committee bill would provide the funding needed this coming fiscal year to implement fully the new TRICARE For Life program enacted last year.

These actions follow up on the efforts of Congress last year to reform the military health care system and compensation practices. The quality of life improvements contained in the committee bill this year represent the most significant step toward making a real improvement in military quality of life in nearly two decades. However, this is just one step forward, and real progress in this area will require additional actions over the next several years.

Enhancing Readiness

Restoring military readiness remains a key priority for the committee, as U.S. military readiness is essential to securing America's future as the world's sole superpower. Over the past six years, Congress has led the effort to identify and reverse the declining state of military readiness. Today, there is bipartisan agreement that U.S. military readiness has declined due to an increased pace of operations combined with inadequate funding and escalating maintenance costs of aging equipment. The committee bill would make real progress toward reversing this decline by providing significant increases to key operations, maintenance, and training accounts.

Despite the increases in the Administration's fiscal year 2002 defense budget request, readiness remains a serious concern. Existing readiness problems include a shortage of spare parts, aging equipment, decaying infrastructure, growing equipment and facilities' backlogs, insufficient training, and personnel shortages. In the past, essential modernization was deferred to provide for near-term readiness requirements. In addition, maintaining the readiness of "first-to-fight" forces has led to the diversion of resources from other operational support units, including strategic airlift, intelligence, surveillance and reconnaissance, combat service support units, and training bases. As General Henry Shelton, Chairman of the Joint Chiefs of Staff, testified before the committee on June 28, 2001, "The bottom line is, I do not believe that we will be able to sustain our long-term readiness under these conditions."

Secretary of the Army, Thomas White, testifying before the committee on July 18, 2001, stated, "After a decade of underfunding and overworking our force, we are clearly in a hole, and getting out will require a significant investment." Secretary of the Air Force James Roche and Air Force Chief of Staff General Michael Ryan, testified before the committee on July 11, 2001, that "overall Air Force readiness is lower than any time since June 1987." The Chief of Naval Operations, Admiral Vern Clark, testified on July 12, 2001, "The challenge of sustaining our current readiness while investing in key future capabilities remains a very difficult balancing act…. [T]his is an area where we do not meet the goals and the targets that we need in this budget." Despite this challenge, Admiral Clark stated, "I believe this is the best readiness budget that we have seen in at least a decade."

The committee bill seeks to improve both the near-term and long-term readiness of U.S. military forces by addressing critical readiness priorities. Specifically, the committee bill would increase key readiness accounts by $7.5 billion above the fiscal year 2001 level. Unfortunately,

the decision to halt combined arms naval training on the island of Vieques, Puerto Rico, beginning in 2003 will negatively impact the readiness of the armed forces. The committee bill would ensure that live-fire training could continue on the island until such time as an alternative site is found that would provide for at least an equivalent level of training.

Modernizing and Equipping the Force of the Future

Despite the end of the Cold War, the U.S. military has not fully adapted to meet the new challenges of the post-Cold War environment. For the United States to ensure that U.S. service members retain the technological edge on the battlefields of tomorrow – thereby saving lives and winning wars – the U.S. military must ensure that it has the weapons, equipment, and strategies to successfully meet future challenges.

While the exact path for transforming the military to meet these future challenges is not yet clear, modernizing the force with new technologies and advanced capabilities to fight and win future conflicts is vital. Until this path is clear, the transformation effort must take place on two fronts – maintaining the current force through a steady procurement program and developing revolutionary technologies through an aggressive research and development program.

The committee notes that today's military is continuing to live off the investment in equipment made decades ago. In his testimony before the committee on June 28, 2001, Secretary Rumsfeld stated, "We have been living off the substantial investments of the 1970s and 1980s."

Unfortunately, the Administration's request for procurement programs was the weakest aspect in an otherwise strong defense budget. Secretary White, in testimony before the committee on July 18, 2001, stated that "there will continue to be shortfalls in a number of critical areas such as modernization and recapitalization of our current force." Secretary of the Navy, Gordon England, testifying on July 12, 2001, stated, "What this increase does not do, however, is adequately address our infrastructure and procurement shortfalls."

In effect, the fiscal year 2002 amended defense budget request for procurement would place modernization efforts on hold, pending completion of DOD's strategic review. Instead, the committee bill would provide $62 billion ($442.1 million more than the President's request) to procure weapons, ammunition, and equipment, while careful reprioritization of the budget enabled the committee to meet $253.4 million of the service chiefs' unfunded requirements. The resulting procurement budget will slow the erosion of the force while laying the foundation for transformation into the future military force.

By contrast, the Administration's research and development (R&D) budget represents the first significant increase in the past decade and the first time in six years that the requested amount for R&D was greater than the amount provided by Congress in the previous year. This significant level of support for R&D programs will likely ensure rapid progress in developing innovative technologies, deploying ballistic missile defenses, and testing and evaluating transformation programs. Therefore, the committee bill would provide $47.7 billion ($228.5 million more than the President's request and $6.7 billion more than the fiscal year 2001 level) for research and development programs, including funds for ballistic missile defense programs.

Defending Americans From Ballistic Missile Threats

Today, Americans at home and abroad are within striking range of thousands of ballistic missile warheads. The risk of accidental or unauthorized launch of ballistic missiles remains real, and the proliferation of missile technology has allowed nations like North Korea to develop and test ballistic missiles capable of reaching U.S. soil.

Furthermore, American military forces and allies around the world have no effective defense against the ballistic missile threat. Over 100,000 U.S. troops in South Korea and Japan live under the threat of ballistic missile attack, as do American forward-based air and naval forces in Northeast Asia, the Mediterranean, and the Persian Gulf. Even vital U.S. allies including South Korea, Japan, and Taiwan face known ballistic missile threats and have no effective defense.

Unfortunately, ballistic missiles and weapons of mass destruction technology are proliferating faster than the U.S. ability to defend against them. Secretary Rumsfeld, in testimony before the committee on June 28, 2001, warned against underestimating the threat posed by ballistic missiles and the weapons they carry. "We would be making a terrible mistake to not be attentive to the spread of weapons of mass destruction and the ability to deliver them," he stated. Deputy Secretary of Defense Paul Wolfowitz, testifying before the committee on July 19, 2001, explained the reason other states seek ballistic missile capabilities: "To those who wonder why so many of the regimes hostile to the United States – many of them desperately poor – are investing such enormous sums of money to acquire ballistic missiles, I suggest this possible answer: They know we don't have any defenses."

Ten years after 28 U.S. service personnel lost their lives as a result of a single Iraqi Scud missile attack during the Persian Gulf War, Americans remain vulnerable to ballistic missile threats. For this reason, the committee supports efforts to accelerate research, development, and deployment of effective ballistic missile defenses.

The committee believes that America's total vulnerability to ballistic missiles must end. Unfortunately, missile defense programs have never received the level of support and funding necessary to support such an important mission. As a result, the committee bill would support the Administration's request for a significant increase in funding for ballistic missile defense programs as the first step toward the day when all Americans are protected against ballistic missile attack. The committee endorses the President's approach to ballistic missile defense, and is encouraged that the proposed missile defense program includes plans for a layered defense system and realistic testing, and explores a full range of technologies. As such, the committee endorses the Administration's missile defense program, with modest adjustments, and recommends $8.2 billion, $2.9 billion more than the fiscal year 2001 level, for the continued development of ballistic missile defenses.

The Committee Bill: A Significant Step Forward on the Path Toward Ensuring U.S. National Security

The National Defense Authorization Act for Fiscal Year 2002 represents a significant step forward in the committee's efforts to ensure that U.S. national security is protected and that the U.S. armed forces are second-to-none. It contains significant improvements in personnel, readiness, and modernization designed to keep America's military on the cutting edge of

technology and able to defeat any potential military challenge. This bill accomplishes much, but much more remains to be done.

Modernizing and maintaining today's military forces – and transforming them to meet future challenges – will require a serious and sustained commitment of resources. The committee understands that in the current prolonged period of peace, additional investments in national defense are seen by some as unnecessary. However, the cost of keeping the peace is always less than the cost of failing to do so. Clearly, defense increases are not only affordable but also essential if the United States is to remain a superpower able to promote and protect its global interests.

HEARINGS

Committee consideration of the National Defense Authorization Act for Fiscal Year 2002 results from hearings that began on March 22, 2001 and that were completed on July 18, 2001. The full committee conducted 7 sessions. In addition, a total of 20 sessions were conducted by five different subcommittees and two panels of the committee on various titles of the bill.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATION

TITLE I—PROCUREMENT

OVERVIEW

The committee did not receive the Administration's amendment to its February 2001 "Budget Blueprint" for the Department of Defense (DOD) until the end of June. During this period, Secretary Rumsfeld initiated over twenty separate review panels to examine various topics, ranging from overall defense strategy to the size and shape of conventional forces. The recommendations of these panels are still being studied and are expected to be considered during the ongoing Quadrennial Defense Review (QDR), which is to be submitted to Congress September 30th. Consequently, no decisions were made with regard to major weapons systems in the fiscal year 2002 amended budget. Although the Administration has spoken of the need to transform the military to deal with new challenges of the 21st century, the transformation process is expected to be a lengthy one that cannot be implemented with a single fiscal year's budget. The Secretary's description of the fiscal year 2002 procurement request concedes that there would be less real transformation-related change from fiscal year 2001 programs than previously thought, due to the overwhelming need to, as he put it, "repair potholes."

The fiscal year 2002 DOD procurement request of $61.6 billion is notably the weakest link in an otherwise strong defense budget. Many analysts, as well as prior DOD senior officials, have argued that an additional $20.0 to $30.0 billion above this amount is necessary annually to ensure military capabilities are adequately modernized.

The committee recommends a net increase of $442.1 million to the Department's procurement request, which includes an add of almost $525.0 million. While this amount is modest by comparison to committee actions over the past several years, it, nevertheless, represents the seventh consecutive year that the committee has provided an increase to the procurement accounts.

INSERT FY02 PROCUREMENT PROGRAM SUMMARY TABLE HERE

Aircraft Procurement, Army

Overview

The budget request contained $1,925.5 million for Aircraft Procurement, Army in fiscal year 2002. The committee recommends authorization of $1,987.5 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AIRCRAFT PROCUREMENT, ARMY TABLE HERE

Items of Special Interest

AH-64 modifications

The budget request contained $38.5 million for AH-64 modifications but included no funds to continue procurement of the oil debris detection system (ODDS) or the vibration management enhancement program (VMEP).

The ODDS is an on-board detection system that alerts aircrews to the presence of metal chips in engines and propeller gear boxes, which allows flights to be terminated prior to catastrophic failure of critical components. The system also permits the clearing of smaller particles that routinely accumulate in engine oil and cause false impending engine failure alarms resulting in unnecessary termination of aircraft missions and costly engine diagnostics.

The VMEP is an Army National Guard (ARNG) effort currently directed toward resolving vibration management problems on the ARNG's AH-64 Apache fleet.

Since the ODDS, which has been successfully integrated into other Department of Defense aircraft, both reduces aircraft maintenance costs and enhances aircrew safety, the committee recommends an increase of $5.0 million to incorporate the ODDS on the AH-64 Apache. The committee also recommends an increase of $7.0 million to continue procurement of VMEP systems for the ARNG Apache fleet and to transition this technology to the UH-60 Blackhawk and the CH-47 Chinook.

In total, the committee recommends $50.5 million for AH-64 modifications, an increase of $12.0 million.

Air traffic control

The budget request contained $68.9 million to procure air traffic control systems but included no funds for the procurement of cold cathode portable landing lights.

Cold cathode portable landing lights are commercial-off-the-shelf items that provide airfield taxiway, runway, and heliport edge lighting for both permanent and temporary locations, thereby enhancing ground safety and flight operations. The committee understands that the Army has an unfunded requirement for 100 systems of this type of lighting and recommends $78.9 million for air traffic control systems, an increase of $10.0 million, for procurement of cold cathode portable landing lights.

Aircraft survivability equipment (ASE)

The budget request contained $32.8 million for the procurement of ASE, but included no funds for AN/AVR-2A laser detecting sets (LDS). The LDS is the only device in the Army capable of providing warning to helicopter crews when they have been illuminated by a laser-targeted weapon. It detects, identifies, and characterizes threats 360-degrees-around and plus-or-minus 45 degrees above-and-below an aircraft.

The committee continues to be concerned with the growing laser threat to helicopter aircrews and notes the limited fielding of this system to force package one aircraft only. The committee also notes the Army Chief of Staff's $28.3 million fiscal year 2002 unfunded requirement to continue LDS kit installation on AH-64A Apaches,

AH-64D Apache Longbows, MH-47D Chinook and MH-60L Blackhawk Special Operations Aircraft. Based on a growing laser threat to Army helicopters, its desire to continue fielding this system beyond force package one units, and the Chief's unfunded requirement, the committee recommends $52.8 million for ASE, an increase of $20.0 million, for procurement of AN/AVR-2A LDS kits.

CH-47 cargo helicopter modifications

The budget request contained $277.5 million for CH-47 cargo helicopter modifications, but included no funds for crashworthy cockpit seats.

While existing pilot and co-pilot seats offer some protection in the event of a hard impact landing or a crash, crashworthy cockpit seats provide increased protection from the acceleration forces created by such a landing or crash, thereby avoiding serious injuries or, in extreme cases, fatalities to soldiers. Accordingly, the committee recommends $281.5 million for CH-47 modifications, an increase of $4.0 million, to procure crashworthy cockpit seats for CH-47 cargo helicopters.

Longbow

The budget request contained $888.6 million to upgrade 60 AH-64A aircraft to the AH-64D Longbow variant, including $70.2 million for Apache Longbow recapitalization.

The committee understands that the Army entered into a multiyear procurement contract in October 2000 for the remanufacture of 269 AH-64A analog variant aircraft to the digital Longbow variant. The committee notes that because of numerous problems over the last several years resulting in grounding of the Apache fleet, this contract was restructured to upgrade fewer aircraft and apply the resultant funds to meet recapitalization requirements. The committee also notes that the Army Chief of Staff identified a $47.0 million fiscal year 2002 unfunded requirement for recapitalization of the Apache Longbow fleet.

Accordingly, the committee recommends $898.6 million for Apache Longbow upgrades, an increase of $10.0 million, for Apache Longbow recapitalization.

UH-60 modifications

The budget request contained $52.3 million for UH-60 modifications, of which $17.3 million was for crashworthy external fuel systems. However, the budget request included no funds for these systems for Army National Guard (ARNG) UH-60 combat search and rescue aircraft.

UH-60 crashworthy external fuel systems are self-sealing, ballistically-tolerant tanks that replace existing 230 gallon non-crashworthy external fuel tanks originally intended only for ferry flights. However, expanding Army aviation missions have increasingly required these non-crashworthy tanks to be used to extend UH-60 tactical mission ranges, creating safety risks to flight crews, passengers, and aircraft, which require individual mission waivers by individual commands. As a result of the safety risks imposed by these existing systems and expanding ARNG search and rescue mission

requirements, the committee recommends $58.3 million for UH-60 modifications, an increase of $6.0 million, for crashworthy external fuel systems for ARNG combat search and rescue aircraft.

Missile Procurement, Army

Overview

The budget request contained $1,859.6 million for Missile Procurement, Army in fiscal year 2002. The committee recommends authorization of $1,097.3 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 MISSILE PROCUREMENT, ARMY TABLE HERE

Items of Special Interest

Missile procurement army (MPA) transfers

The budget request contained $1,859.6 million for the procurement of Army missile systems.

The committee recommends the following transfers from MPA to the program elements listed, as requested by the Army.

[In millions of dollars]

Program	FY 2002 Authorization Request	Committee Change Form Request	FY 2002 Committee Recommendation
Stinger System Summary	45,890	(22,500)	23,390
Line Of Sight Anti-Tank System	11,427	(2,000)	9,427
MLRS Launcher Systems	148,294	(10,250)	138,044
Army Tactical Missile System	34,263	(9,000)	25,263
Patriot Mods	37,617	(12,510)	25,107
Avenger Mods	17,991	(6,114)	11,877
ITAS/TOW Mods	96,204	(35,400)	60,804
MLRS Mods	23,599	(3,000)	20,599
Combat Vehicle Improvement Programs (PE 203735)	195,602	20,000	215,602
Tractor Card (PE 203808)	6,551	5,000	11,551
LOSAT (PE 603654)	57,384	13,072	70,456
Comanche (PE 604223)	732,890	28,500	761,390
Brilliant Anti-Armor Submunition (PE 604768)	123,899	9,000	132,899
Javelin (PE 604611)	492	5,202	5,694

Weapons and Tracked Combat Vehicles, Army

Overview

The budget request contained $2,276.7 million for procurement of Weapons and Tracked Combat Vehicles, Army for fiscal year 2002. The committee recommends authorization of $2,367.0 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 W&TCV PROCUREMENT, ARMY TABLE HERE

Items of Special Interest

Abrams upgrade program

The budget request contained $395.8 million for the upgrade of 104 M1 Abrams tanks to the M1A2 system enhancement program (SEP) variant.

The committee notes that the Army's M1A2 SEP upgrades are currently obtained under a three-year multiyear procurement (MYP) contract at 104 SEP tank upgrades per year. Congress authorized a combined M1A2 SEP tank and Wolverine Heavy Assault Bridge (HAB) MYP contract in fiscal year 2000, a year earlier than the planned fiscal year 2001 contract award year, based upon the estimated $118.0 million in savings that could be accrued from the 80 percent commonality of SEP and HAB chassis and component upgrades and its belief that both of the vehicles met the stable design criteria to enter into a MYP contract. The committee is concerned, however, by the 74 percent increase requested for systems technical support in fiscal year 2002 for 104 SEP upgrades, compared to the amount appropriated for fiscal year 2001 systems technical support for 100 SEP upgrades.

The committee believes that the cost growth in systems technical support is unjustified and, therefore, recommends $385.8 million for the Abrams upgrade program, a decrease of $10.0 million.

Bradley base sustainment

The budget request contained $400.8 million for the procurement of Bradley A3 fighting vehicle upgrades, including $1.7 million for fielding Army National Guard (ARNG) A2 Operation Desert Storm (ODS) variants.

The Bradley A2ODS is derived from upgrading the first-generation Bradley A0's lethality, survivability, and mobility, as well as the situational awareness of its crew. Modifications include installation of a laser range finder, Global Positioning System navigation capability, a combat identification system, a driver's thermal viewer and a missile countermeasure device.

When the Army completes all of its planned upgrades to the Bradley, the active fleet will include a mix of the most advanced A3 variant, along with A2 and A2ODS versions. The majority of the ARNG's Bradley fleet, on the other hand, will remain unmodified and be comprised mainly of first-generation A0 vehicles, which, because of major survivability deficiencies, were not mobilized during the Persian Gulf War. However, as part of the new ARNG enhanced brigades, the committee notes that some of these A0 vehicles will be required to deploy with active Army forces.

Because ARNG enhanced brigades will comprise an increasing percentage of the Army's warfighting capability as a result of active force reductions, the committee recommends $460.8 million for Bradley base sustainment, an increase of $60.0 million, to upgrade an additional 45 Bradley A0 vehicles to the A2ODS variant for the ARNG.

Ammunition Procurement, Army

Overview

The budget request contained $1,193.4 million for Ammunition Procurement, Army in fiscal year 2002. The committee recommends authorization of $1,208.6 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AMMUNITION PROCUREMENT, ARMY TABLE HERE

Items of Special Interest

Army ammunition procurement

The budget request contained $1,193.3 million for procurement of ammunition and production base support. The committee recommends $1,208.6 million, an increase of $15.2 million, for the following types of ammunition programs:

[Dollars in millions]

Mortar Ammunition	
81mm M816	8.0
CTG 120mm Illum XM930 w/MTSQ Fuze (Production line upgrade)	2.8
CTG 120mm IR Illum XM983	5.0
Rockets	
Bunker Defeating Munition	10.0
Demolition Munitions, All Types	
Modernization Demolition Initiators	3.0
Signals, All Types	
XM-211/XM-212 AIRCM	6.2
Production Base Support	
ARMS Initiative	7.6

Remote area denial artillery munition (RADAM)

The budget request contained $48.2 million for RADAM procurement. The committee understands that the Army does not plan to obligate $27.4 million of fiscal year 2001 funds for RADAM prior to the beginning of fiscal year 2002. As a result, the committee believes that these funds can be used to meet fiscal year 2002 requirements. Accordingly, the committee recommends $20.8 million for RADAM, a decrease of $27.4 million.

White phosphorus production facility

The budget request contained no funds to upgrade the white phosphorous production facility at the Pine Bluff Arsenal.

The committee is aware of plans to upgrade the production line at the Pine Bluff Arsenal, the only production facility for white phosphorous ammunition in the western hemisphere. The committee views this as an important effort and recommends $2.8 million for design work leading to replacement of the production line. The committee also directs the Secretary of the Army to examine and to refine further these plans in preparation for the submission of the fiscal year 2003 budget request.

Other Procurement, Army

Overview

The budget request contained $3,961.7 million for Other Procurement, Army in fiscal year 2002. The committee recommends authorization of $4,144.0 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 OTHER PROCUREMENT, ARMY TABLE HERE

Items of Special Interest

Artillery accuracy equipment

The budget request contained $10.4 million to procure the artillery accuracy equipment, including $6.8 million for the procurement of seven Meteorological Measuring System (MMS) units for the Army National Guard (ARNG). The MMS provides weather data to field artillery units that improves the firing accuracy of those units.

The committee is encouraged that the Army has budgeted for MMSs for the ARNG; however, it recognizes that accelerated fielding of MMS to the ARNG would benefit total Army mission requirements, since the ARNG provides nearly 70 percent of the total Army's artillery fire support. Therefore, the committee recommends $14.9 million for artillery accuracy equipment, an increase of $4.5 million, to accelerate procurement of the MMS for the ARNG.

Combat support medical

The budget request contained $16.7 million to procure deployable medical systems and field medical equipment, of which $641 thousand was for surgical temper tents. However, the budget request included no funds for rapid intravenous (IV) infusion pumps.

Surgical temper tents offer medical personnel and surgical teams shelter to provide medical and trauma care to soldiers in forward deployed sites. As a result of increased deployment of Army Reserve medical units, additional surgical temper tents are required to replace those that have been left behind in humanitarian missions.

The rapid IV infusion pump is a miniature, portable, lightweight pump specifically designed for life-saving intravenous fluid resuscitation by a medic in the field to restore blood pressure of victims with severe blood loss or dehydration. The committee notes that it is estimated that up to 15 percent of the soldiers that died in Vietnam who were not immediate battlefield casualties would have survived their wounds if rapid infusion of fluids had been a possibility during that conflict.

The committee understands the benefits of clean, sterile field medical treatment areas and, therefore, recommends an increase of $1.0 million for replacement of surgical temper tents for the Army Reserve. Also, the committee is impressed with the potential life saving capability that rapid IV infusion pumps offer and recommends an increase of $6.0 million to procure these pumps. In total, the committee recommends $23.7 million for combat support medical equipment.

Combat training centers instrumentation support

The budget request contained $10.3 million for combat training centers instrumentation support but included no funds for the Army National Guard (ARNG) deployable force-on-force instrumented range system (DFIRST).

Encouraged by the fact that the DFIRST system was chosen over all current force-on-force instrumentation systems by the All Service Combat Identification

Evaluation Team (ASCIET) as the instrumentation system for the fiscal year 1999 Joint Exercise, in the committee report on H.R. 1401 (H. Rept. 106-162), the committee recommended a pilot program at two ARNG training sites to explore the capabilities and benefits of DFIRST systems to increase the readiness of ARNG units through more effective training with greater safety and at a lower cost. To continue this force-on-force, simulation-based training at regional training centers, the committee recommends $16.3 million for combat training centers instrumentation support, an increase of $6.0 million, for additional DFIRSTs for the ARNG.

Deployable universal combat earthmovers (DEUCE)

The budget request contained $5.3 million to procure 12 DEUCEs for the interim brigade combat teams. The DEUCE is a military-unique, high speed, earthmoving tractor capable of clearing, leveling, and excavating operations for light and airborne divisions.

Although, the committee understands that the DUECE will be a critical piece of equipment for the Army's interim medium brigades, it notes that the Army Chief of Staff has identified a $7.8 million unfunded requirement in fiscal year 2002 to procure 19 DEUCEs for Army war reserve requirements and to prevent a break in the production line.

Accordingly, the committee recommends $21.3 million for DEUCE, an increase of $16.0 million, for additional war reserve DEUCEs and to address industrial base concerns.

Earthmoving scrapers

The budget request contained $7.2 million to procure 17 commercial, self-propelled elevating scrapers.

This commercial, self-propelled elevating scraper is sectionalized into two pieces for external sling load helicopter transport. It will be used by airborne and air assault combat engineers for road and airfield construction and maintenance to support early entry forces. This new start program supports the Army's legacy-to-objective transformation campaign plan, enabling forces to more rapidly deploy and be sustained by quickly constructed infrastructure.

Therefore, the committee recommends $13.2 million for earthmoving scrapers, an increase of $6.0 million, to accelerate the procurement of commercial, self-propelled elevating scrapers.

High mobility trailers

The budget request contained no funds for safety modifications for high mobility trailers.

The Army has procured 5,116 high mobility trailers since fiscal year 1994 is unable to field these trailers due to an inability to meet mobility and safety requirements. The committee understands that the Army has an ongoing program to correct these deficiencies that is scheduled to be completed in fiscal year 2002. The committee also understands that the Army plans to conduct a re-competition for these trailers in fiscal

year 2003 and, in conducting its market survey for this competition, expects the Secretary of the Army to determine if there is a requirement for low cost, state-of-the-art, lightweight, detachable equipment storage and equipment transport carriers for non-combat missions, logistics support, and fire fighting services.

Improved high frequency radio (IHFR)

The budget request contained no funds to procure IHFRs.

The IHFR is the primary means of communications for maneuver battalions, combat support and combat service support units, the latter of which are comprised primarily of Army Reserve forces. The IHFR provides a versatile capability for short- and long-range communications, particularly important for highly mobile and geographically dispersed units not supported by active component communications units. The IHFR is also the only tactical radio that possesses a long-range communications capability independent of terrestrial or satellite relays and exceeds the range of the line-of-sight Single Channel Ground and Airborne Radio System. To date, only 215 systems have been fielded to the Army Reserve due to budget constraints; consequently, the Army Reserve must continue to maintain a mixture of older and unsupportable HF communications radios. For this reason, the Chief of the Army Reserve has identified a $38.5 million fiscal year 2002 unfunded requirement for 1,003 IHFRs.

Accordingly, the committee recommends an increase of $10.0 million to procure IHFRs for the Army Reserve.

Modification of in service equipment

The budget request contained $49.2 million for modifications of in service equipment, but included no funds for the procurement of a rubber wheel-to-track conversion system.

The committee understands that there is an existing rubber track system, capable of converting both commercial and military four-wheel drive vehicles weighing up to 1.5 tons, such as the high mobility multi-purpose wheeled vehicle (HMMWV), into true all-terrain vehicles in about 30 minutes. The committee believes this track system could enable HMMWVs to greatly expand their operational domain into all types of off-road conditions, such as soft sand, deep snow, and swampy areas.

Based on the potential to expand the HMMWV's off-road capability, the committee recommends $59.2 million for modifications of in service equipment, an increase of $10.0 million, to procure a wheel-to-track conversion system.

Nonsystem training devices

The budget request contained $74.5 million to procure nonsystem training devices, but included no funds for Army Aviation Institutional Training Simulators (AAITS), BEAMHIT laser marksmanship training systems (LMTS) for the Army Reserve, or fire fighter training systems (FFTS).

The committee understands that the AAITS provide full-motion, reconfigurable cockpit simulation for AH-64 Apache, UH-60 Blackhawk, and OH-58D Kiowa Warrior

helicopters and notes that a shortfall exists for the simulators at the Army Aviation Center. The committee notes that the Army Reserve lacks adequate BEAMHIT LMTS to maintain markmanship training skills, required to fulfill increasingly greater contingency operations and missions. Furthermore, the committee is aware that a shortfall of commercially-available, mobile FFTS remains, despite the increases for this system in prior fiscal years provided by the committee as well as the committee's prior recommendations that the Secretary of the Army adequately budget for this system.

In view of these concerns, the committee recommends $111.7 million for nonsystems training devices, an increase of $37.2 million, including $20.0 million for AAITS, $14.2 million for BEAMHIT LMTS for the Army Reserve, and $3.0 million for FFTS.

Product improved combat vehicle crewman (PICVC) headset

The budget request contained no funds to procure PICVC headsets.

The committee is aware that loss of communications in CVC headsets was identified in late fiscal year 1998 during Force XXI Battle Command Brigade and Below (FBCB2) testing and evaluation in armored vehicles. This testing revealed that electromagnetic interference (EMI) generated by Single Channel Ground and Airborne Radio Systems installed in armored vehicles to transmit FBCB2 data created intermittent communication problems. The committee believes that intermittent communications caused by EMI could endanger crews as a result of not receiving complete command and control and targeting information in a high operational tempo or combat environment.

Since the PICVC headset eliminates EMI communication losses, the committee recommends an increase of $9.0 million to procure PICVC headsets to address this safety issue.

Reserve component automation system (RCAS)

The budget request contained $89.3 million for the procurement of RCAS components.

The committee expects the Army to continue to provide adequate funding for the on-going information technology support to the National Guard and the Army Reserve. Currently, the RCAS program provides integrated support for mobilization and day-to-day management in both the Army National Guard (ARNG) and Army Reserve. In setting future priorities, the committee believes that funds should be provided to ensure that the ARNG and Army Reserve can continue to equip and support their full IT needs, including their requirements to upgrade the equipment originally installed under RCAS. Consequently, the committee expects the Army to provide funds for these requirements so that the ARNG and Army Reserve can meet their national security, homeland security, civil support, and national missile defense missions.

Ribbon bridge

The budget request contained $48.2 million for ribbon bridge equipment, but included no funds to procure this equipment for Army National Guard (ARNG) multi-

role bridge companies (MRBC). Ribbon bridge equipment consists of 10-ton, 8-wheel drive M1977 Heavy Expanded Mobility Tactical Truck Common Bridge Transporters, M15 Bridge Adaptor Pallets, and M14 Improved Boat Cradles.

The committee understands that the ARNG will establish seven MRBCs in fiscal year 2001 and will equip them with existing engineer bridging equipment and older, lower-capacity, five-ton trucks. However, the committee also understands that without additional funds, these new MRBCs will not convert to the new equipment required for their mission until fiscal year 2004.

Therefore, the committee recommends $59.4 million for ribbon bridging equipment, an increase of $11.2 million, to accelerate the fielding of two ARNG MRBCs.

Special equipment for user testing

The budget request contained $16.4 million for the procurement of special equipment for user testing, including $10.1 million for 1 XM Target Acquisition Radar – Agile Multi-Beam (XMTARAMB) system, but included no funds for Target Receiver Injection Module (TRIM) threat simulators.

The XMTARAMB is an advanced air defense acquisition and targeting radar which incorporates advanced frequency hopping, agile, multi-beam, three-dimensional targeting technology with an associated command, control, and communication facility. This system is critical to the ability of the United States and its allies to counter threats with enhanced technologies, as well as to develop proper tactics, techniques and procedures to ensure maximum protection for personnel and their weapon systems. Consequently, the committee recommends an increase of $12.0 million to procure an additional XMTARAMB system.

The committee is also aware of the benefits of TRIM, which, when inserted in antenna cables of Army information collection, transmission, or dissemination systems, stimulate the system with threat signals. This capability will replace current open-air radiations of radio frequency threats, which are becoming obsolete and prohibited by the Federal Communications Commission due to the growing number of threats now required to be simulated. Understanding the benefits derived from threat simulations, the committee recommends an increase of $4.0 million for TRIM.

In total, the committee recommends $32.4 million for special equipment for user testing, an overall increase of $16.0 million.

Super high frequency (SHF) terminal

The budget request contained $17.0 million for the procurement of 8 SHF Tri-Band Advanced Range Extension Terminals (STAR-T).

The committee is aware that this system has been plagued with cost overruns and technical and understands that, subsequent to the submission of the budget request to Congress, the Army terminated the program because of default by its contractor. The committee further understands that there are no program termination costs to the Army and that the service intends to recoup $24.0 million of unliquidated progress payments from the contractor.

The committee outlined its concerns with STAR-T program delays in the committee report on H.R. 1401 (H. Rept. 106-162) and agrees with the Army's termination action. Because no contract termination fees are required, the committee recommends no funds for STAR-T, a decrease of $17.0 million.

Tactical unmanned aerial vehicle (TUAV)

The budget request contained $84.3 million to procure 9 TUAV systems and 5 attrition air vehicles.

The TUAV system will provide Army maneuver commanders with dedicated reconnaissance, surveillance, and target recognition and battle damage assessment from information collected through its electro-optical and infrared sensor payloads down-linked to ground control units. The committee notes that the Army Chief of Staff has identified a $16.2 million fiscal year 2002 unfunded requirement to upgrade low rate initial production TUAVs with a synthetic aperture radar/moving target indicator (SAR/MTI) all weather sensor, a digital tactical control data link (TCDL), and an improved avionics suite. The committee supports these enhancements to the TUAV despite the program's recent delays as a result of several crashes during testing. The committee therefore recommends $91.6 million for TUAV, an increase of $7.3 million for SAR/MTI, TCDL, and improved avionics upgrades.

Water distributors

The budget request contained $1.0 million to procure four 2,000-gallon capacity module water distributors for use by tactical fire fighting teams.

These new distributors will replace currently fielded 6,000-gallon water distributors, which suffer from poor mobility, safety issues when transported with partial loads, and maintenance problems. This new start program supports the Army's legacy-to-objective transformation campaign plan, enabling tactical fire fighting teams to rapidly deploy with enhanced cross country mobility.

Therefore, the committee recommends $5.0 million for water distributors, an increase of $4.0 million, to accelerate procurement of 2,000-gallon capacity module water distributors.

Chemical Agents and Munitions Destruction, Army

Overview

The budget request contained $1,153.6 million for Chemical agents and Munitions Destruction, Army, for fiscal year 2002. The committee recommends no funds for fiscal year 2002.

PLACEHOLDER

INSERT TITLE 1 CHEM AGENTS & MUNTITIONS DESTRUCTION, ARMY TABLE HERE

Items of Special Interest

Chemical agents and munitions destruction

The budget request contained $1,153.6 million for Chemical Agents and Munitions Destruction, Army.

The committee notes that section 1412 of the National Defense Authorization Act for Fiscal Year 1986 (Public Law 99-145), as amended, requires that funds for the destruction of the U.S. stockpile of lethal chemical agents and munitions, including funds for military construction projects necessary to carry out the demilitarization program, shall only be authorized and appropriated in the budget of the Department of Defense (DOD) as a separate program and shall not be included in the budget accounts for any military department. The committee notes that for the third year in a row, the Department's budget request contains authorization and appropriation of funds for the chemical demilitarization program in a budget account of the Department of the Army in contravention of direction provided by the law.

The committee believes that the original legislation, which mandated that funds for the chemical demilitarization program be authorized and appropriated in a defense-wide budget account in order to emphasize that destruction of the chemical weapons stockpile was a national issue affecting all of the Department and not just a single military service was valid in 1986, when the estimated cost of the chemical stockpile demilitarization program was approximately $1.5 billion and is even more valid today, when the estimated cost of the program has grown more than ten-fold.

Accordingly, the committee recommends no funds for Chemical Agents and Munitions Destruction, Army, a decrease of $1,153.6 million. The committee recommends an increase of $1,078.6 million for Chemical Agents and Munitions Destruction, Defense, as described elsewhere in this report.

Aircraft Procurement, Navy

Overview

The budget request contained $8,252.5 million for Aircraft Procurement, Navy in fiscal year 2002. The committee recommends authorization of $8,337.2 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AIRCRAFT PROCUREMENT, NAVY TABLE HERE

Items of Special Interest

AV-8B modifications

The budget request contained $49.5 million for various AV-8B modifications but included no funds for the Litening II, a precision targeting system that allows the AV-8B aircraft to autonomously detect and track targets and to deliver precision munitions.

The committee understands that the Marine Corps has a requirement for 98 Litening II targeting pod systems but has thus far only procured 56. The committee also notes that the Commandant of the Marine Corps included this system among his unfunded requirements for fiscal year 2002. Consequently, the committee recommends $79.5 million for AV-8B modifications, an increase of $30.0 million, to procure additional Litening II targeting pods.

Calibration test equipment

The budget request contained $18.2 million for aircraft industrial facilities, of which $8.8 million was included for calibration equipment.

Calibration equipment provides the Navy with products and services to maintain accurate test equipment used for maintenance of weapons, aircraft, ships, submarines, and Marine Corps ground systems. The committee notes that without calibration equipment, test equipment drifts to inaccurate performance levels which could induce errors in weapons systems or result in serviceable components being removed for unnecessary maintenance or unserviceable components remaining in a system. The committee also notes that during the past 10 years funding for the Navy's calibration test equipment has decreased by over 60 percent and that this situation has resulted in a corresponding decrease in the availability of calibrated equipment from 86 percent to 74 percent.

Since the committee understands that the budget request for calibration test equipment funds only 59 percent of the fiscal year 2002 requirement, the committee recommends $22.7 million for aircraft industrial facilities, an increase of $4.5 million, for additional calibration test equipment.

E-2 modifications

The budget request contained $14.6 million for E-2 modifications but included no funds to upgrade an E-2 mission computer test aircraft to the Hawkeye 2000 configuration.

The Hawkeye 2000 configuration is an upgrade to older-model E-2 aircraft that integrates satellite communications, a commercial-off-the-shelf, high-capacity mission computer and associated workstations, and cooperative engagement capability equipment. The committee understands that the Navy's E-2 aircraft inventory includes a mission computer test aircraft that can be economically upgraded to the Hawkeye 2000 configuration and, therefore, recommends $39.6 million for E-2 modifications, an increase of $25.0 million, to the upgrade the Navy's mission computer E-2 test aircraft to the Hawkeye 2000 configuration.

F/A-18E/F

The committee notes that the F/A-18E/F aircraft is currently procured under a multiyear contract, but notes further that the aircraft's F414 propulsion system is not procured under either this contract or a separate multiyear contract.

To promote further F/A-18E/F acquisition savings, the committee strongly urges that the Department of the Navy evaluate the benefits of a five-year multiyear procurement structure for the F414 propulsion system beginning in fiscal year 2002.

Joint primary air training system (JPATS)

The budget request contained no funds for the Navy JPATS.

The JPATS, consisting of both the T-6A aircraft and a ground-based training system, will be used by the Navy and Air Force for primary pilot training. The T-6A will replace both the Navy's T-34 and Air Force's T-37B fleets, providing safer, more economical and more effective training for future student pilots.

The committee notes that, although the Navy has already procured 12 T-6A aircraft in fiscal year 2000 and 24 T-6As in fiscal year 2001, it plans to discontinue JPATS acquisition between fiscal years 2002 and 2007. Expressing concern about this decision, the committee also notes that the report accompanying H.R 2216 (H. Rept. 107-148) directed the Secretary of the Navy to provide a report to the House and Senate Appropriations Committees detailing the business case for the Navy's deferring JPATS acquisition. The committee believes that JPATS procurement for the Navy would not only reduce procurement costs for both the Navy and the Air Force but would reduce operations and maintenance costs as well. The committee directs the Secretary of the Navy to report to the committee within 90 days after enactment of this Act his plan to begin full implementation of the JPATS program beginning in fiscal year 2003.

SH-60 series modifications

The budget request contained $1.7 million for SH-60 series modifications but included no funds for the SH-60F's AN/AQS-13F dipping sonar upgrade or for the advanced helicopter emergency egress lighting system (ADHEELS).

The SH-60F is the Navy's anti-submarine warfare helicopter based aboard aircraft carriers and uses the AN/AQS-13F as its principal dipping sonar to detect submarines near the aircraft carrier. The committee understands that a pre-planned product improvement program for the AN/AQS-13F could achieve improved shallow-water detection capability and provide increased system reliability. Accordingly, the committee recommends an increase of $11.0 million to upgrade the SH-60F's AN/AQS-13 dipping sonar.

The ADHEELS provides crew escape lighting for H-60 series helicopters in the event of water impact. The committee understands that the Department of the Navy has selected ADHEELS as its future helicopter escape lighting system due to its superior performance, significantly increased operational reliability, and lower life-cycle costs.

Consequently, the committee recommends an increase of $3.2 million to accelerate the installation of ADHEELS in the Navy's H-60 helicopter fleet.

In total, the committee recommends $15.9 million, an increase of $14.2 million, for SH-60 series modifications.

T-45 training system (TS)

The budget request contained $179.3 million to procure 6 T-45C aircraft and associated ground-based training equipment but included no funds for T-45C operational flight trainers. The T-45TS is an integrated training system that combines the T-45 aircraft, simulators, and computer-based training for the Navy's intermediate-level undergraduate pilot training.

The committee notes that the Navy is replacing older-model T-45As with new-production T-45Cs but understands that all bases planned for upgrade to the T-45C are not scheduled to receive T-45C operational flight trainers upon arrival of the new-production aircraft.

Since the T-45C operational flight trainer will provide improved replication of the T-45C cockpit configuration and performance characteristics, the recommends $192.3 million, an increase of $13.0 million, for two additional T-45C operational flight trainers.

Tactical air reconnaissance pod system (TARPS)-completely digital (CD)

The budget request contained $27.6 million for other production charges but included no funds for the TARPS-CD system, an electro-optic sensor upgrade designed to validate digital imaging technologies and to mitigate development risks for the next-generation shared reconnaissance pod (SHARP) system.

Since the SHARP system remains in development, the committee understands that the Navy is upgrading several TARPS-CD cameras with an 18-lens configuration which improves the system's standoff and survivability capabilities.

To upgrade all remaining TARPS-CD systems to a common 18-lens configuration, the committee recommends $30.6 million for other production charges, an increase of $3.0 million, for the TARPS-CD 18-lens configuration and for spares and support costs.

Weapons Procurement, Navy

Overview

The budget request contained $1,433.5 million for Weapons Procurement, Navy in fiscal year 2002. The committee recommends authorization of $1,476.7 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

INSERT TITLE 1 WEAPONS PROCUREMENT, NAVY TABLE HERE

Items of Special Interest

MK 46 Mod 0 lightweight machine gun

The budget request contained $910 thousand for small arms and weapons but included no funds for the MK 46 Mod 0 lightweight machine gun.

The MK 46 Mod 0 lightweight machine gun is a variant of the existing M249 squad automatic weapon designed to meet the unique lower-weight and reliability requirements for the Navy's sea-air-land (SEAL) teams and other special operations forces.

The committee understands that the Navy's SEAL teams and special operations forces require approximately 1875 MK 46 Mod 0 lightweight machine guns and, consequently, recommends $6.1 million for small arms and weapons, an increase of $5.2 million, to procure MK 46 Mod 0 lightweight machine guns.

Tomahawk missile

The budget request contained $50.1 million for the first 34 block IV low-rate initial production tactical tomahawk (TACTOM) missiles but included no funds for special tooling and test equipment for rate production of the block IV TACTOM missile.

The Tomahawk missile is a long-range, precision strike cruise missile launched from surface ships or submarines, and the block IV TACOM missile will provide improved performance at a lower unit cost than previous missile versions. The committee understands that subsequent to the block IV TACTOM contract award in 1998, the Navy has had to switch to a different engine manufacturer than originally planned and that this decision requires increased funding for special tooling and test equipment to accommodate rate production of the TACTOM missiles equipped with the newly-selected engine.

Accordingly, the committee recommends $70.1 million for the tomahawk missile, an increase of $20.0 million, to procure the special tooling and test equipment necessary for rate production of the block IV TACTOM.

Trident II missile

The budget request contained $559.0 million for Trident II missiles, including $143.7 million for D5 continuous production life extension.

The Trident II D5 missile is carried on the Ohio class fleet ballistic missile submarines to provide a highly survivable strategic ballistic missile deterrent. The Trident II D5 continuous production life extension (CPLE) program sustains the production of Trident II D5 missile motors and other critical components. The committee views the Trident II as critically important strategic deterrence and strongly supports the fiscal year 2002 budget request for 12 Trident D5 missiles and associated funding for the CPLE program.

While the Navy has not provided the committee with its Trident II D5 CPLE program budget projections beyond fiscal year 2002, it notes that the Navy has recently extended the hull life of its Ohio class fleet ballistic missile submarines from 30 to 44

years and is concerned that the CPLE program may not be fully funded in the future years defense program commensurate with the extended submarine hull life. Therefore, the committee urges the Department to include funds for the CPLE program in its fiscal year 2003 budget and in the future years defense program to preclude both the loss of the critical missile motor production base and the possibility that expensive start-up costs may be incurred at a future date to regenerate Trident II missile production capability.

Ammunition Procurement, Navy/Marine Corps

Overview

The budget request contained $457.0 million for Ammunition Procurement, Navy/Marine Corps in fiscal year 2002. The committee recommends authorization of $463.5 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AMMUNITION PROCUREMENT, NAVY/MARINE CORPS
TABLE HERE

Shipbuilding and Conversion, Navy

Overview

The budget request contained $9,344.1 million for Shipbuilding and Conversion, Navy in fiscal year 2002. The committee recommends authorization of $9,321.1 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 SHIPBUILDING AND CONVERSION PROCUREMENT, NAVY TABLE HERE

Items of Special Interest

Completion of prior year shipbuilding programs

The budget request contained $800.0 million to cover increases in the costs to complete construction of certain ships for which Congress authorized and appropriated funds in prior fiscal years. Included in this amount was $248.0 million for the first of the San Antonio-class amphibious transport dock ships, the LPD-17.

The committee notes that the Department of Defense requested a supplemental appropriation of $65.0 million in fiscal year 2001, in addition to the $248 million in the budget request, to cover the increased costs of the LPD-17. The committee also notes, Congress approved the $65.0 million supplemental request, but understanding that the fiscal year 2002 budget request did not contain funds for construction of the fifth and sixth ships of the class, as had been anticipated, Congress rescinded $75.0 million of advance procurement funds for these two ships appropriated in fiscal year 2001 and applied the funds to the LPD-17. The committee does not believe such action would have been taken if it were going to result in a requirement to payback those funds at a later date.

Since the LPD-17 received an additional $75.0 million in the Supplemental Appropriations Act, 2001 (Public Law 107-80), the committee concludes that $75.0 million of the $248.0 million in the budget request is not required. Consequently, the committee recommends $725.0 million for prior year shipbuilding, a decrease of $75.0 million.

Minehunter small waterplane area twin hull (SWATH)

The budget request contained no funds for the Minehunter SWATH.

The Navy's minehunting fleet includes one Minehunter SWATH boat, which is its only surface mine warfare vessel capable of operating in very shallow water or capable of transport by C-5 aircraft for operational deployment within 24 hours. The committee understands that, during the past two years, the Minehunter SWATH has completed highly successful testing in the Pacific theater and notes that senior naval officers support its immediate acquisition and deployment to meet shallow water minehunting requirements.

Therefore, the committee recommends an increase of $2.0 million for the procurement of the Minehunter SWATH.

Outfitting

The budget request contained $307.2 million for outfitting, of which $208.6 million was for outfitting and $96.0 million was for post delivery. Outfitting funds are used to acquire items necessary in the pre-commissioning activities of ship construction, and post delivery funds are used to fix items for which the government is responsible after ship delivery.

The committee believes that $3.2 million of outfitting funds budgeted for ships which are scheduled to begin construction in fiscal year 2002 and $6.8 million budgeted for ships which are planned for delivery in fiscal year 2003 are premature. Consequently, the committee recommends $297.2 million for outfitting, a decrease of $10.0 million.

SSGN conversion

The budget request contained $86.4 million for the advance procurement of products and materials necessary to refuel and convert two fleet ballistic missile carrying submarines (SSBN) to a conventional cruise missile carrying submarine (SSGN) configuration but included no funds for the advance planning necessary to refuel two additional SSBNs.

Once refueled and converted, SSGNs will be capable of both delivering up to 154 Tomahawk cruise missiles and deploying special operations forces. Although four SSBNs are available for the SSGN refueling and conversion program, the Department of the Navy has only budgeted for the conversion of two. The committee strongly supports the SSGN conversion program and believes that all four SSBNs should be converted to the SSGN configuration.

Accordingly, the committee recommends $137.4 million, an increase of $51.0 million, for the advance planning necessary to refuel the remaining two SSBNs in preparation for their conversion to the SSGN configuration.

Other Procurement, Navy

Overview

The budget request contained $4,097.6 million for Other Procurement, Navy in fiscal year 2002. The committee recommends authorization of $4,157.3 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 OTHER PROCUREMENT, NAVY TABLE HERE

Items of Special Interest

Operating forces industrial plant equipment

The budget request contained $27.5 million for operating forces industrial plant equipment but included no funds for expeditionary maintenance facilities (EMF).

The committee is aware that the Navy is continuing to decommission its repair tenders, thereby limiting its ability to rapidly deploy a ship and equipment repair capability to support forward deployed forces. However, the committee is also aware that EMF, which are surface and air transportable, self-contained facilities, can be operational within 72 hours of deployment, and can meet the service's needs for a rapidly deployable repair and maintenance capability.

The committee fully supports the EMF concept and, accordingly, recommends $28.0 million for operating forces industrial plant equipment, an increase of $500 thousand, for procurement of EMF.

Other navigation equipment

The budget request contained $45.9 million for the procurement of other navigation equipment but included no funds to procure force protection thermal imaging equipment for military sealift command ships.

As a result of the committee's investigation into the attack on the U.S.S. Cole, the committee is keenly aware of the lack of force protection equipment and sensors on board Naval warships and supply ships to identify and counter unconventional threats. The committee is also aware of, and supports, the Navy's rapid request for emergency funds to meet many of these requirements for its warships. However, military sealift command ships, which often steam independently and make port calls in remote and hostile areas separate from battle groups, lack adequate thermal imaging sensors to identify potential threats and hazards at ranges that would allow a timely response to avoid a collision or counter a terrorist attack.

Understanding new threats and vulnerabilities of U.S. ships while underway and at anchor, the committee recommends $55.9 million for other navigation equipment, an increase of $10.0 million, for the procurement of military sealift command force protection thermal imaging equipment.

Other supply support equipment

The budget request contained $7.5 million for the procurement of other supply support equipment, of which $741 thousand was for automatic identification technology (AIT) in support of the serial number tracking system (SNTS).

The SNTS will use commercial AIT to provide web-based, cradle-to-grave, total asset visibility of individual components throughout the supply, maintenance, and transportation transfer process within Naval and Marine Corps aviation depots and will enhance the maintenance, remanufacture, and rebuild process of Navy and Marine Corps aircraft. The committee believes that streamlined business processes, such as SNTS, can be readily achieved by implementing AIT and has recommended increases for this

technology for maintenance and ammunition tracking systems for other services in prior fiscal years.

Accordingly, the committee recommends $13.5 million for other supply support equipment, an increase of $6.0 million, for the SNTS.

Other training equipment

The budget request contained $37.2 million for other training equipment, of which $32.5 million was for the procurement to support the battle force tactical training (BFTT) program.

The BFTT system allows surface combatants and aircraft carriers to conduct realistic coordinated training scenarios using ownship equipment instead of shore-based training simulators. The committee notes that Congress provided funds in fiscal years 2000 and 2001 to upgrade the BFTT system in order to provide an air traffic control (ATC) training capability for aircraft carrier crews. However, the committee understands that additional BFTT ATC upgrades are required on both landing helicopter assault (LHA) and landing helicopter dock (LHD) amphibious ships for integrated battle group training. Because of the enhanced benefits to ships' crews from integrated battle group training, the committee recommends $41.2 million for other training equipment, an increase of $4.0 million, to procure BFTT ATC upgrades for 5 LHAs and 7 LHDs.

Radar support

The budget request contained no funds to procure radar support equipment.

The committee understands that an upgrade to the Mk92 Mod 1 system, which provides surveillance and gunfire control on medium-sized ships is required because the current system relies on obsolete components that are no longer manufactured, resulting in a spare parts inventory incapable of sustaining it beyond fiscal year 2002. The committee believes this situation should be avoided and, therefore, recommends an increase of $15.0 million to upgrade Mk92 Mod 1 radars to the Mod 2 variant.

Satellite communications systems

The budget request contained $198.1 million to procure satellite communication systems, of which $9.6 million is for the procurement of digital modular radios (DMR).

The DMR is a software programmable radio which replaces AN/WCS-3 transceivers and TD-1271 multiplexer modems that are not compliant with Joint Chiefs of Staff directives. The DMR is backward compatible with existing radios and cryptographic devices, while being 90 percent compatible with the next-generation Joint Tactical Radio System (JTRS) common architecture. The committee understands that additional software development is required for DMRs to maintain compliance with JTRS software compliance architecture (SCA) and, therefore, recommends $213.1 million for satellite communications systems, an increase of $15.0 million, to migrate the DMR to the JTRS SCA version 2.0 software.

Procurement, Marine Corps

Overview

The budget request contained $981.7 million for Procurement, Marine Corps in fiscal year 2002. The committee recommends authorization of $1,025.6 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 PROCUREMENT, MARINE CORPS TABLE HERE

Items of Special Interest

Container family

The budget request contained $5.9 million to procure container handling equipment but included no funds to conduct a service life extension program (SLEP) for the tractor, rubber tired, articulated steering, multi-purpose (TRAM).

The TRAM, a multi-purpose material handling and earthmoving machine capable of lifting up to 10,000 pounds, provides the primary heavy lift and earth moving capability for the Marine Corps. Since this system has been heavily relied upon to facilitate expeditionary operations, it requires a SLEP to extend its service life for an additional 10 years. The committee notes that the Commandant of the Marine Corps has identified a $7.4 million fiscal year 2002 unfunded requirement to conduct a SLEP for 521 of the 617 TRAMs on hand. Because the committee understands the vital mobility requirements that this system fulfills, the committee recommends $13.3 million for container family equipment, an increase of $7.4 million, for TRAM SLEP.

Expeditionary warfare

The committee supports the Department of the Navy's efforts in developing expeditionary warfare capabilities to address threats of the 21st century. The committee believes that an expeditionary force capable of rapid, sustained employment that possesses the ability to conduct forcible entry is a necessary military asset. However, the committee is concerned that programmed funding is inadequate to execute the full spectrum of expeditionary warfare operations. This disparity was highlighted in a recent General Accounting Office report, which concluded that it will be another 10 to 20 years before the Navy and the Marine Corps have the capabilities needed to successfully execute littoral warfare operations against competent enemy forces. The committee also notes that testimony provided by Navy and Marine Corps officials acknowledged that the nation's sea service lacks a number of key warfighting capabilities and that these deficiencies place at risk expeditionary warfare operations.

Consequently, the committee directs the Secretary of the Navy to provide a report to the congressional defense committees by March 1, 2002, that examines the relationship between expeditionary warfare funding and mission requirements. At a minimum, the report shall contain the following information:

(1) Identification of those missions which are assigned to and can best be carried out by expeditionary warfare forces;
(2) Identification of major programs that directly support execution of expeditionary warfare and a comparison between required and actual funding for these programs over the past three fiscal years as well as a comparison between required and planned funding for them as identified in the future years defense program; and
(3) An explanation of the risks of underfunding these programs, including any impact on personnel morale, retention and effectiveness.

Family of construction equipment

The budget request contained $8.3 million for the remanufacture or product improvement of D-7G dozers, 621B scrapers, and 130G graders. The dozer/scraper/grader fleet is used throughout Marine Corps combat engineer and support units for airfield construction, as well as for combat clearing and debris excavation.

The committee notes that the service's rapidly deteriorating dozer, scraper and grader fleet is over 15 years old and that the Commandant of the Marine Corps has identified a fiscal year 2002 unfunded requirement to accelerate remanufacture of this equipment. The committee also notes that the remanufacturing/product improvement program will extend the life of this equipment for an additional 10 years.

Consistent with its actions in prior years, the committee recommends $25.3 million for the family of construction equipment, an increase of $17.0 million, to remanufacture/product improve D-7G dozers, scrapers, and graders.

Night vision equipment

The budget request contained $22.4 million to procure night vision equipment but included no funds to procure AN/PVS-17 night vision sights.

The AN/PVS-17 is a lightweight, rifle-mounted, generation III image intensification night vision sight that replaces obsolete, post-Vietnam era AN/PVS-4 sights. The committee notes that the Commandant of the Marine Corps has identified a $16.5 million fiscal year 2002 unfunded requirement to procure 3,682 AN/PVS-17 night vision sights, which would complete this system's acquisition objective. The committee recognizes the increased benefits of generation III technology, and, therefore, recommends $36.9 million for night vision equipment, an increase of $14.5 million, for AN/PVS-17 night vision sights.

Aircraft Procurement, Air Force

Overview

The budget request contained $10,744.5 million for Aircraft Procurement, Air Force in fiscal year 2002. The committee recommends authorization of $10,705.7 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AIRCRAFT PROCUREMENT, AIR FORCE TABLE HERE

Items of Special Interest

B-2

The budget request contained $11.9 million for B-2 modifications, of which $11.3 million was included to upgrade one B-2 aircraft with satellite communications (SATCOM). The budget request also contained $155.0 million in PE 64240F but included no funds for the link 16, center instrument display and in-flight replanner (Link16/CID/IFR) upgrade, or for integration of the enhanced guided bomb unit (EGBU)-28 weapon. The B-2 is the Department of Defense's most advanced long-range strike aircraft, capable of global force projection in a highly defended target environment.

The B-2 SATCOM upgrade provides beyond-line-of-sight secure voice and data communications that will ensure global command and control of this aircraft, and the committee believes that the entire fleet of 21 B-2 aircraft should be upgraded with SATCOM. Accordingly, the committee recommends $44.9 million for B-2 modifications, an increase of $33.0 million, to upgrade all 21 B-2s with SATCOM.

The B-2 link 16 provides networked battlefield situational awareness for improved survivability and flexible targeting, while the center instrument display and in-flight replanner portions of this upgrade provide an improved tactical situation picture and a capability to adjust mission planning while enroute. The EGBU-28 weapon will replace the aging, B-2 unique GBU-37B with a common weapon to continue the B-2's capability to attack hard and deeply buried targets. The committee views the Link16/CID/IFR and EGBU-28 upgrades as critical to future B-2 effectiveness. Consequently, the committee recommends $245.0 million in PE 64240F, an increase of $90.0 million--$63.0 million to accelerate the Link 16/CID/IFR upgrade and $27.0 million to complete engineering and manufacturing development activities for the EGBU-28 upgrade.

Additionally, the committee notes that the Air Force's concept of a global strike task force includes F-22 and B-2 aircraft and believes that its implementation may require procurement of additional B-2s. Accordingly, the committee directs the Secretary of the Air Force to provide a report to the congressional defense committees with the submission of the fiscal year 2003 budget request that describes the number and type of aircraft required to implement this concept and the acquisition strategy to procure these aircraft.

C-130

The committee notes that the Air Force has developed a long-range plan called the "C-130 Roadmap," to assist in the planning, budgeting and beddown of the newest aircraft in the C-130 fleet. The C-130 aircraft has been the workhorse of the military's tactical airlift fleet supporting operations around the globe for over four decades. The committee strongly supports the beddown of C-130Js as depicted in the "C-130 Roadmap." The committee expects the Air Force to continue to work closely with Congress on its beddown plan for the C-130J fleet and on the proposed C-130J-30 multiyear procurement. The committee encourages the Air Force to use similar

roadmaps as the baseline to plan, budget, and beddown other aircraft in order to modernize and replace aging systems.

C-17

The budget request contained $2,875.8 million to procure 15 C-17 aircraft and $228.1 million for advance procurement of 12 aircraft in fiscal year 2003. The C-17 aircraft is currently procured under a seven-year multiyear procurement contract that ends in fiscal year 2003.

The committee notes that the recent Mobility Requirements Study-2005 concluded that the currently programmed airlift fleet is not adequate to meet requirements for the existing national military strategy. While the Department of Defense's on-going strategic review and upcoming Quadrennial Defense Review may change strategy or requirements for combat force structure, the committee believes that fiscal year 2003 procurement of C-17s will need to be maintained at current levels to replace the aging C-141 aircraft fleet scheduled for retirement. Accordingly, the committee recommends a transfer of $36.0 million from C-17 procurement to C-17 advance procurement in order to provide for the more efficient production rate of 15 C-17s in fiscal year 2003, rather than the 12 now planned.

Therefore, the committee recommends $2,839.8 million for the procurement of 15 C-17s, a decrease of $36.0 million, and $264.1 million, an increase of $36.0 million for the advance procurement for 15 C-17s in fiscal year 2003.

The committee has included a provision that would authorize the Secretary of Defense to proceed with a follow-on C-17 multiyear procurement contract if the Secretary certifies the necessity to do so prior to enactment of the National Defense Authorization Act for Fiscal Year 2002.

CV-22

The budget request contained $95.1 million for CV-22 engineering and support costs, $15.0 million for the advance procurement for three CV-22 tiltrotor aircraft in fiscal year 2003, and $26.4 million for CV-22 spares. The budget request also contained $28.2 million, In Procurement, Defense-Wide, to procure Special Operations Forces (SOF)-unique CV-22 long-lead items, peculiar training equipment, publications, and technical data. Additionally, the budget request contained $546.7 million in PE 64262N, of which $100.0 million was included to continue the development of two CV-22 aircraft for initial operational test and evaluation (IOT&E) activities.

The V-22 is a tilt-rotor vertical takeoff and landing aircraft that is being developed first for the Marine Corps as an MV-22 variant, followed by a CV-22 variant for the Air Force's SOF, and an HV-22 variant for the Navy. The committee notes that following two mishaps involving the MV-22 last year, the Marine Corps grounded its fleet pending a review of the program by a panel appointed by the Secretary of Defense. In April 2001, the panel recommended a near-term decrease in V-22 production along with increased design and re-engineering efforts to improve the aircraft's safety and reliability. These actions have delayed both the full-rate MV-22 production decision and the development activities of the CV-22 variant. The committee further notes that the

report accompanying H.R 2216 (H. Rept. 107-148) included the rescission of a portion of the fiscal year 2001 funds for MV-22 and CV-22 production and for CV-22 test articles pending the correction of the MV-22 deficiencies.

Consequently, the committee believes that CV-22 procurement funds and CV-22 test article development funds are not required in fiscal year 2002 and recommends the following amounts: no funds for CV-22 procurement, a decrease of $95.1 million; no funds for CV-22 advance procurement, a decrease of $15.0 million; no funds for CV-22 spare parts, a decrease of $26.4 million; no funds in Procurement, Defense-Wide to procure SOF-unique CV-22 long-lead items, a decrease of $28.2 million; and $446.7 million for PE 64262N, a decrease of $100.0 million for development of two CV-22 aircraft for IOT&E activities.

Defense airborne reconnaissance program (DARP), line 55

The budget request contained $195.0 million for various RC-135, U-2 and C-130 aircraft modifications but included no funds to modify the RC-135S Cobra Ball to a dual-sided, three-channel optics and signal collection configuration.

The RC-135S Cobra Ball fleet consists of three aircraft configured for airborne measurement and signature intelligence (MASINT) and signals intelligence (SIGINT) collection missions to monitor and verify treaty agreements and to provide ballistic missile defense information to theater commanders. The committee notes that, of the RC-135S three-aircraft fleet, only one is configured with the dual-sided, three-channel optics and signal collection modification that allows it to collect MASINT and SIGINT on both sides of the aircraft with improved accuracy. The committee believes that one additional RC-135S Cobra Ball aircraft should be upgraded with this capability.

Consequently, the committee recommends $206.0 million for DARP, line 55, an increase of $11.0 million, to modify one RC-135S Cobra Ball aircraft to the dual-sided three-channel optics and signal collection configuration.

F-15 modifications

The budget request contained $212.2 million for F-15 modifications, of which $24.4 million was included to convert the F100 engine to the F100-220E configuration and $39.9 million was included for the ALQ-135 Band 1.5 countermeasures system modification. However, the budget request included no funds for F-15E fighter data link (FDL)-16 modification.

Conversion kits for the F-15's F100 engine, also known as "E-kits," provide increased thrust, greater reliability, better fuel efficiency, and reduced operations and maintenance costs. For fiscal year 2001, the committee recommended a $70.0 million increase to accelerate this modification and notes that $36.0 million was appropriated for this purpose.

The committee continues to support this upgrade and, therefore, recommends an increase of $25.0 million to accelerate the conversion of the F-15 fleet's engines to the F100-220E configuration.

The ALQ-135 Band 1.5 countermeasures system modification provides a self-protection jamming capability against modern surface-to-air enemy missiles and is

integrated with the F-15's existing internal countermeasure set and its ALR-56C radar warning receiver to provide full threat coverage. The committee believes that improved self-protection capability such as the ALQ-135 Band 1.5 countermeasures system modification addresses deficiencies identified subsequent to Operation Allied Force in 1999, as well as those in current combat operations.

Accordingly, the committee recommends an increase of $8.0 million for the ALQ-135 Band 1.5 countermeasures system modification. While the committee notes that the budget estimates for fiscal years 2003 to 2007 do not reflect the Department's strategic review results, the committee strongly urges the Air Force to establish a consistent funding approach for the ALQ-135 Band 1.5 countermeasures system that will complete production and installation of this modification on all F-15E aircraft by fiscal year 2005.

The F-15E FDL-16 modification provides the F-15E with a tactical data link radio which significantly improves operational effectiveness by providing real-time, jam-resistant digital data and voice transfer capability. The committee understands that this continuous automated exchange of data between aircraft provides our pilots with a significant increase in situational awareness and improves survivability by four times. The committee notes that the final increment of F-15E FDL-16 funding is currently planned for fiscal year 2004 but believes that such timing will result in an F-15E FDL-16 production break with a concomitant increase in costs to restart production and higher unit costs at the later date.

Consequently, the committee recommends an increase of $19.5 million to accelerate the final increment of F-15E FDL-16 procurement. In total, the committee recommends $264.7 million for F-15 modifications, an increase of $52.5 million.

F-16 modifications

The budget request contained $232.0 million for various F-16 modifications but included no funds for advanced concept ejection seat (ACES) co-operative improvement program (CIP).

The committee understands that, as a result of pilot demographic changes, 17 percent of the pilot population is outside the weight threshold for existing ejection seats, and that the ACES CIP will address this safety concern by improving seat stability and limb restraint to accommodate a wider range of pilot sizes.

Consequently, the committee recommends $234.0 million for F-16 modifications, an increase of $2.0 million, to begin the incorporation of ACES CIP safety improvements and expects the Department of the Air Force to budget for this upgrade in its future years defense program.

Fixed aircrew standardized seats

The budget request contained $51.0 million for other modifications but included no funds for fixed aircrew standardized seats (FASS).

FASS would provide crewmembers and passengers on C-130, C-135, C-141, C-5, E-3, KC-10, C-17, and E-8 aircraft protection against aircraft crash loads up to 16 times the force of gravity. In prior years, the committee has supported the development of the

FASS and continues to believe that its implementation will not only increase safety, but also reduce supply and maintenance costs through the commonality and interchangeability of its parts.

Accordingly, the committee recommends $55.8 million for other modifications, an increase of $4.8 million, to begin procurement of FASS.

MC-130 simulation training upgrades

The budget request contained $1.4 million for C-130 post-production support but included no funds for an MC-130P weapon system trainer (WST) software upgrade or for an MC-130H simulator visual scene and sensor display.

The committee notes that the MC-130P simulator software is three versions behind the software installed on MC-130P aircraft and fails to properly interface with critical navigation and defensive avionics systems. The committee understands that this training limitation results in the development of poor MC-130P student aircrew habits that negatively affect mission accomplishment. Consequently, the committee recommends an increase of $1.5 million for an MC-130P WST software upgrade to correct this deficiency.

The committee also understands that the current MC-130H simulator uses a visual display system that limits the aircrew's cockpit field of view, resulting in poor night vision training. Accordingly, the committee recommends an increase of $1.3 million to upgrade the MC-130H simulator's visual scene and sensor display to improve aircrew night vision training. In total, the committee recommends $4.2 million for C-130 post-production support, an increase of $2.8 million.

Predator unmanned aerial vehicle (UAV)

The budget request contained $19.6 million for procurement of six Predator UAV systems but included no funds for the Predator B, a larger, faster variant with increased payload capacity. Each Predator UAV system consists of four air vehicles, one ground control station, a communications suite, and associated ground support equipment. The budget request also contained $10.4 million for Predator modifications but included no funds for a structured reliability and maintainability program.

The Predator UAV system provides long-dwell, real-time intelligence information to Joint Task Force Commanders. The committee notes that following the accomplishments of the Predator UAV system in its reconnaissance role, the system has also successfully demonstrated its capability to be weaponized to deliver Hellfire missiles. As missions for the Predator UAV system expand, the committee believes that improved speed and payload capacity are necessary.

Accordingly, the committee recommends $39.6 million for Predator procurement, an increase of $20.0 million, for the acquisition of the follow-on Predator B variant.

However, the committee notes that the Predator UAV system is accumulating significant flying hours and believes that the long-term sustainment of current reliability and maintainability levels is imperative. Consequently, the committee recommends $16.4 million for Predator modifications, an increase of $6.0 million, to facilitate the implementation of a structured reliability and maintainability program.

Ammunition Procurement, Air Force

Overview

The budget request contained $865.3 million for Ammunition Procurement, Air Force in fiscal year 2002. The committee recommends authorization of $871.3 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 AMMUNITION PROCUREMENT, AIR FORCE TABLE HERE

Missile Procurement, Air Force

Overview

The budget request contained $3,233.5 million for Missile Procurement, Air Force in fiscal year 2002. The committee recommends authorization of $3,226.3 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 MISSILE PROCUREMENT, AIR FORCE TABLE HERE

Other Procurement, Air Force

Overview

The budget request contained $8,159.5 million for Other Procurement, Air Force in fiscal year 2002. The committee recommends authorization of $8,250.8 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 OTHER PROCUREMENT, AIR FORCE TABLE HERE

Items of Special Interest

Air national guard air traffic control tower radio upgrade

The budget request contained $4.7 million for air traffic control and landing systems but included no funds to upgrade the air traffic control tower radio systems at McEntire Air National Guard Base (ANGB).

The committee notes that current plans for this new air traffic control tower anticipate the continued use of outdated radio systems and believes that flight safety will be significantly enhanced with the installation of modern digital radios.

Consequently, the committee recommends $5.2 million for air traffic control and landing systems, an increase of $500 thousand, to upgrade the air traffic control tower radio system at McEntire ANGB.

Combat arms training system (CATS)

The budget request contained $12.0 million for base procured equipment but included no funds for CATS. CATS is a computer-based simulation system that provides marksmanship training for security force personnel as well as training to deal with less-than-lethal judgmental scenarios.

The committee notes that the Air Force has also recognized the value of CATS and has authorized Air Force reserve component category "C" personnel to qualify on this trainer instead of conducting live-fire training, which saves substantial live training ammunition costs. The committee also notes the need for additional CATS for Air National Guard (ANG) security force units to meet the demanding training requirement for both their wartime and peacetime missions. These units must be capable of performing both combat and police missions, which requires that they be fully trained to respond to situations of varying levels of threat, including anti-terrorism training, to protect the 72 ANG sites located throughout the United States. Since the Air Force increasingly relies on ANG security forces for overseas deployments and for anti-terrorism missions, the committee views the training proficiency provided by CATS to be imperative.

Therefore, the committee recommends $17.0 million for base procured equipment, an increase of $5.0 million, for the CATS.

Laser eye protection

The budget request contained $7.7 million for items less than $5.0 million, of which $2.8 million was included for clear laser eye protection for infrared (CLEPIR) spectacles.

CLEPIR spectacles reflect infrared laser energy wavelengths away from the eye while allowing the transmission of other light wavelengths such that CLEPIR spectacles can be used day or night and in conjunction with night vision goggles. The committee understands that the Air Force requires additional CLEPIR spectacles for use in Europe and Southwest Asia and notes that increased CLEPIR spectacle production in fiscal year 2002 would provide for a more economic production rate.

Accordingly, the committee recommends $11.7 million for items less than $5.0 million, an increase of $4.0 million, for CLEPIR spectacles.

Senior scout

The budget request contained $2.0 million for intelligence communications equipment but included no funds to upgrade Senior Scout equipment. Senior Scout is an intelligence, surveillance, and reconnaissance suite of equipment, configured in a shelter capable of installation on C-130E or C-130H aircraft, that provides communications and electronic signals intelligence collection.

The committee notes that Senior Scout mission data management processors currently use 16-year old technology and are not compatible with modern data storage or retrieval systems. Consequently, the committee recommends an increase of $820 thousand to update the Senior Scout data management processor.

The committee also notes that joint tactical information dissemination system (JTIDS) capability is not fully implemented in the Senior Scout suite and recommends an increase of $3.6 million to procure and install JTIDS connectivity equipment.

The committee understands that of the three existing Senior Scout shelters, one is an older configuration and requires updating to avoid the future operating costs of maintaining two different configurations. Accordingly, the committee recommends an increase of $2.8 million to modernize the third Senior Scout shelter.

Finally, the committee has learned that the Senior Scout ground data reduction (GDR) system, used to refine emitter location data, contains legacy computer equipment that is no longer commercially supportable. Therefore, the committee recommends an increase of $1.6 million to modernize the GDR system.

In total, the committee recommends $10.8 million for intelligence communications equipment, an increase of $8.8 million, to upgrade Senior Scout equipment.

Supply asset tracking system (SATS)

The budget request contained $14.4 million for mechanized material handling equipment but included no funds for SATS.

SATS provides total asset visibility and reduces documentation at the base level by incorporating radio frequency terminals and smart cards that electronically confirm each transaction and eliminate documentation in the delivery process.

The committee notes that Congress has provided additional funds for SATS installation over the past two years and, consistent with these actions, recommends $22.4 million for mechanized material handling equipment, an increase of $8.0 million, to continue the installation of this system at Air Force bases worldwide.

Theater air control system improvement (TACSI)

The budget request contained $15.1 million for TACSI, but included no funds to initiate a technology insertion and sustainment program for the Air National Guard's (ANG) AN/TYQ-23 modular control equipment (MCE) operations modules.

The AN/TYQ-23 MCE operations module is used to manage air operations in a deployed location. The committee notes that the Marine Corps also uses the AN/TYQ-23 MCE and has embarked on a technology insertion program to replace their operations modules with new software and hardware that improves performance and is more sustainable. The committee understands that this technology insertion and sustainment upgrade program will ensure that the AN/TYQ-23 MCE operations modules are viable to perform contingency operational deployment missions for at least 10 additional years.

Consequently, the committee recommends $30.1 million for TACSI, an increase of $15.0 million, to initiate a technology insertion and sustainment program for the ANG's AN/TYQ-23 MCE operations modules.

Procurement, Defense-Wide

Overview

The budget request contained $1,604.0 million for Procurement, Defense-Wide in fiscal year 2002. The committee recommends authorization of $2,267.3 million for fiscal year 2002.

The committee recommends approval of the request except for those programs adjusted in the following table. Unless otherwise specified, adjustments are without prejudice and based on affordability considerations.

PLACEHOLDER

INSERT TITLE 1 PROCUREMENT, DEFENSE-WIDE TABLE HERE

Items of Special Interest

Chemical/biological defense procurement program

The budget request also contained a total of $348.7 million for chemical/biological defense (CBD) procurement, including $114.3 million for procurement of individual protection equipment, $15.2 million for decontamination, $155.9 million for the joint biological defense program, $38.9 million for collective protection, and $24.3 million for contamination avoidance.

Anthrax vaccination immunization program

The committee is concerned with the lack of progress in the completion of the contractor submitting a Biologic License Application Supplement for production of Anthrax Vaccine Adsorbed (AVA). Accordingly, if by February 1, 2002, the Secretary of Defense determines that the contractor has failed to submit to the U.S. Food and Drug Administration (FDA) a completed Biologic License Application Supplement for production of AVA, then the committee directs that the Secretary review all contracts for the production, fill and packaging of the AVA and report to the congressional defense committees the results of this review no later than April 1, 2002. If based on that review, or at the conclusion of FDA's review of the Biologic License Application Supplement, discrepancies are found that cannot be resolved in a fiscally prudent manner then the Secretary should not request funds to continue the current production contract in future budget submissions, but should take action to procure a suitable vaccine from an alternative source.

Chemical/biological defense collective protection shelters

The committee recommends $51.9 million for procurement of collective protection equipment, an increase of $13.0 million, for procurement of CBD collective protection shelters.

Portable intelligence collection and relay capability (PICRC)

The budget request contained $8.1 million for special operations forces (SOF) intelligence systems but included no funds for the PICRC.

The PICRC integrates commercial-off-the-shelf, full-dimensional mapping and display software; desktop computers; hand-held computing devices; and wireless communications to provide SOF operators with high-resolution imagery for precision navigation, annotation of real-time visual observations, and relaying information to command elements.

The committee understands that this system would significantly enhance SOF capabilities to accurately collect, quickly report, and promptly act upon real-time intelligence data. Therefore, the committee recommends $13.1 million for SOF intelligence systems, an increase of $5.0 million, for procurement of PICRC systems.

Chemical Agents and Munitions Destruction, Defense

Overview

As described elsewhere in this report, the committee recommends transferring the budget request of $1,153.6 million for Chemical Agents and Munitions Destruction, Army (CAMD, A) to Chemical Agents and Munitions Destruction, Defense (CAMD, D), and recommends a total of $1,078.6 million for Chemical Agents and Munitions Destruction, Defense, including $192.9 million for research, development, test, and evaluation, $157.2 million for procurement, and $728.5 for operations and maintenance. Unless otherwise specified, adjustments are without prejudice and based on affordability consideration.

PLACEHOLDER

INSERT TITLE 1 CHEM AGENTS & MUNITIONS DESTRUCTION, DEFENSE TABLE HERE

Items of Special Interest

Chemical agents and munitions destruction

The committee notes that chemical demilitarization facilities for 95 percent of the stockpile at eight stockpile storage sites in the continental United States are either in operation, under construction, or have had permits granted. To date, 22 percent of the total U.S. stockpile has been destroyed in operational demilitarization facilities at Johnston Atoll and Tooele, Utah. Stockpile demilitarization operations at the former facility have been completed and shutdown of that facility begun. Construction of the Anniston, Alabama, facility was completed in June 2001 and systematization operations have begun at that location, while construction of the Umatilla, Oregon, facility is 98 percent complete and the Pine Bluff, Arkansas, facility is 53 percent complete. Only facilities at the Pueblo Chemical Depot, Colorado, and Lexington-Blue Grass Army Depot, Kentucky, which are being addressed by the Assembled Chemical Weapons Assessment (ACWA), are not yet covered. Current law requires the Secretary of Defense to provide recommendations on alternative disposal technologies for these two facilities by the end of the calendar year. The ACWA program evaluation of potential alternative technologies for assembled weapons has been completed and a Defense Acquisition Board review of the program is underway that is expected to provide the basis for Secretary of Defense decision in December 2001, and report to Congress on the demilitarization technologies that will be used at Pueblo and Blue Grass. The review will also assess the overall management and funding of the program and the ability of the program to complete destruction of the stockpile by April 29, 2007, as required by the Chemical Weapons Convention.

Review of program for destruction of lethal chemical agents and munitions

Section 141(a) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) required the Secretary of Defense to conduct an assessment of the current program for destruction of the United States stockpile of chemical agents and munitions, including the Assembled Chemical Weapons Assessment, for the purposes of significantly reducing the cost of the program and ensuring its completion in accordance with the obligations of the United States under the Chemical Weapons Convention while maintaining maximum protection of the general public, the personnel involved in the program, and the environment. The provision required the Secretary of Defense to report the results of the assessment to Congress by March 1, 2000, including those actions taken, or planned to be taken by the Secretary and any recommendations for additional legislation required to achieve the purposes of the assessment and of the chemical agents and munitions destruction program.

The committee notes that the Secretary of Defense has initiated a Defense Acquisition Board review of the chemical agents and munitions destruction program to assess the results of the Assembled Chemical Weapons Assessment, to make recommendations for the possible use of alternative technologies for destruction of the stockpile, and to review the overall management and conduct of the program. As a part of this review, the committee directs the Secretary of Defense to update the assessment

required by Public Law 106-65 and to report the results of that updated assessment to the congressional defense committees by March 1, 2002.

LEGISLATIVE PROVISIONS

Subtitle A—Authorization of Appropriations

Sections 101-107—Authorization of Appropriations

These sections would authorize the recommended fiscal year 2002 funding levels for all procurement accounts.

Subtitle B—Army Programs

Section 111—Extension of Multiyear Contract for Family of Medium Tactical Vehicles

This section would amend Section 112 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85) to authorize the Secretary of the Army to extend the existing multiyear procurement contract for one year to continue procuring "A1" variants of the Family of Medium Tactical Vehicles if the Secretary determines that it is necessary to do so in order to prevent a break in production.

Section 112—Repeal of Limitation on Number of Bunker Defeat Munitions that May Be Acquired

This section would repeal Section 116 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337).

Subtitle C—Air Force Programs

Section 121—Responsibility of Air Force for Contracts for All Defense Space Launches

This section would require the Secretary of the Air Force to prepare, negotiate, execute, and manage all Department of Defense contracts for space launch vehicles and space launch services and to report to the congressional defense and intelligence committees on the implementation of this requirement.

Section 122—Multiyear Procurement of C-17 Aircraft

This section would, beginning in fiscal year 2002, authorize the Secretary of Defense to enter into a follow-on multi-year contract or extend the current multi-year contract in order to procure up to 60 additional C-17 aircraft if the Secretary certifies to the congressional defense committees prior to the enactment of the National Defense Authorization Act for Fiscal Year 2002 that it is in the interest of the Department of Defense to proceed with either of these two options.

Subtitle D—Chemical Munitions Destruction

Section 141—Destruction of Existing Stockpile of Lethal Chemical Agents and Munitions

This section would amend section 152 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 50 U.S.C. note) to add to the requirements that must be satisfied before the Secretary of Defense may initiate destruction of the chemical munitions stockpile stored at a chemical stockpile destruction site the requirement that emergency preparedness and response capabilities have been established at the site and in the surrounding communities. The section would require the Under Secretary of Defense (Acquisition, Technology, and Logistics) to convene an independent oversight board to make a recommendation to the Under Secretary, no later than six months after the board is convened, whether the destruction of the chemical munitions stockpile should be initiated at a particular chemical stockpile destruction site. Finally, the section would require that the Under Secretary, after considering a negative recommendation of the board, may not recommend beginning destruction of the chemical munitions stockpile at a site until 90 days after the Under Secretary notifies the Congress of his intent to recommend initiation of live agents and munitions destruction operations.

The committee notes that the live chemical agents and munitions destruction operations are scheduled to begin at Anniston Chemical Activity, Alabama, in the third quarter of fiscal year 2002 and encourages the Under Secretary to convene the oversight board for the Anniston site immediately upon enactment of this act. For the other sites for which live agent and munitions destruction operations are scheduled to begin upon completion of construction and systematization operations at the site, the committee recommends that the Under Secretary convene the oversight board no later that nine months prior to the date scheduled for beginning live agents and munitions destruction operations. The committee also recommends the Under Secretary to establish as a goal for the panel appointed for each site the completion of the panel's review of the readiness to begin live agents and munitions destruction operations at the site no later that 120 days prior to the scheduled initiation of such operations.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

OVERVIEW

The budget request contained $47,429.4 million for research, development, test, and evaluation (RDT&E), representing an increase to the amount of $41,008.6 million provided for fiscal year 2001. The committee recommends $47,735.2 million, an increase of $230.5 million to the budget request. The committee also recommends $65.3 million, the requested amount, for Defense Health Program RDT&E funding.
The committee notes that the fiscal year 2002 request for RDT&E funding represents the first significant increase in the past decade, and the first time in six years that the requested amount for RDT&E was greater than the amount provided by Congress in the previous year.

The committee strongly supports this much needed increase and notes that the Department of Defense and the military services have all initiated major efforts to transform military warfighting capabilities to better prepare for future threats and challenges. While supportive of these transformation efforts, the committee remains concerned that the largest portion of the total RDT&E request is contained in the fielded system development category, the area primarily dedicated to upgrades of existing systems. The committee reviewed these program increases and recommended a number of funding transfers specified in the report from mature systems development accounts to science & technology programs which are more representative of transformation.

The committee believes that the amount requested for RDT&E for fiscal year 2002 represents an appropriate level of funding to support initial transformation efforts, but this level of funding is insufficient to support both transformation of the services and continued modernization of legacy capabilities. The committee urges the Secretary of Defense to outline clearly the priorities for RDT&E investment strategies in consonance with the results of the Quadrennial Defense Review results and in coordination with Congress.

Insert Summary table here

Army RDT&E

Overview

The budget request contained $6,693.9 million for Army RDT&E. The committee recommends authorization of $6,749.0 million, an increase of $235.8 million and the transfer of $180.7 million for missile defense programs from Army RDT&E to Defense-wide RDT&E.

The committee recommendations for the fiscal year 2002 Army RDT&E program are identified in the table below. Major changes to the Army request are discussed following the table.

Insert Army Tables

Items of Special Interest

Advanced display technology

The budget request contained $27.8 million in PE 62705A for applied research in electronics and electronic devices; $71.3 million in PE 62236N for warfighter sustainment applied research; and $69.1 million in PE 62202F for human effectiveness applied research, including $4.4 million for applied research in advanced visual displays. No funds were included for advanced high definition displays in the budget request for the Defense Advanced Research Project Agency (DARPA).

The committee notes that the responsibility for supporting the development of advanced high definition display technologies for military applications, which cannot be met by commercial industry, has transitioned from DARPA to the research and development programs of the military departments. The committee report on H. R. 4205 (H. Rept. 106-616) directed the Secretary of Defense to develop a strategy for meeting the Department's requirement for advanced high definition displays and to report the proposed strategy and budget requirements to the congressional defense committees with the submission of the fiscal year 2002 budget request. The Secretary's report indicated that the Department of Defense will make use of global industrial capability where it is available, relying on an highly competitive and rapidly evolving global market. Research and development investments within the Department will be focused on those needs where industry is not yet leading the way and a military advantage is foreseen. DARPA funding for large area, high definition displays ends in fiscal year 2001. Service-funded work in micro-displays for cockpits and immersive head-mounted systems continues through 2005. New initiatives in 25 megapixel and true three-dimensional displays will support transition of the technology for both commercial and military applications.

The committee recommends an increase of $4.0 million in PE 62705A, an increase of $4.0 million in PE 62236N, and an increase of $5.0 million in PE 62202F for applied research in advanced high definition displays for military applications.

All source analysis system

The budget request included $42.2 million in PE 64321A for the All Source Analysis System (ASAS), but included no funds to develop a multi-discipline capability for the Army’s stability and support operations.

The committee strongly endorses the Army’s objective force concept and supports the effort to transform the current force to a lighter, leaner, stealthier, more lethal, and more mobile one. Further, the committee supports the plan to transition to the objective force by initially fielding interim brigade combat teams. However, the committee is concerned with the Department’s lack of commitment to concurrently develop an open-architecture data-exchange capability suitable for both the interim and objective forces at all echelons of command. The committee is aware of the stated plans to develop ASAS-Light as the baseline automated support system for intelligence and electronic warfare for the interim brigades and the First Digitized Division. To maintain interoperability between ASAS-Light and other automated battle management systems, the committee

encourages the Army to develop a multi-discipline capability for the Army's stability and support operations.

Therefore, the committee recommends $45.7 million in PE 64321A, an increase of $3.5 million, to develop this capability.

Applied communications and information networking program

The budget request contained no funds in PE 64805A for the Applied Communications and Information Networking (ACIN) program.

The committee understands that the ACIN program includes projects aimed at integrating commercial off-the-shelf components and adapting commercial technologies to fulfill military communications applications for 21st century warfare. Consistent with its prior years actions to promote increased partnering with commercial industry, the committee recommends an increase of $15.0 million in PE 64805A for ACIN.

Army missile defense systems integration

The budget request contained $19.5 million in PE 63308A for Army missile defense systems integration, but did not include funds for super-cluster memory technology, or P3 micro-power devices. The committee notes that designing defensive missile systems requires sophisticated, powerful simulations that accurately characterize missile flight. The committee is aware that super-cluster distributed memory technology holds promise as a low-cost means to run required simulations quickly.

The committee is also aware that missile defense systems require micro-power devices for autonomous and remote applications.

The committee recommends $31.5 million in PE 63308A, an increase of $4.0 million for the Army Space and Missile Defense Command supervised super-cluster distributed memory technology demonstration, $3.0 million for P3 micro power devices, $3.0 million for family of systems simulators, $3.0 million for thermionics technology, and a decrease of $1.0 million for management savings.

Aviation engineering development

The budget request contained $2.3 million in PE 64801A for aviation engineering development but included no funds for the development of the cockpit air bag system (CABS) for CH-47 Chinook aircraft.

The committee is highly supportive of technological advances that contribute to improved aircraft crashworthiness and aircrew safety, and, therefore, recommends $4.8 million in PE 64801A, an increase of $2.5 million, for the integration of the CABS into the CH-47 Chinook upgrade program.

Brooks Air Force Base energy and sustainability laboratory

The budget request contained $42.9 million in PE 62784A for military engineering technology, but included no funds for the Energy and Sustainability Laboratory (ESL) at Brooks Air Force Base.

The laboratory is a consortium of Air Force and university partners working to improve life-cycle effectiveness of real assets and the infrastructure on the base.

The committee recommends $45.9 million in PE 62784A, an increase of $3.0 million for Army Corps of Engineers' Construction Research Laboratory collaboration with the ESL.

Collaboration in biotechnology research

The budget request contained $69.1 million in PE 61104A for university and industry research, including federated laboratories.

The committee notes that the federated laboratories program is a very successful peer reviewed program. The committee is aware that biotechnology is increasingly important and offers many potential applications in support of the Army's transition to the objective force, such as casualty reduction, improved nutrition, protection from infectious diseases, and chemical/biological agents.

The committee supports effective collaboration between the government, industry and academia and recommends $79.1 million in PE 61104A, an increase of $10.0 million for biotechnology collaborative research.

Combat ready food safety

The budget request contained $27.1 million in PE 62786A for warfighter technology, and included $5.0 million for joint service combat feeding technology.

The committee notes that continued improvement in food processing is important to ensure the safety of ready-to-eat meals.

The committee recommends $30.1 million in PE 62786A, an increase of $3.0 million for research and development of improved meal ready-to-eat processing.

Combustion-driven eye safe laser

The budget request contained $20.6 million in PE 62709A for night vision, but included no funds for combustion-driven eye-safe laser.

The committee is aware that eye-safe lasers are important for military applications, and that the combustion-driven eye-safe laser has potential to meet requirements for several applications.

The committee recommends $22.6 million in PE 2709A, an increase of $2.0 million to complete development of the combustion-driven eye-safe laser.

Comanche

The budget request contained $787.9 million in PE 64223A for Comanche.

The committee notes that the Comanche armed reconnaissance helicopter is the only new Army aviation system under development. The commitee further notes that Comanche will provide key capability for the objective force with its state-of-the-art stealthy platform, multiple sensors, and advanced weapons.

The committee continues to support Comanche and recommends the budget request and increases described elsewhere in this report.

Combat vehicle and automotive advanced technology

The budget request contained $193.9 million in PE 63005A for combat vehicle and automotive advanced technology, but included no funds for standardized exchange of product data, document conversion, or the medium brigade composite bridge.

The committee notes that standardized exchange of product data has the potential to increase efficiency and reduce costs of parts, and is aware that the National Automotive Center standardized exchange of product data (N-STEP) initiative is intended to fill this void. The committee is aware that many existing documents require conversion to 2-dimension/3-dimension computer aided design format.

The committee is aware of the need for a lightweight bridge for medium brigades.

The committee recommends $201.9 million in PE 63005A, an increase of $7.0 million for N-STEP, an increase of $9.0 million for Army medium brigade composite bridge, an increase of $2.0 million for conversion of technical manuals, and an undistributed decrease of $10.0 million.

Crusader

The budget request contained $447.9 million in PE 63854A for Crusader.

The committee is aware that the Army considers the Crusader self-propelled howitzer an essential war fighting capability as it transforms itself to a lighter, more lethal, and more logistically efficient force.

The committee notes that developmental firing testing has clearly demonstrated a significantly increased capability. The committee further notes that many attributes such as the high degree of automation, imbedded diagnostics, and improved mobility are clearly technology carriers for future autonomous and semi-autonomous vehicles. The committee is concerned that funds allocated to management appear to be excessive, and directs that $17.9 million of the funds allocated within the program for management be redirected within the Crusader program to develop technology, in particular, to reduce Crusader weight and production costs.

The committee strongly supports continued Crusader development and recommends the budget request.

Dismounted situational awareness system

The budget request contained $29.3 million for digitization in PE 23758A, but included no funds for the dismounted situational awareness system.

The committee is aware that situational awareness is critical for dismounted soldiers. The committee notes that the dismounted situational awareness system (DISM), the result of a very successful commercial-off-the-shelf technology-based small business innovative research effort, is being transitioned to the Army's force XXI battle command brigade and below (FBCB2) as a dismounted extension of the vehicle based system.

The committee recommends $31.3 million in PE 23758A, an increase of $2.0 million, for full scale testing of DISM.

Electronics and electronic devices

The budget request contained $27.8 million in PE 62705A for electronics and electronic devices.

The committee notes that hybrid power systems and other fuel cell applications have the potential to provide more cost effective portable power for future military systems.

The committee recommends an increase of $5.0 million in PE 62705A for hybrid battery-fuel cell and other fuel cell power sources.

Electronic warfare (EW) development

The budget request contained $57.0 million in PE 64270A for the development of EW equipment, of which $43.8 million was for continued development of the Advanced Threat Infrared Countermeasures/Common Missile Warning System (ATIRCM/CMWS).

The ATIRCM system integrates defensive infrared (IR) countermeasures into currently fielded aircraft for more effective protection against a greater number of IR-guided missiles than is provided by currently fielded technology. The CMWS provides warning of a threat IR-guided missile on a variety of tactical aircraft and helicopters.

The committee is aware of a critical requirement to upgrade Army test facilities in order to perform effective tests on integrated helicopter self-protection systems installed on the AH-64D Apache Longbow against multi-mode missile seekers.

Accordingly, the committee recommends $66.0 million for PE 64270A, an increase of $9.0 million, for this purpose.

Environmental quality technology

The budget request contained $7.5 million in PE 63779A for environmental quality technology, but included no funds for either an asbestos removal pilot project or the Porta Bella environmental cleanup technology demonstration.

The committee is aware that asbestos remediation remains a problem within the Department of Defense and notes the need for research to find better, more cost-effective means of remediation, including asbestos conversion.

The committee also notes that while the cleanup of ordnance and explosive wastes at the Porta Bella site is important to the Army and the local community, it has much broader potential benefits because the new technology developed under this pilot program can be used at similar sites elsewhere.

The committee recommends $14.0 million in PE 63779A, an increase of $2.0 million for asbestos conversion research and technology development, an increase of $7.0 million for completion of the Porta Bella environmental cleanup technology demonstration, and a general decrease of $2.5 million.

Full authority digital engine control

The budget request contained $13.0 million in PE 23752A for aircraft engine component improvement, including $11.0 million for improvements to the T700 engine family.

The committee notes that full authority digital engine control (FADEC) improves capability and reliability of aircraft engines. The committee further notes that development of a dual-channel FADEC will improve engine reliability and aircraft safety.

The committee recommends $21.0 million in PE 23752A, an increase of $8.0 million for completion of FADEC development.

Funding transfers to support transformation

The committee is concerned that the largest area of growth in Army research and development investments has occurred in the category of fielded system development and other mature technologies. While these programs are important, the committee does not believe they support the highest priority efforts directly related to Army transformation. Therefore, the committee recommends the following decreases to Army accounts, to be transferred to other programs within the Army that support higher transformation priorities:

63003A……$9,000,000
63639A……$2,986,000
63747A……$3,482,000
63774A……$2,756,000
63782A……$5,000,000
65103A……$3,000,000
65326A……..$10,000,000
65801A……$9,000,000
65803A……$5,000,000
23735A……..$12,000,000
23744A……$5,000,000
23802A……$6,000,000
78045A……..$10,000,000

High energy laser - low aspect target tracking

The budget request contained no funds for the high energy laser - low aspect target tracking HEL-LATT program.

The committee is aware of the Navy's interest in high energy laser weapons systems for ship self defense. This application is particularly challenging because the inbound target presents a low aspect view to the defender, and the weapons system must track the target in the presence of intense laser reflection. The program will use an existing megawatt class high energy laser and beam director at the Department of Defense high energy laser test facility, and full size targets to verify that a small cross section low altitude target can be simultaneously engaged and tracked.

The committee recommends a $10.0 million increase to PE 65605A and a $10.0 million increase to PE 63114N to support this new start.

Hybrid track technology

The budget request contained $89.0 million in PE 65712A for support of operational testing, but included no funds for testing hybrid track technologies.

The committee is aware that the MATTRACKS program is a commercial version of a technologically advanced independent rubber track system. The committee notes MATTRACKS is a simple bolt-in-place replacement for wheels for vehicles, including the HMMWV, that provides increased traction.

The committee recommends $99.0 million in PE 65712A, an increase of $10.0 million for continued testing and evaluation of hybrid track technology.

Hyperspectral long-wave imager for the tactical environment

The budget request included $6.9 million for Airborne Reconnaissance Operational Systems Development in PE 35206A, but included no funds for hyperspectral long wave imager.

The committee notes the potential benefits of imagery intelligence, measurement and signature intelligence applications, and supports further development of hyperspectral sensors for these uses. The committee is aware of the unique day/night, all-terrain capability offered by the hyperspectral long wave imagery, and supports additional development of enhanced target detection algorithms and improved target detection hardware. The committee further notes the potential tactical applications of long wave infrared and medium wave infrared hyperspectral technology as a means for augmenting U-2 and Global Hawk platforms.

Accordingly, the committee authorizes $14.9 million in PE 35206A, an increase of $8 million for hyper-spectral long wave imager.

Infantry support weapons

The budget request contained no funds in PE 64601A for the development of infantry support weapons.

The XM303 prototype is a lightweight, multi-shot, magazine-fed, semi-automatic delivery system that attaches under both M-16 series and M-4 carbine barrels and launches a variety of non-lethal blunt-force, dye-marking, malodorant, or illuminating projectiles.

The committee understands that this system was initially developed by the Marine Corps, the Department of Defense's executive agent for non-lethal weapons development, but that the Army is now interested in the system's capabilities. Accordingly, the committee recommends an increase of $5.0 million in PE 64601A for accelerated development of the XM303 for Army units and so that it may enter into low-rate initial production sooner.

International medical program global satellite system

The budget request contained $15.5 million in PE 63807A medical systems, and included $1.6 million for telemedicine.

The committee is aware that the International Medical Program Global Satellite System (IMPGSS) successfully demonstrated the medical education component of its program in the Republic of Georgia. The integration of commercially reliable telecommunication capabilities, particularly 'spot-casting', with the education component, however, has yet to be proven.

As a result, the committee recommends $18.5 million in PE 63807A, an increase of $3.0 million for IMPGSS integrated development and delivery concept in at least two countries and strongly recommends that IMPGSS continue to be managed by the Telemedicine and Advanced Technology Research Center at Fort Detrick, Maryland.

Landmine warfare/barrier engineering development

The budget request contained $89.2 million in PE 64808A for landmine warfare/barrier engineering development, of which $21.2 million was for non-self-destruct anti-personnel landmine alternatives (NSD-A).

The committee understands that the Army does not plan to obligate $37.2 million of fiscal year 2001 NSD-A funds prior to the beginning of fiscal year 2002. As a result, the committee believes that these funds can be used to meet fiscal year 2002 requirements.

Accordingly, the committee recommends $69.2 million in PE 64808A for fiscal year 2002, a decrease of $20.0 million.

Lightweight x-band radar antenna

The budget request contained $30.4 million in PE 12419A for the Aerostat Joint Project, but included no funds for micro-mechanical electronics systems (MEMS) based lightweight radar antenna.

The committee is aware that development of a lightweight, MEMS based, electronically steerable x-band radar antenna has the potential to improve performance while reducing weight and power requirements for the joint elevated netted sensor (JLENS).

The committee recommends $32.4 million in PE 12419A, an increase of $2.0 million for design of a lightweight, MEMS based, and electronically steerable antenna.

Medical advanced technology

The budget request contained $17.5 million in PE 63002A for medical advanced technology, but included no funds for special operations medical diagnostic system (SOMDS), or volumetrically controlled manufacturing (VCM).

The committee is aware that the clinical assessment and recording environment (CARE) is being adapted to support special operations forces. The committee notes that the first SOMDS, a beta version of CARE, has undergone successful testing.

The committee also notes that VCM offers the potential to eliminate the current mode of failure in composites, de-lamination, and polymer-fiber interface breakdown, and may also improve composite applications in aerospace and other manufacturing

The committee recommends $23.5 million in PE 63002A, an increase of $1.0 million for SOMDS, and an increase of $5.0 million for VCM. The committee further recommends an increase of $3.5 million in PE 63313A for aerospace applications of VCM.

Medical technology

The budget request contained $82.5 million in PE 62787A for medical technology, but included no funds for hemoglobin-based oxygen carrier.

The committee notes that the military has identified a need for an oxygen carrier capability that is both readily and easily employed in the treatment of combat casualties, and stable at room temperature. The committee is aware that a recent Department of Defense (DOD) Inspector General audit of the Armed Services Blood program indicated that the DOD blood program cannot currently meet its stated requirements, and noted specifically that a hemoglobin-based oxygen carrier would minimize or eliminate the storage and transportation problems identified in the report. The committee is also aware that unlike human blood, a hemoglobin-based oxygen carrier has an extended life, making it more adaptive to a wide range of military deployment conditions. The committee believes that a hemoglobin-based oxygen carrier offers significant potential benefits for the military.

The committee is also aware that a need exists to develop technologies that would permit the long-term storage of cells and tissues needed to treat battlefield casualties.

The committee recommends $91.5 million in PE 62787A, an increase of $7.0 million for room temperature stable oxygen therapeutic drugs, in particular hemoglobin-based oxygenated carriers, and an increase of $2.0 million for metabolically engineered tissues for trauma care.

MedTeams

The budget request contained $16.5 million in PE 62716A for human factors engineering, but included no funds for the Emergency Team Coordination program (MedTeams).

The committee notes that the Army MedTeams research in emergency departments showed an 80 percent reduction in clinically significant errors. The committee recognizes that MedTeams research has significant life saving potential in a broader base of medical settings.

The committee recommends an increase of $7.8 million in PE 62716A for MedTeams.

Missile and rocket advanced technology

The budget request contained $59.5 million in PE 63313A for missile and rocket advanced technology, but included no funds for the Army composites manufacturing program.

The committee notes that many existing weapon systems are being extended beyond their planned life. The committee is aware of new manufacturing and materials technologies that are being developed that have potential use to cost-effectively extend existing systems lives.

The committee recommends an increase of $5.0 million in PE 63313A for composites manufacturing and maintenance technology.

Missile technology

The budget request contained $40.1 million in PE 62303A for missile technology, including funds for integrated guidance systems, but no funds for short-range missile defense with optimized radar distribution (SWORD).

The committee notes that the Army has initiated a competitive development program for highly integrated, jam-proof, micro-electromechanical systems (MEMS) based inertial measurement unit-geo positioning systems (IMU-GPS) that is essential to achieving the goal of affordable precision weapons. The committee also notes that development of these technologies including deep integration have the potential to reduce the cost of precision weapons and other devices, thereby saving billions of dollars for the Department of Defense.

The committee is also aware that the Army over the last ten years has investigated interferometry to develop a highly accurate radar system. The committee notes that the current SWORD concept uses this technology to support the counter air munitions defense mission to protect against saturation attacks.

Therefore, the committee recommends $65.1 million in PE 62303A, an increase of $20.0 million for continued development of a fully integrated IMU-GPS, and an increase of $5.0 million for continued evaluation of SWORD.

Night vision advanced technology

The budget request contained $37.1 million in PE 63710A for night vision.

The committee notes that superiority in night vision is fundamental to successful warfighting. The committee is aware that recent advances in digital fusion of image intensification and infrared have been demonstrated to significantly improve night vision.

The committee is also aware that the Army prototype helmet mounted infrared sensor has direct applicability to Department of Defense and civilian firefighting personnel, and increases safety in smoke and other obscurants.

The committee recommends $49.1 million in PE 63710A, an increase of $9.0 million for continued development of digital night vision fusion technology, and an increase of $3.0 million for helmet mounted infrared sensor.

Passive millimeter-wave imaging

The budget request contained $25.8 million in PE 62120A for sensors and electronic survivability, but included no funds for passive millimeter-wave (PMW) imaging.

The committee is aware that PMW imaging has demonstrated the potential to improve airborne remote sensing capability in the dark and obscurant environments such as smoke and fog. The committee notes that terrain and obstacle avoidance benefits have also been demonstrated.

The committee recommends $30.8 million in PE 62120A, an increase of $5.0 million for continued development of PMW advanced imaging technology.

Silent sentry surveillance test

The budget request contained $27.8 million in PE 65604A for survivability/lethality analysis, but included no funds for Silent Sentry, a passive medium range surveillance technology that exploits commercial radio and television signals.

The committee recommends $32.8 million in PE 65604A, an increase of $5.0 million for Silent Sentry surveillance testing.

Soldier-centered design tools for the Army transformation

The budget request included $16.5 million for Human Factors Engineering Technology in PE 62716A, but included no funding for the Army's manpower and personnel integration (MANPRINT) program.

The committee views MANPRINT modeling technologies as an excellent initiative for reducing the Department's operations and maintenance costs through improvements in weapon systems design integrated of manpower, personnel, training, health hazard, safety, human factors and soldier survivability concerns. The committee further believes that MANPRINT modeling successes on the Comanche weapon system can serve as a basis for optimizing the performance of the Army's anticipated objective force. The committee encourages the Army to examine the full potential of MANPRINT's soldier-centered design that may enhance and improve objective force performance during a wider range of operations and in extreme environments.

Therefore, the committee recommends $19.5 million in PE 62716A, an increase of $3.0 million for MANPRINT.

Survival radios

The budget request contained $9.1 million in PE 63801A for aviation system improvement, but included no funds to continue improvement of survival radios.

The committee notes that the combat survivor evader locator (CSEL) is not yet fielded. The committee is aware that until CSEL is operational, the PRC-112 survival radio capability must be maintained to support the warfighter. The committee supports the Army's Sustainment Center program to provide reliability, supportability, and commercial technology insertion enhancements to improve the functionality of the PRC-112 survival radio until the replacement is fully fielded.

The committee therefore recommends $19.1million in PE 63801A, an increase of $10.0 million for the PRC-112 survival radio.

Tactical high energy laser

The budget request included no funds to the Tactical High Energy Laser (THEL), a high energy chemical laser system jointly developed by the United States and Israel, and designed to demonstrate the feasibility of defeating short range rockets using directed energy.

The committee is aware of THEL test activities at White Sands Missile Range, New Mexico, which have recently culminated in the simultaneous engagement of two targets. The committee understands that the original scope of work for THEL is complete, but believes options to develop a mobile version should be explored.

The committee recommends a $10.0 million increase to PE 65605A for THEL in fiscal year 2002, and urges the Secretary of Defense to continue cooperative development efforts with Israel for this important new capability.

Tactical unmanned aerial vehicle

The budget request contained $38.2 million in PE 35204A for tactical unmanned aerial vehicles.

The committee notes that despite a thorough competitive selection of a commercial-off-the-shelf tactical unmanned aerial vehicle (TUAV), development has been slowed by a series of seemingly unrelated mishaps. The committee is aware that an independent review panel, created to assess the program, is expected to make recommendations soon, and a six-month to a year delay in fielding is expected.

Therefore the committee recommends $18.2 million in PE 35204A, a reduction of $20 million, without prejudice.

Weapons and munitions

The budget request contained $7.0 million in PE 64802A for the development of weapons and munitions but included no funds for airworthiness testing and development and flight safety certification of M240D helicopter door-mounted machine guns.

The committee understands that the Army has a new requirement for M240D door guns for UH-60 Blackhawks. The committee also understands that the cost to complete the necessary airworthiness and flight safety certifications for the “D” variant to enter into low rate initial production is $3.5 million, and that without these funds a three to four year delay in fielding this weapon could occur.

In order to complete flight testing, airworthiness certification, and begin procuring new M240D helicopter door-mounted machine guns at low-rate initial production sooner, the committee recommends $10.5 million in PE 64802A, an increase of $3.5 million.

Weapons and munitions advanced technology

The budget request contained $29.7 million in PE 63004A for weapons and munitions advanced technology, but included no funds for a large caliber training round or the trajectory correctable munition.

The committee is aware that past efforts to develop large caliber training rounds with reduced explosive charges has been difficult due to production costs for small quantities of such rounds. The committee believes that new technology may offer a potential solution to this problem.

The committee is aware that the trajectory correctable munition being developed through the memorandum of understanding between the United States and Sweden has made significant progress and met key milestones. The committee notes that precision weapons are essential for the objective force.

The committee recommends $51.7 million in PE 63004A, an increase of $5.0 million in PE 63004A for development of affordable, low explosive 120mm and 155mm training rounds and an increase of $17.0 million for TCM.

Navy RDT&E

Overview

The budget request contained $11,123.4 million for Navy RDT&E. The committee recommends authorization of $10,863.3 million, an increase of $128.4 million, and the transfer of $388.5 million for missile defense programs from Navy RDT&E to Defense-wide RDT&E.

The committee recommendations for the fiscal year 2002 Navy RDT&E program are identified in the table below. Major changes to the Navy request are discussed following the table.

Insert Navy Tables

Items of Special Interest

Advanced anti-radiation guided munition (AARGM)

The budget request contained $13.6 million in PE 25601N for improvements in the High-speed Anti-radiation Missile, but included no funds for the advanced anti-radiation guided munition (AARGM) program.

The committee notes the AARGM program development of advanced seeker, guidance and control technologies that, when integrated on the existing High-speed Anti-Radiation Missile (HARM) airframe, should provide a significant improvement in the U.S. capability for suppression of enemy air defenses (SEAD). The committee understands that AARGM test firings indicate substantial progress to date and that four additional test firings in 2001 will complete the demonstration program. The committee further understands that the AARGM program will compete for funding and entry into the system design and development phase in the Navy's fiscal year 2003 program objective memorandum.

The committee has strongly supported the development and demonstration of AARGM and believes that this Small Business Innovative Research (SBIR) program and the Quick Bolt Advanced Concept Technology Demonstration program utilizing AARGM both offer the potential to satisfy critical military requirements for lethal SEAD and attack of time-critical targets. The committee recommends $23.6 million in PE 25601N, an increase of $10.0 million for continuation of the risk reduction and productibility phase of the AARGM program.

Advanced composite sail phase II

The budget request contained $110.8 million in PE 63561N for advanced submarine system development, demonstration, and validation, including $6.1 million for continued development of the advanced composite sail.

The committee notes that the Navy's technology insertion plan for the Virginia class submarine includes installation of an advanced sail on the seventh Virginia class submarine. The advanced sail program is intended to provide substantial additional payload capacity and stealth improvements over conventional submarine sails. Program milestones include completion of advanced composite sail development and transition of the project to the Virginia class submarine program. The committee understands that the results of the program and lessons learned from other Navy composites programs have identified the need for a phase II advanced composite sail development program that will incorporate full-scale design features and meet the complete spectrum of full-scale load specifications that were not addressed in phase I of the program.

The committee recommends an increase of $15.0 million in PE 63561N for Phase II of the Advanced Composite Sail development program.

Advanced multi-band surveillance systems

The budget request contained $29.2 million in PE 35207N for manned reconnaissance systems operational systems development.

The committee recommends $34.2 million in PE 35207N, an increase of $5.0 million to accelerate the development of advanced multi-band surveillance systems as discussed in the classified annex.

Aegis combat systems engineering

The budget request contained $262.0 million in PE 64307N for Aegis combat systems engineering, of which $345 thousand was included for continued development of the operational readiness test system (ORTS) on Aegis combat systems.

The ORTS is the primary testing and condition assessment system for the Aegis SPY 1 radar and the Aegis Mk99 fire control radar system.

The committee also notes the need for system engineering and development of equipment upgrades and replacements for major Aegis weapon system computer peripheral subsystems. For example, Aegis Baselines 1-6, Phase III, utilize several types and variants of obsolete peripheral equipment to upload computer programs to the critical UYK-7 and UYK-43 tactical computers used for command and decision, weapons control, and fire control processing. The committee believes that technology refreshment and consolidation of this peripheral equipment will ensure the continued operational integrity of the Aegis weapon system, as well as reduce its ownership cost.

Therefore, the committee recommends $276.9 million in PE 64307N, an increase of $6.0 million to accelerate ORTS upgrades for the Aegis SPY 1 radar and Mk99 fire control radar system, and an increase of $8.9 million for additional computer peripheral technology refreshment and consolidation in the Aegis weapon system. In total, the committee recommends an increase of $14.9 million for Aegis combat systems engineering.

Aviation-shipboard information technology initiative

The budget request contained $16.4 million in PE 64512N for shipboard aviation systems development but included no funds for development of the integrated aviation-shipboard information technology initiative (IAS/ITI), which would upgrade and integrate aircraft carrier information systems to improve the effectiveness of carrier aircraft launch and recovery operations.

The committee notes that the Navy views the IAS/ITI as a promising technology for both its next-generation aircraft carriers and those currently in service which can enhance accuracy and minimize latency of information, distribute information where required, improve shipboard aircraft sortie rates and safety, and reduce carrier operating costs.

Accordingly, the committee recommends $21.4 million in PE 64512N, an increase of $5.0 million, for development of the IAS/ITI.

Combat systems integration

The budget request contained $42.9 million in PE 63582N for combat systems integration demonstration and validation.

Common command and decision system

The common command and decision (CC&D) program is a pre-planned product improvement (P3I) to the Aegis Weapon System (AWS) and the Ship Self Defense System (SSDS) Mk2 that replaces the command and decision capability presently in these systems with a common set of application computer programs and associated supporting software infrastructure which will perform selected command and decision functions in an identical manner across multiple Surface Navy ships. The committee report on H.R. 4205 (H. Rept. 106-616) directed the Secretary of the Navy to report to the congressional defense committees on the Navy's program plan and funding for the CC&D P3I program.

The committee notes that the Navy has established a collaborative development program involving the AWS and SSDS Mk 2 combat systems integrators, innovative small business experts in the use of middleware, and Navy combat system development experts all working together in an integrated process team. The phased program will build on the Advanced Processor Build techniques developed and proven in the Submarine Acoustic Rapid Commercial-off-the-shelf Insertion (A-RCI) program. The program of record would result in initial introduction of the CC&D system in the fleet in 2010. The Secretary's report, however, notes that it is technically and programmatically possible to develop an executable CC&D capability by early calendar year 2005 but funding constraints do not currently support this timeline.

The committee strongly believes that the Navy should accelerate the program for upgrade and insertion of advanced technology in combat systems of legacy surface ships of the battle fleet. Accordingly, the committee recommends an increase of $25.9 million in PE 63582N to accelerate development of the CC&D system.

Wideband optically multiplexed beam-forming architecture

The committee notes that Congress previously provided funds for a cooperative program for research, development, and demonstration of a prototype optically multiplexed, wideband, radar beam-forming array that uses optical wavelength-division multiplexing (WDM). The committee also notes that the use of optical WDM is expected to reduce hardware complexity and system cost in a wideband electronically-steered active radar antenna that has high instantaneous bandwidth and the resolution necessary for theater ballistic missile defense and ship self defense in a littoral environment.

The committee recommends an increase of $4.0 million in PE 63582N to complete the demonstration project for the wideband optically multiplexed beam-forming architecture.

Common picture applied research

The budget request contained $83.6 million in PE 62235N for common picture applied research.

Hybrid fiber optic wireless communication

The committee notes the progress in the development of an advanced hybrid fiber optic/wireless communication system with very high bandwidth, mobility, and low probability of intercept. The overall goal of the program is to develop a versatile, mobile, secure communication system for military and commercial use, which combines the most desirable features of fiber optic and wireless communications technologies. The first year effort resulted in production of critical components of the system and a proof of concept demonstration.

The committee recommends an increase of $2.0 million in PE 62235N to continue the program for applied research in hybrid fiber optic wireless communications.

SEADEEP

The committee recognizes that integration of the submarine into emerging naval tactical missions requires a rapid transfer of large volumes of data that is not currently available to submarines operating at speed and depth in the ocean. This limitation severely constrains the submarine's tactical operational role in support of expeditionary and strike operations. The committee believes that the advent of new technology and new communications architectures presents the opportunity to revisit the concept of submarine laser communications.

The committee recommends an increase of $3.0 million in PE 62235N for SEADEEP, a project to develop a system concept of operations and demonstrate the feasibility of high-speed data transmission using laser communications between a high altitude aircraft and submarine.

E-2/C-2 eight-blade composite propeller

The budget request contained $20.6 million in PE 24152N for E-2 squadrons operational systems development, including $7.1 million for E-2C improvements, but included no funds for completion of an eight-blade composite propeller for E-2C and C-2A aircraft.

The committee notes that the Navy is seeking solutions to operational limitations encountered with the propeller systems used on E-2C and C-2A aircraft. In response to directions contained in the committee report on H.R. 1110 (H. Rept. 105-132) the Navy began a program for design, development, test, and production of the eight-blade composite propeller for the E-2C and C-2A. Congress provided an additional $4.0 million for the program in fiscal year 2001 to flight test the new propeller system on the C-2A aircraft sequentially with the E-2C flight test program.

The committee recommends $30.6 million in PE 24152N, an increase of $10.0 million to complete the program for development and evaluation of an eight bladed composite propeller system for the E-2C and C-2A aircraft.

Electronic warfare (EW) development

The budget request contained $112.5 million in PE 64270N for electronic warfare development, but included no funds to evaluate the location of global positioning system interferers (LOCO GPSI) system in fleet operations or for follow-on support jamming

aircraft pre-engineering and manufacturing development (EMD) risk reduction activities.

LOCO GPSI is a state-of-the-art precision surveillance and targeting system for location of global positioning systems interferers that is designed to protect global positioning system-guided weapons against jamming and interference. The committee understands that naval operational fleet commanders have requested that the LOCO GPSI system participate in several fleet exercises in fiscal year 2002 to demonstrate and evaluate the military utility of this system. Accordingly, the committee recommends an increase of $4.0 million to evaluate LOCO GPSI capabilities in fleet operations.

The committee understands that the Airborne Electronic Attack Analysis of Alternatives is scheduled to be complete in December 2001 and believes that this analysis will conclude that development of a follow-on support jamming aircraft will be required to replace the aging EA-6B. To accelerate the development of an EA-6B successor, the committee recommends an increase of $10.0 million for pre-EMD risk reduction activities.

In total, the committee recommends $126.5 million in PE 64270N, an increase of $14.0 million.

Electro optical framing reconnaissance

The budget request contained $5.7 million in PE 35206N for airborne reconnaissance, but included no funds for electro-optical (EO) framing.

The committee is aware of developmental EO framing processing techniques that will provide real-time precision strike targeting capability.

The committee recommends an increase of $9.5 million in PE 35206N for continuation of F-14 TARPS/CD precision strike hardware development, continued development of integrated electronic shutter upgrade to SHARP sensors, and evaluation and systems engineering of cellular neural network technology in support of EO framing processing techniques.

Embedded software engineering research initiative

The budget request contained $66.3 million in PE 62114N for power projection applied research.

The committee notes that a majority of all current computer applications are embedded systems and almost all defense systems have one or more embedded computers. While embedded software is becoming increasingly large and complex, advances in technology for development of embedded software systems is lagging, resulting in high development costs, long development cycles, and error-prone products.

The committee recommends$70.3 million in PE 62114N, an increase of $4.0 million to begin an initiative in Embedded Software Engineering Research, focused on the development of structured design and manufacturing capabilities for the deployment, control, integration and utilization of embedded software systems.

Expeditionary warfare testbed – supporting arms technology insertion

The budget request contained $24.4 million in PE 24413N for amphibious tactical support units operational systems development.

The committee recognizes the need for better integration and interoperability of expeditionary forces. Force commanders have identified the need for additional development and integration in the supporting arms coordinating center (SACC) of the force headquarters. The committee understands that the Naval Sea Systems Command's expeditionary warfare test bed will be used to develop applications of new technologies and refine technology requirements for SACC systems used in expeditionary operations.

To support this initiative the committee recommends an increase of $10.0 million in PE 24413N for supporting arms technology insertion in the expeditionary warfare testbed.

The committee encourages the Assistant Secretary of the Navy (Research, Development, and Acquisition) to oversee and guide this expeditionary warfare program and to use the Navy's National Technology Alliance in support of technology development.

Extending the littoral battlespace

The budget request contained $48.6 million in PE 63235N for common picture advanced technology development, including $1.0 million for the extended littoral battlespace project.

The committee notes that the Office of Naval Research sponsored the Extending The Littoral Battlespace Advanced Concept Technology Demonstration (ELB ACTD) to provide command, control, communications and intelligence in an extended littoral battlespace. The ELB ACTD integrates commercial-off-the-shelf and government-furnished technology in a military setting to showcase the benefits of advanced networking, global positioning systems, and other information technology applications. The committee notes that the budget request supports the transition of technologies, hardware, and software to the military user; demonstration/post-demonstration analysis and assessment of the military utility of the ELB system concept; and residual support of equipment fielded with the Amphibious Ready Group/Marine Expeditionary Unit that participated in the ACTD.

The committee recommends $50.6 million in PE 63235N, an increase of $2.0 M for support and upgrade/technical refreshment of the ELB ACTD equipment fielded with the ARG/MEU.

F/A-18 improvements

The budget request contained $253.3 million in PE 24136N for F/A-18 squadrons operational systems development.

Fuel cell second source

The committee understands that the Navy currently has only a single vendor that is qualified to manufacture polyurethane fuel cells for the F/A-18 aircraft. Due to the increased demand for fuel cells for the aircraft and insufficient production capacity, the

Navy is not able to meet all operational requirements and is investigating additional manufacturing capability for F/A-18 fuel cells.

The committee recommends an increase of $1.0 million in PE 24136N for qualification of an additional production source for F/A-18 fuel cells.

Joint helmet mounted cueing system (JHMCS)

The budget request included $0.4 million to complete development of the Joint Helmet Mounted Cueing System.

The committee notes that the joint helmet mounted cueing system, when combined with state of the art missile systems currently in development provides a significant improvement in air-to-air combat capability and survivability. The committee is also aware that this improved capability is essential to the success of the Navy's F/A-18 E/F strike fighter aircraft currently being deployed. For fiscal year 2001, Congress provided $3.5 million for continued development of the joint helmet mounted cueing systems for the F/A-18C/D fighter.

The committee recommends an increase of $10.0 million in PE 24136N to accelerate the completion of development, evaluation, and fielding of the Joint Helmet Mounted Cueing System for the F/A-18 and other aircraft.

Force protection advanced technology

The budget request contained $85.3 million in PE 63123N for force protection advanced technology development.

Advanced water jet AWJ-21

The committee notes that the advanced waterjet propulsor (AWJ-21) was originally developed in a three-year industry/government cost-shared project under the Maritime Technology (MARITECH) program. The committee also notes that potential applications of the advanced water jet propulsor technology are being considered for the Navy's small combat craft program. The committee understands that the AWJ-21 has the potential for being a low-cost/high-performance propulsor option for future ships that require reduced signature and increased operational maneuverability. The committee also understands that additional testing at a one-fourth-scale level demonstrator at sea and testing in the large cavitation tunnel will be required to validate analytical predictions of critical performance parameters.

The committee recommends an increase of $6.0 million in PE 63123N for continuation of the AWJ-21 development and demonstration project.

DC Homopolar Motor

The budget request included $60.3 million for advanced development of surface ship and submarine hull, mechanical, and electrical technology that includes the development of superconducting and permanent magnetic ship-propulsion electric motors.

The committee understands that the Office of Naval Research has initiated a project for development of a 5000 shaft-horsepower superconducting, direct current, homopolar motor that may be used in the experimental littoral support craft program.

The committee recommends an increase of $4.0 million in PE 63123N to complete development and at-sea testing of the DC homopolar motor.

Direct ship service fuel cell

The committee recommends an increase of $7.0 million in PE 63123N for development of a direct ship service fuel cell technology demonstrator for technology validation and training of ship systems engineers, designers, system integrators, operators and engineering students.

Electric propulsion/ship power systems distributed test bed

The committee notes that the Navy's next generation surface combatants will rely heavily on the use of electrical power and its applications to naval ship systems including integrated power systems, electric drive, and configurable zonal systems. New technologies, manufacturing processes, innovative approaches, techniques and method, and advanced materials will be on the critical path for the development and integration of these high power, electricity-based systems. The committee notes that an understanding of these factors and the interactions of the various components, and the ability to design and evaluate the performance of the system, both in simulation and with hardware-in-the-loop will be critical to the design of efficient and cost-effective electrical propulsion systems that meet naval requirements and of the all-electric ship itself. As a part of the Navy's program leading to the development of an all-electric ship, the committee continues to support the development of a virtual, distributed test bed which will provide the software and hardware modeling tools for shipboard machinery design and allow government and industry ship designers and engineers to evaluate machinery alternatives in a virtual prototype before committing to full-scale development.

The committee recommends an increase of $10.0 million in PE 63123N to continue the program for advanced development of a distributed test bed for electric propulsion and ship power systems.

Littoral support craft - experimental

The budget request in PE 63123N contained $85.3 million for force protection advanced technology development, including $20.0 million for the development and demonstration of experimental craft for littoral support operations.

The committee notes progress made by the Office of Naval Research in the development of designs and operational concepts for a littoral support craft: a fast (above 40 knots), high performance, low cost platform that could be an effective adjunct to the major surface combatant and carrier battle group. The craft would be compliant with the Navy concept for operations in the littoral and would fulfill fleet requirements for providing supporting command, control, communications and combat systems in the region from the shore to other surface combatants operating 75 miles or greater from the

shore. The committee also notes the progress that ONR has made in the development and evaluation of important components and sub-systems that might be used on a littoral support craft. The committee strongly supports ONR proposals for a phased program for development of an experimental littoral support craft demonstrator (LSC-X) that would provide the basis for operational experiments on the contribution that such a craft and its variants could make to naval operations in the littoral.

Accordingly, the committee recommends a total of $39.0 million in PE 63123N for development and demonstration of the LSC-X, including an increase of $19.0 million to the ONR program for development and demonstration of experimental craft for littoral support operations.

SEALs Mark V patrol craft modification

The committee report on H.R. 4205 (H. Rept. 106-616) directed the Secretary of the Navy to report to the congressional defense committees on the Navy's plan for transition of Project M (an active noise and vibration cancellation system developed in the advanced submarine technology program) from the Navy's science and technology base to potential applications in Navy propulsion and other machinery systems. Subsequently, the Office of Naval Research advised the committee that a project had been established to evaluate the ability of Project M technology to mitigate the high shock and vibration experienced by the Navy SEALs Mark V patrol craft crew and passengers in high-speed special operations.

The committee recommends an increase of $6.0 million in PE 63123N for continuation of the program for application of Project M technology to mitigate physical shock to crew and passengers in the Mark V patrol craft.

Funding transfers to support transformation

The committee is concerned that the largest area of growth in Navy research and development investments has occurred in the category of fielded system development and other mature technologies. While these programs are important, the committee does not believe they support the highest priority efforts directly related to Navy transformation. In light of the delay in the program down-select decision, the committee also notes its concerns about the ability of the Navy to execute the DD-21 land attack destroyer. Finally, the committee notes that no justification was provided for an apparent new program start in PE 63237N.

Therefore, the committee recommends the following decreases to Navy accounts to be transferred to other programs within the Navy that support higher transformation priorities.

62235N……$1,912,000
62805N……$8,000,000
63114N……..$10,000,000
63123N……$5,297,000
63236N……$5,000,000
63271N……..$15,000,000

63216N……..$17,900,000
63237N……..$50,000,000
63382N……$3,458,000
63513N……..$25,000,000
63561N……..$10,457,000
63563N……$1,949,000
63564N……..$10,000,000
63570N……$2,100,000
63582N……$4,900,000
63611M……..$23,066,000
63851M……..$10,000,000
64262N…….$100,000,000
65152N……$2,679,000
65853N……$3,000,000
65864N……$7,414,000
11402N……$4,205,000
24136N……..$50,000,000
24163N……..$10,900,000
24229N……$2,222,000
24413N……..$10,000,000
24575N……$2,300,000
25604N……$7,700,000
25620N……$3,900,000
27163N……$1,000,000
33109N……..$10,000,000
35160N……$1,900,000
35188N……..$13,618,000
72207N……$4,972,000

Land attack standard missile

The budget request contained $131.0 million in PE 63795N for Land Attack Technology, including $34.5 million for development of the Land Attack Standard Missile (LASM). The committee recommends the budget request for LASM.
As addressed elsewhere in this report, the committee notes that the Department of Defense has decided to endorse the Navy's proposal to acquire LASM as an interim capability for the Navy land attack mission and to develop an Advanced Land Attack Missile (ALAM) as soon as possible for the DD-21 land attack destroyer and for other Navy combatants. LASM, an adaptation of the Navy's Standard Missile, entered engineering and manufacturing development in July 2000, completed a preliminary design review in December 2000, and also conducted a successful warhead test in February 2001. Initial operational capability for LASM is planned in fiscal year 2004. The committee also notes a number of informal proposals for development of more advanced warheads for LASM.

The committee has strongly supported the LASM program, as well as the development of ALAM. Elsewhere in this report, the committee has recommended a

legislative provision (Sec. 212) that would require the Secretary of Defense to establish a competitive program for the development of ALAM, would provide $20.0 million for that program, and would require the Secretary to report the program plan, schedule, and funding required for the Advanced Land Attack Missile program to the congressional defense committees with the submission of the fiscal year 2003 budget request. The committee directs that the Secretary also provide a report that describes the operational requirement for LASM and the program plan, schedule, and funding for development and acquisition of LASM with the submission of the fiscal year 2003 budget request.

Laser aim scoring system (LASS)

The budget request contained $64.4 million in PE 64212N for anti-submarine warfare (ASW) and other helicopter development but included no funds for the sea-target LASS.

The sea-target LASS would be mounted on a Navy remote-controlled target boat, which, when lased by a pilot practicing delivery of a Hellfire missile, would provide immediate aiming feedback to the pilot that would inform where the missile would have hit or why it would have missed. The committee understands that combat delivery of the Hellfire missile requires considerable pilot laser aiming skill since it is conducted in a moving helicopter and directed at a moving at-sea target. The committee further understands that the Navy's SH-60 and HH-60 pilots have limited proficiency in this skill since Hellfire pilot laser aiming training is accomplished in a ground-based flight trainer which lacks the both the helicopter and target motion and the ability to determine why a missile would have been ineffective against its intended target. The committee notes that Army helicopter pilots maintain Hellfire laser aiming proficiency by using a stationary LASS on their target practice ranges, and believes that a similar sea-target LASS could address the Navy training deficiency by allowing in-flight practice laser designation against a moving at-sea target while also providing immediate laser aiming result feedback to the pilot.

Accordingly, the committee recommends $66.4 million in 64212N, an increase of $2.0 million, to develop the sea-target LASS.

Laser welding and cutting

The budget request contained $62.1 million in PE 62271N for radio frequency systems applied research.

The committee understands that the technology of laser welding and cutting applied to ship construction is anticipated to reduce ship construction costs significantly and afford greater design flexibility. The committee encourages the development of laser welding technologies that have demonstrated the potential to provide higher quality and lower costs for building Navy ships.

The committee recommends an increase of $4.3 million in PE 62271N for the development and application to naval ship construction of laser welding and cutting technology and techniques.

Marine Corps ground combat/support system

The budget request contained $26.0 million in PE 63635M combat supporting arms systems and included $18.2 million for the lightweight 155mm towed howitzer, but no funds for the Marine Corps urban environmental laboratory for low observable signature ejection technology.

The committee continues to support development of the lightweight 155mm towed howitzer for the Marine Corps and Army. The committee is aware that a Marine Corps urban environmental laboratory has been established to provide assessment, analysis and remediation of capabilities to ensure predictable and minimum environmental damage from traditional and non-traditional capabilities used in urban missions. The committee also notes that the Marine Corps needs weapons with low observable ejection signatures.

The committee recognizes that the Marine Corps will require a capability non-explosive fire from enclosures in order to operate effectively in military operations in urbanized terrain engagements. Innovative standoff door-breaching munition (ISOD) technology will enable forces engaged in the urban battleground to breach doors and other similar structures from a standoff distance of up to 100 meters without exposing Marines to direct hostile fire. The committee is encouraged by the Marine Corps' pursuit of this technology and supports the Marine Corps' efforts to examine the broad application of ISOD to both regular and special operations forces. The committee requests that the Commandant of the Marine Corps keep the defense committees informed of the progress of this initiative.

The committee recommends $41.0 million in PE 63635M, an increase of $5.0 million for the lightweight 155mm towed howitzer, an increase of $5.0 million for the urban environmental laboratory, and an increase of $5.0 million for low observable signature ejection technology.

Metrology projects

The budget request contained $120.6 million in PE 64215N for standards development, but included no funds for the Navy metrology program. The budget request also included $1.5 million in PE 72207F for Air Force metrology program research and development. The metrology program develops new measurement standards and capabilities to support the development, test, evaluation, and maintenance of the leading-edge technology deployed in emerging military systems.

The committee understands that shortfalls in metrology budgets have led to the erosion of critical calibration standards development and measurement services and that this situation negatively affects the development and support of new weapons systems.

Consequently, the committee recommends $127.1 million in PE 64215N, an increase of $6.5 million for the Navy metrology program. The committee also recommends $5.5 million in PE 72207F, an increase of $4.0 million for the Air Force metrology program.

Multipurpose processor

The budget request contained $43.7 million in PE 64503N for submarine system equipment development, including $36.0 million for submarine sonar improvements that also included the acoustic rapid commercial-off-the-shelf insertion (A-RCI) program.

The A-RCI program upgrades current submarine sonar systems with open architecture commercial-off-the-shelf computer technology that uses advanced processing builds (APB) and multipurpose processor (MPP) middleware architecture developed under small business innovative research to provide continued upgrades as technology develops. Full implementation is currently planned for fiscal year 2008, but conversion of all submarines can be accelerated to fiscal year 2004 with additional funds.

The committee notes that the Chief of Naval Operations identified $225.0 million in fiscal year 2002 unfunded requirements for A-RCI in submarine sonar systems. The committee believes that this technology upgrade is essential for the submarine fleet and, therefore, recommends $68.7 million in PE 64503N, an increase of $25.0 million to accelerate the A-RCI program for application of the APB/MPP technology insertion process in submarine and other naval sonar systems.

Navy's intelligent agent security module

The budget request contained $20.9 million in PE 33140N for the Navy's information systems security program.

The committee notes the progress being made in the development of intelligent agent security modules (IASM) in the Navy's information systems security program, but also notes the need to improve IASM system capability to identify and respond to attacks on the information network. The Navy has stated that the IASM is intended for deployment at the tactical network operations center, shipboard, and at the fleet information warfare center. The IASM will enhance network security by correlating information from multiple security products; derive a concise, accurate assessment of malicious actions and unauthorized use; and recommend actions to respond to and terminate an attack to network administrators.

Accordingly, the committee recommends $45.9 million in PE 33140N, an increase of $25.0 million to increase the capability of the IASM system to identify and respond to attacks on the network, expand the period through which attack trends can be assessed, and provide enhanced countermeasures to respond to a specific type of attack.

Navy logistics productivity

The budget request contained $11.7 million in PE 63739N for Navy logistics productivity demonstration and validation.

Compatible processor upgrade program

The committee understands that compatible processor upgrade program (CPUP) system-on-a-chip processor products are used to modernize existing computer systems while preserving legacy software and infrastructure, adapt commercial designs for high radiation environments, and optimize system designs. Congress provided $3.5 million in fiscal year 2001 to initiate a program for the development of application-specific CPUP

processors to upgrade the capability of the Navy's AN/AYK-14, AN/AYK-44, and AN/UYK-20 computers at a fraction of the cost and time required to reengineer legacy software for new computer systems.

The committee recommends an increase of $6.5 million in PE 63739N for continuation of the compatible processor upgrade program (CPUP).

Rapid retargeting

The committee notes that, within the logistics productivity program, the Navy has implemented a rapid retargeting project to address obsolete designs in electronic systems.

The project provides the technology to eliminate obsolete components and reduce multiple electronic modules to single programmable designs. The committee understands that the rapid retargeting process is also being employed to replace different types of standard electronic modules with programmable commercial-off-the-shelf components, thereby reducing the requirements for spare parts on board naval vessels.

The committee recommends an increase of $5.0 million in PE 63739N to continue the rapid retargeting project.

Non-acoustic anti-submarine warfare

The budget request contained $76.5 million in PE 62747N for undersea warfare applied research and $56.3 million in PE 63747N for undersea warfare advanced technology development.

The committee recommends $86.5 million in PE 62747N, an increase of $10.0 million for applied research in non-acoustic anti-submarine warfare technology and $66.3 million in PE 63747N, an increase of $10.0 million for advanced development in non-acoustic anti-submarine warfare technology. Elsewhere in this report the committee has recommended an increase of $10.0 million to investigate the ability of the JSTARS radar to image the ocean surface.

Oceanographic survey of continental shelf beyond U.S. exclusive economic zone

The committee notes that Articles 76 and 77 of the United Nations Convention on the Law of the Sea secure coastal States' sovereign rights over the natural resources of the continental shelf and establish a formula for determining whether and how a State may claim an outer shelf limit beyond the State's exclusive economic zone (EEZ). The United Nations Commission on the Limits of the Continental Shelf has established guidelines on the scientific and technical evidence, including undersea bathymetric and seismic data from the continental shelf, that will be considered with respect to coastal State submissions. The outer limits based on the commission's recommendations will be final and binding under the Convention. The committee also notes that, although the United States is not now a party to the Convention, should it accede to the treaty in the future, it should be able to establish final and binding limits to two areas adjacent to its EEZ off the coast of Alaska, the Chukchi Cap and part of the Donut Hull, and smaller areas in the Gulf of Mexico and the Atlantic Ocean. The committee believes that the United States

should have the data available that would be necessary to determine whether claims from other coastal States might overlap with potential U.S. claims.

The committee encourages the Secretary of the Navy, in conjunction with the Administrator of the National Oceanic and Atmospheric Administration, to identify the scope of the bathymetric, seismic, and other data that would need to be gathered to support United States' claims for establishment of outer shelf limits under the Convention, develop a plan for gathering that data, and determine the surface and subsurface oceanographic survey resources that would need to be committed to the effort.

Organ transfer technology

The budget request contained $17.7 million in PE 63729N for warfighter protection advanced technology development.

The committee notes developments in immune therapies by investigators at the Naval Medical Research Center that have been shown to prevent the rejection of tissue and organ transplants without the need for continuous use of immunosuppressive drugs. The committee believes that the ability to transplant massive tissue segments without rejection could revolutionize the treatment of combat causalities who suffer significant tissue loss or organ damage from blast, missile fragments, or burns. In fiscal year 2001, the Chief of Naval Research initiated a program to capitalize on these newly developed methods of treatment and Congress provided $3.0 million to initiate a clinical trials program.

The committee recommends $21.7 million in PE 63729N, an increase of $4.0 million to continue the program for clinical trials in organ transplant and transfer technology. The committee urges the Chief of Naval Research to include funding for completion of the clinical trials program in future budget requests

Photovoltaic energy savings initiative

The budget request contained $1.7 million in PE 63725N for demonstration and validation of improvements in naval facilities.

The committee notes that rising energy costs and increased concerns among the military services about the effect of gaseous emissions on the environment have sparked greater interest in developing renewable energy sources. The committee understands that proposals have been made for development of a multi-megawatt photovoltaic energy park on naval installations to generate electricity from the sun for this purpose. Under the proposal, a cooperative agreement would be established between industry and the federal government that would result in fuel savings under the federally funded share of the program being returned to the federal government.

The committee recommends $4.1 million in PE 63725N, including an increase of $2.4 million in PE 63725N for demonstration of the photovoltaic energy savings initiative.

Power projection advanced technology

The budget request contained $76.4 million in PE 63114N for power projection advanced technology development.

Affordable weapon

The Office of Naval Research (ONR) affordable weapons program is an advanced technology demonstration to design, develop and build a 600 mile range, 200lbs. payload, precision strike missile with global positioning system/inertial navigation system guidance and control and a data link. The missile is built using commercial-off-the-shelf components (COTS) and will have an estimated cost in production of approximately $30,000 per missile and fly within two years of contract initiation. The objective of the ONR program is to demonstrate the breakthroughs in (1) technology and systems integration that permit the development of a low-cost, precision guided missile using primarily COTS components and (2) acquisition reform that permits definition of costs within the first ten production units and manufacturing changes that can be accomplished at low cost with small unit buys. The committee notes that ONR initiated the program in July 1999 and accomplished air vehicle first flight in September 2000. The committee believes that, if successful, the ONR affordable missile program will establish a new paradigm for the development and production of precision strike missile systems.

The committee recommends an increase of $10.0 million in PE 63114N for advanced technology development and demonstration of the affordable weapon.

DP-2 thrust vectoring system concept demonstration

The budget request contained no funds for continuation of the DP-2 thrust vectoring system proof-of-concept demonstration.

DP-2 is a proof-of-concept program to demonstrate the use of thrust vector control to achieve vertical takeoff and conventional takeoff capabilities in a one-half scale flight test vehicle. The technology offers the potential for a low cost, medium range aircraft of advanced composite construction.

The committee notes the progress to date in the DP-2 program in the design and fabrication of large, precise composite structures, the design of the flight control system, and ground test of the system leading to the initial hover test in June 2001. The committee also notes technical issues that were encountered during the hover test that will necessitate additional analysis and potential redesign before a successful hover test can be accomplished. The committee believes that the potential of the DP-2 proof-of-concept program justifies these efforts.

Accordingly, the committee recommends an increase of $8.0 million in PE 63114N to continue the project for development and demonstration of the DP-2 thrust vectoring system in an affordable airframe.

Precision targeting systems modernization and enhancement

The budget request contained $4.5 million in PE 35208N for distributed ground systems operational systems development.

The committee notes that the Joint Service Imagery Processing System – Navy (JSIPS-N), the Navy's portion of the distributed common ground system, is being installed on aircraft carriers, amphibious assault ships, selected fleet flagships, and shore sites to receive and exploit imagery reports from multiple sensors and assist strike and amphibious operations planners and tactical aviators in planning the delivery of precision weapons. The committee understands that the digital imagery workstation suite (DIWS) component of JSIPS-N should be upgraded to provide a state-of-the-art targeting capability, smaller equipment footprint aboard ship, and increased reliability.

The committee recommends $5.5 million in PE 35208N, an increase of $1.0 million to accelerate the program for development, testing, and integration of the upgraded DIWS.

Project Bear Trap

The budget request contained $12.9 million in PE 63254N for anti-submarine warfare systems demonstration and validation, including support for Project Bear Trap.

The budget request supports hardware and software development for the rapid prototyping of advanced capability acoustic and non-acoustic ASW sensors, as well as data collection and analysis for threat assessment and environmental characterization. The committee notes the progress being made in the evaluation and development of the phenomena of nonlinear dynamics and stochastic resonance (NDSR) for acoustic, magnetic, and other ASW sensor and signal processing applications.

The committee recommends $17.9 million in PE 63254N, an increase of $5.0 million for Project Beartrap to continue the development, demonstration, and evaluation of NDSR technology for ASW applications and to continue the Beartrap environmental characterization program.

Radiation-hardened electronics applications

The budget request contained $43.3 million in PE 11221N for strategic submarine and weapons systems support.

Radiation-hardened integrated circuits are necessary for systems such as the guidance system for the Trident missile. The radiation-hardened electronics application program (RHEAP) is a Navy-sponsored initiative to improve the efficiency of production of critical, radiation-hardened integrated circuits through the use of advanced simulation and modeling tools. The program addresses the transition between the science and technology that develops more capable integrated circuit chips and the commercial production of those next generation chips. Benefits of RHEAP include improving the return on the science and technology investment in the development of advanced microelectronics, reducing the cost of production by commercial laboratories, and reducing the time and effort required to mature a research and development semi-conductor wafer prototype to a production-ready product

The committee recommends $53.1 million in PE 11221N, including an increase of $9.8 million for development of advanced RHEAP tools for modeling, simulation and fabrication of radiation-hardened circuits.

SPAWAR enhanced modeling and simulation initiatives

The budget request contained $7.8 million in PE 38601N for support of Navy modeling and simulation.

The committee notes continued advances in modeling and simulation for command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) systems. These advances demonstrate the use of efficient systems engineering and business practices and leverage simulation-based acquisition applied to the assessment, planning, testing, and technology insertion for C4ISR systems. The committee also notes continuing progress in modeling and simulation systems engineering initiatives that aid operations analysis, and engineering assessment. The committee supports the development and understanding of new modeling and simulation tools that will assist in more effective decision-making and in the design of C4ISR systems and information architectures.

Accordingly, the committee recommends $10.8 million in PE 38601N, an increase of $3.0 million to continue initiatives for the development of improvements in C4ISR modeling and simulation.

Submarine electrical power

The budget request contained $117.1 million in PE 62123N for force protection applied research.

The committee notes that some nuclear submarines, which are nearing the end of their hull service life and being decommissioned may still have significant life remaining in the submarine nuclear reactor core that could, with appropriate modification to the steam generating system, provide a source of power for on-shore activities when connected to the on-shore power grid. Such a capability would be useful in augmenting the power grid in an area where there is a submarine basing and support capability.

The committee recommends $117.4 million in PE 62123N, an increase of $300 thousand to initiate a study on the potential utility and application of submarine-generated steam and electrical power for augmentation of on-shore power grids.

Supply chain best practices

The budget request contained $1.0 million in PE 65804N for technical information services that support cooperative advanced technology initiatives between the Navy and U.S. industry with the goals of improving affordability and reducing life cycle costs of new and modernized Navy systems.

The committee recommends an increase of $6.0 million in PE 654804N to continue the program for development and adoption of industrial and logistical best business and management practices among government and industry in support of defense systems. The committee expects that the Office of Naval Research will include funding for this program in future Navy budgets.

Surface navy integrated undersea tactical technology

The budget request contained $135.3 million in PE 63502N for surface and shallow water mine countermeasures systems demonstration and validation.

The committee understands that in order to effectively conduct the Navy's core anti-submarine warfare (ASW) and mine warfare (MIW) missions, naval forces must be able to reliably detect, locate, and target mines and enemy submarines, respond rapidly and decisively to these hostile contacts, and provide all commanders with a common picture of the undersea battlespace. The committee notes the need for development of a common undersea picture that would incorporate input data from existing and enhanced undersea warfare systems.

The committee recommends $147.3 million in PE 63502N, an increase of $12.0 million for the Surface Navy Integrated Undersea Tactical Technology project. The committee expects that this effort will be coordinated with other Navy and joint programs for development of technology and systems to provide a common picture of the tactical undersea battlespace.

Surface ship torpedo defense

The budget request contained $4.8 million in PE 63506N for surface ship torpedo defense (SSTD) demonstration and validation.

The committee understands that the fiscal year 2002 plan for the SSTD program includes continued development of the tripwire torpedo defense system for large deck ships and DDG-51 Flight IIA ships and continued development of the anti-torpedo torpedo countermeasure for surface ships.

The committee recommends $9.8 million in PE 63506N, an increase of $5.0 million to accelerate the program for development and fielding of SSTD systems to the fleet.

Telemedicine for minimally invasive surgery

The committee notes the progress made in the application of telemedicine to surgical procedures that allow an experienced surgeon to perform a procedure from a remote location using telecommunications technology and sophisticated robotic systems. The committee believes that the technology has the potential to increase significantly the availability of specialized surgical skills to deployed military personnel and the civilian community throughout the world. The committee directs the Secretary of the Navy, in consultation with the Secretary of Health and Human Services, to review the telemedicine program and consider the establishment of a pilot project for further application of telemedicine technology to minimally invasive surgical procedures. The committee believes that such a project would provide valuable data on human subject outcomes, equipment use and set-up, the quality of data transmission for remote applications, and the infrastructure required to support such telesurgery. The committee directs that the Secretary of the Navy report the results of the review and recommendations regarding the establishment of such a pilot project with the submission of the fiscal year 2003 budget request.

Titanium watertight door and hatch cover

The budget request contained $130.4 million in PE 64567N for ship contract design / live fire test and evaluation but included no funds for evaluating a watertight door or hatch cover made from titanium.

The committee is concerned about the continuing high cost to maintain weather decks of surface combatants and notes that the use of titanium, rather than steel, to construct these decks could produce potentially significant life-cycle cost savings, since titanium is lighter, stronger, and easier to maintain than steel, as well non-corrosive in seawater. Therefore, from within the funds requested, which the committee recommends, the committee strongly urges the Secretary of the Navy to use $1.0 million to initiate a pilot program, using titanium, to produce a watertight door and hatch cover on a flight 2A DDG-51 destroyer.

Torpedo rapid COTS insertion

The budget request contained $17.1 million in PE 25632N for MK-48 Advanced Capability Torpedo operational systems development, but included no funding for insertion of advanced commercial-off-the-shelf (COTS) technology into the Mk 48 ADCAP torpedo.

The committee is concerned that the performance of the MK-48 submarine-launched torpedo in littoral waters is far less than desired. The committee is that the advanced rapid COTS insertion (A-RCI) program, which uses advanced processing builds (APB) and a multi-purpose processor (MPP) hardware architecture developed under small business innovative research, has successfully and very cost effectively improved the performance of submarine sonar systems. The committee believes that a similar A-RCI program for the MK-48 torpedo, which leverages the experience gained in the submarine sonar program, could have significant potential to cost effectively improve performance of the MK-48 torpedo in the demanding littoral waters sonar environment.

Therefore, the committee recommends $27.1 million in PE 25632N, an increase of $10.0 million to extend the application of the advanced processing build/multipurpose processor technology insertion process to the MK-48 ADCAP torpedo.

Vacuum electronics

The budget request contained $62.1 million in PE 62271N for applied research in radio frequency technology, including $6.5 million for vacuum electronics; and $76.9 million in PE 63271N for radio frequency advanced technology development.

The committee report on H.R. 1402 (H. Rept. 106-162) noted the committee's support for a robust vacuum electronics research and development program in the Department of Defense and other federal agencies. The committee has reviewed the results of the Secretary of the Navy's recent report to Congress on the DOD vacuum electronics program and the DOD's April 2001 Technology Area Review and Assessment (TARA) on creating a balanced tri-service investment strategy for RF vacuum electronics and solid state power technologies. The committee endorses the TARA views on the criticality of support for both vacuum electronics and solid-state power technologies. The committee notes the TARA review's recommendations for increased funding in the

tri-service vacuum electronics program and for establishment of a combined tri-service initiative to rapidly advance wide bandgap semiconductor device technology to enable advanced military radar and other systems requiring power electronics in the mid-to-long term.

The committee recommends $16.5 million in PE 62271N for applied research in vacuum electronics, an increase of $10.0 million; and an increase of $5.0 million in PE 63271N for vacuum electronics advanced technology development. The committee has recommended a legislative provision (Section 244) that would accelerate the program for development of advanced solid state, wide bandgap semiconductor technology. The committee expects the Under Secretary of Defense (Acquisition, Technology, and Logistics) through the Director of Defense Research and Engineering to ensure a balanced investment strategy for vacuum electronics and solid state power technologies that will meet DOD requirements for current and future systems that use radio frequency power electronics.

VECTOR study and analysis

The budget request contained $11.6 million in PE 63790N for the cooperative NATO research and development program.

The committee is aware that a funding shortfall has developed in the VECTOR program, which is due in large part to a lower-than-expected contribution provided by the Federal Republic of Germany for fiscal year 2002. The committee is concerned with the numerous executability problems experienced in this program and remains concerned about the feasibility and follow-on applications of this technology.

The committee recommends that the Secretary of the Navy review VECTOR's technological feasibility, assess its potential follow-on applications in accordance with the Navy's future force structure plans, and examine in particular the possible incorporation of VECTOR technology applied to manned and unmanned naval aircraft in the inventory.

The committee recommends $11.6 million in PE 63790 N, including $1.0 million for the VECTOR study and analysis program.

Warfighter sustainment advanced technology

The budget request contained $48.6 million in PE 63236N for warfighter sustainment advanced technology development.

Naval environmental compliance operations monitoring system

The committee understands that proposals have been made for establishment of a naval environmental compliance operations monitoring system (NECOSM), a two-pronged effort to increase capabilities for situational awareness and pollution prevention. The first effort would involve implementing monitoring and control technology modules that were identified during a previously funded baseline survey and cost analysis. The second effort would use environmental analysis, cost, and compliance driven needs assessment to identify high priority projects for implementation of NECOSM.

The committee recommends an increase of $6.0 million in PE 63236N for development and application of advanced technology leading to a Naval Environmental Compliance Operations Monitoring System.

Real time heart rate variability monitor

The committee understands that real time heart rate variability technology has the potential for enhancing on-site assessment of disease and trauma by enabling physiological measurement of nervous system functioning and balance. The committee believes that improvements in these areas can lead to improved treatment and victim survivability. The committee also believes that the technology may permit the early detection and treatment of the effects of weapons of mass destruction.

The committee recommends an increase of $8.9 million in PE 63236N for advanced development and demonstration of applications for real time heart rate variability technology.

Warfighter sustainment applied research

The budget request contained $71.3 million in PE 62236N for warfighter sustainment applied research.

Commercial off-the-shelf (COTS) carbon fiber qualification

The committee notes that Navy and other DOD aircraft and weapons systems must use a high-priced carbon fiber available only from a single source to reinforce composite structures. As a result of the development of a new qualification protocol, the Navy and the Joint Strike Fighter program now have the means to qualify new commercially available fibers for use in advanced composite structures.

The committee recommends an increase of $2.0 million in PE 62236N for qualification of commercially available carbon fibers for aircraft and missile applications.

Detection and identification of human pathogens

Recent advances and maturing of design and technology have enabled portable, cost-effective fabrication and demonstration of high-sensitivity, high spectral-resolution sensors for the detection and identification of spectral signatures emitted by pathogens. The committee believes that such sensors provide the potential for the development of active, high-resolution, broadband spectral sensing instruments for real-time in vivo detection and identification of human pathogens.

The committee recommends an increase of $2.0 million in PE 62236N for applied research in the detection and identification of human pathogens.

Formable aligned carbon thermo sets

The committee understands that a new composite technology known as formable aligned carbon thermo sets (FACTS) has the potential for markedly reducing the cost of

composites and for enabling the production of more complex composite structures in aircraft structures and other applications where flexibility in design and fabrication of the structure is needed. Successful development of the technology will lead to reductions in the cost of production of existing composite structures, increase the percentage of composites in the system design, and significantly reduce operations and maintenance costs.

The committee recommends an increase of $4.0 million in PE 62236N to accelerate the Navy's program research and development program in formable aligned carbon thermo sets.

Knowledge-based ship system diagnosis and repair

The committee notes the establishment by the Navy of a collaborative program for the development of a new system to remotely monitor Navy ships and enable off-board technical experts to assist on-board technicians that are part of the ship's crew in ship maintenance and repair. The committee believes that successful development and implementation of this new approach to knowledge-based system diagnosis and repair could be increasingly important as the Navy make the transition to ships with reduced number of personnel and as electronic equipment and other ships systems continues to be more complex and powerful.

The committee recommends an increase of $3.0 million in PE 62236N for applied research in knowledge-based ship system diagnosis and repair.

Air Force RDT&E

Overview

The budget request contained $14,44.0 million for Air Force RDT&E. The committee recommends authorization of $14,455.6 million, an increase of $111.7 million.

The committee recommendations for the fiscal year 2002 Air Force RDT&E program are identified in the table below. Major changes to the Air Force request are discussed following the table.

Insert Air Force Tables

Items of Special Interest

Access to space

The budget request included $26.3 million for the demonstration and transition of Aerospace Structures in PE 63211F.

The committee recognizes the growing significance of space operational capability and that dependable and low-cost access to space may require the use of highly-specialized aerospace vehicles and structures. To address these evolving challenges, the committee urges the Secretary of the Air Force to establish a joint program office with Army and Navy representation to define required technology investments for access-to-space, to perform current and future Air Force capability assessments, to develop an integrated plan for low-cost access to space, and initiate studies and development activities in support of such a plan. Further, the committee strongly urges coordination between the Aeronautical Systems Center, the Space and Missile Center, the Air Force Research Laboratory, and the National Aeronautics and Space Administration (NASA).

Accordingly, the committee authorizes $28.3 million in PE 63211F, an increase of $2.0 million to address this access-to-space priority.

Advanced aerospace sensors

The budget request contained $55.8 million in PE 63203F for advanced aerospace sensors.

The committee believes that advanced sensors are essential to support future warfighter requirements and therefore recommends $60.8 million in PE 63203F, an increase of $5.0 million for advanced aerospace sensors.

Aerospace propulsion

The budget request contained $149.2 million in PE 62203F for aerospace propulsion.

The committee notes the recent efforts by the Department of Defense to ensue adequate funding in this critical Air Force applied research account. The committee is aware of a small business innovative research effort, the Pulse Detonation Engine (PDE), which has been in development for several years and appears ready for fabrication and test of a flight-worthy PDE. The committee recommends an increase of $6.0 million in PE 62203F to contain PDE efforts.

The committee also continues to support Air Force investments in Integrated High Payoff Rocket Propulsion Technology (IHPRPT) and recommends an increase of $9.5 million in PE 62203F and an increase of $6.5 million on PE 63302F for continued investments in IHPRPT.

Aging landing gear life extension (ALGLE) program

The budget request contained $20.1 million in PE 65011F for development of products and services to improve the performance of aging aircraft systems but included no funds for the ALGLE program.

The ALGLE program addresses the operational, safety and maintenance consequences of increased mishaps resulting from landing gear failures as well as unacceptable mission incapable rates for KC-135, C-130, C-5 and F-16 aircraft that are attributable to either unavailable or unreliable landing gear assets. The committee notes that the ALGLE program is prototyping new landing gear component modifications, developing new repair techniques, and exploiting new technologies. The committee understands that these efforts have already resulted in life cycle cost reductions of over $46.0 million and believes that this program should continue to address the Air Force's aging landing gear problems in fiscal year 2002 and in subsequent years.

Accordingly, the committee recommends $35.1 million in PE 65011F, an increase of $15.0 million, for continuation of the ALGLE program.

Airborne reconnaissance system

The budget request contained $77.8 million in PE 35206F for airborne systems, but included no funds for theater airborne reconnaissance system (TARS) or Combat Sent passive airborne ranging.

The committee recommends $97.3 million in PE 35206F, an increase of $4.5 million for Combat Sent passive airborne ranging and an increase of $15.0 million for TARS development.

Assessment relating to gasoline and diesel engine fuel systems

The committee encourages the Secretary of Defense to assess the potential for developing a program that would require all military services to maintain gasoline and diesel engine fuel systems using engine decarbonizing systems. The assessment should address the costs and benefits of a requirement that the equipment and cleaning agents used in decarbonizing engines be tested and approved by entities such as the Management and Equipment Evaluation Program (MEEP) of the Department of the Air Force or similar testing entities in the other military services. Consideration should be given to requirements that cleaning agents are non-carcinogenic, non-flammable, and non-hazardous, as documented by the Material Safety Data Sheets (MSDS) required by the U.S. Environmental Protection Agency, and that the use of transmission fluid exchange equipment that is capable of exchanging virtually all contaminated automatic transmission fluid (ATF) with new ATF.

Bipolar wafer cell nickel-metal hydride battery

The budget request contained $53.8 million in PE 78011F for the Air Force's manufacturing technology program.

The committee notes that the Air Force has been developing a bipolar wafer-cell nickel-metal hydride (NiMH) replacement battery for the F-16 aircraft that has the potential to provide significantly higher power than nickel-cadmium batteries. The

committee understands that the use of bipolar wafer-cell NiMH batteries could lead to significant savings from reduced procurement and maintenance of existing nickel-cadmium batteries.

The committee recommends an increase of $2.5 million in PE 78011F for to complete manufacturing technology development and testing of a bipolar wafer-cell NiMH battery for the F-16 aircraft.

Commercial imagery strategy

The committee believes that the United States should prioritize the use of commercial remote sensing as envisioned in Presidential Decision Directive-23. Moreover, the committee believes that allocating certain imagery requirements to the U.S. commercial remote sensing industry will permit National Technical Means to focus on high priority intelligence requirements. Thus, the committee continues to support use of commercial satellite imagery and geo-spatial products and services to satisfy the non-time-critical low and medium resolution requirements of the Secretary of Defense, including the regional Commanders-in-Chief, and the Intelligence Community.

The committee also understands that the Administration is developing a commercial imagery strategy to support these requirements and strongly endorses the development and implementation of such a strategy. The committee believes, however, that the U.S. government must become a reliable, long-term customer of commercial imagery if the strategy is to be successful. The committee recognizes that there are budgetary and contract authority issues, but does not believe they are beyond solution.

Therefore, the committee directs the Secretary of Defense, in consultation with the Director of Central Intelligence, to plan and carry out a program to purchase a majority of their non-time-critical low and medium resolution imagery requirements from the U.S. commercial remote sensing industry by 2005.

Free electron laser

The budget request contained $77.2 million in PE 62102F for Materials, but included no funds for free electron laser.

The committee notes the progress achieved in Navy free electron laser (FEL) development and urges the Secretary of the Air Force to continue collaborative efforts including the addition of ultra violet capability to the Navy's FEL demonstration to examine aerospace applications.

The committee recommends an increase of $5.5 million in PE 62102F for FEL.

Funding transfers to support transformation

The committee is concerned that the largest area of growth in Air Force research and development (R&D) investments has occurred in the category of fielded system development and other mature technologies. Other areas included increases greater than previously forecast, apparently excessive management funding, or un-obligated prior year funding. The committee believes that the highest priority for R&D investments should be to fund efforts directly related to transformation and future capabilities. Therefore, the

committee recommends the following decreases to Air Force accounts, to be transferred to other programs within the Air Force that support transformation and future system development:

62204F……..$14,100,000
62605F……$5,700,000
62702F……$5,200,000
63605F……$5,000,000
63430F……..$27,000,000
63432F……$5,000,000
63438F……..$10,000,000
63850F……$3,000,000
63856F……$4,433,000
63859F……$2,688,000
65101F……$5,000,000
65807F……..$13,600,000
99980F……..$10,000,000
27028F……..$29,400,000
27133F……..$30,000,000
27134F……..$25,500,000
27138F……..$15,100,000
27268F……..$25,500,000
27277F……$1,961,000
27410F……..$10,000,000
35910F……..$20,000,000
41119F……..$30,000,000
41134F……..$22,500,000

GPS jammer detection and location system

The budget request contained $10.8 million in 27247F for Air Force tactical exploitation of national capabilities, but included no funds for GPS jammer detection and location system (GPS-JLOC).

The committee notes that mission planning tools, tactics, and procedures must be developed for countering jamming of GPS. The committee is aware that a GPS jammer detection and location system has been developed under a Phase II small business innovative research (SBIR) program and further notes that GPS-JLOC appears ready to transition to an operational capability under SBIR Phase III.

The committee recommends $3.8 million in PE 27247F, an increase of $3.0 million for GPS-JLOC.

High accuracy network demonstration system

The budget program included $50.5 million in PE 65864F for the Space Test Program (STP).

The committee supports the STP initiative as an effort for advancing space technology and enabling future U.S. space superiority in a cost effective manner. The committee is aware of an orbit-identification and determination capability that may reduce errors and costs in the current space-object maintenance catalog. The technology may improve ephemeris determination for Defense Support Program satellites by as much as 50 percent through the use of highly accurate angular observations from a family of low-cost optical sensors called the High Accuracy Network Determination System (HANDS). The committee notes the expected low-cost nature of HANDS and encourages the Air Force to pursue opportunities in this area.

Accordingly, the committee authorizes $55.5 million in PE 65864F for HANDS, an increase of $5.0 million over the request.

Joint precision approach landing system

The budget request contained $9.6 million in PE 63860F for joint precision approach landing systems (JPALS).

The committee is aware that the basic requirement for joint precision approach landing system is to provide a rapidly deployable, adverse weather and terrain, survivable, maintainable, interoperable precision approach and landing system for land and sea. The committee notes that JPALS will replace existing, obsolete landing systems in the fleet and ashore.

The committee recommends $14.6 million in PE 63860F for JPALS.

Joint STARS multi-platform radar technology insertion program

The budget request contained $147.8 million in PE 27581F for Joint STARS system development, but contained no funds for Multi-Platform Radar Technology Insertion Program (RTIP).

The committee notes the tremendous contributions of Joint STARS aircraft to ground warfare and warfighter situational awareness and fully supports the planned improvements inherent in the RTIP effort that will enhance ground surveillance, precision targeting, and battlefield coordination. However, the committee is concerned with the operational limitations experienced by the Joint STARS fleet refurbished airframes and believes that the Air Force should thoroughly assess utilization of RTIP technology on other, more modern, airframes.

Therefore, the committee recommends $246.8 million in PE 27581F, an increase of $89.0 million for Multi-Platform RTIP and an increase of $10.0 million for Joint STARS ocean surveillance capability testing.

Joint strike fighter (JSF) alternate engine

The budget request contained $769.5 million in PE 64800F to begin the engineering and manufacturing development phase of the JSF program, but included no funds to reduce development schedule risk of the alternate engine common hardware components.

The JSF program will develop and field a family of aircraft that meets the needs of the Navy, Air Force, Marine Corps, and allies with commonality among the variants to minimize life cycle costs. The committee notes that the JSF joint program office (JPO) has encouraged two engine manufacturers to work together on the co-development of propulsion components which are common to both the JSF's current F-119 engine and the F-120 alternate engine and understands that this effort will develop two interchangeable propulsion systems while preserving the proprietary interests of each manufacturer. The committee also understands that the JPO supports production of the F-120 alternate engine as part of the low-rate initial JSF production scheduled for fiscal year 2009 but believes that increased funding in fiscal year 2002 is required to reduce development schedule risk of the common hardware components.

Accordingly, the committee recommends $779.5 million in PE 64800F, an increase of $10.0 million, to reduce development schedule risk of the JSF alternate engine common hardware components.

Low cost autonomous attack system

The budget request contained $37.6 million in PE 63601F, including $8.0 million for the Low Cost Autonomous Attack System (LOCAAS).

The committee supports continued development of precision guided munitions (PGMs) such as LOCAAS and notes that the LOCAAS program is preparing for final development to address the PGM requirements for area search weapons not addressed by the Air Force Small Diameter Bomb development program.

The committee recommends an increase of $8.0 million in PE 63601F to continue LOCAAS development.

Low cost launch technology

The budget request contained $54.5 million in PE 63401F for advanced spacecraft technology, but included no funds for low cost launch technology.

The committee is aware of several low cost launch concepts and technologies that offer the potential to reduce space launch costs tremendously. The committee notes that the Scorpius program has successfully demonstrated reduced cost launch capabilities.

The committee recommends $69.5 million in PE 63401F, an increase of $15.0 million for low cost launch technologies, including Scorpius.

Major T&E investment

The budget request contained $49.9 million in PE 64759F for test & evaluation investments, but included no funds for the Propulsion Wind Tunnel (PWT) Upgrade project or the Laser Induced Surface Improvement (LISI) project.

The committee notes that previous year budget requests by the Air Force included funding to initiate the PWT Upgrade project, but sufficient funding has not yet been committed to complete this project. The committee also notes that the Air Force has explored the cost savings and improved wear and corrosion resistance demonstrated by components treated with the LISI process.

Therefore, the committee recommends $59.9 million in PE 64759F, an increase of $4.0 million, for completion of the PWT Upgrade project and an increase of $6.0 million for continued development of the LISI project.

Materials technologies for aging aircraft

The budget request included $32.7 million in PE 63112F for Advanced Materials for Weapon Systems.

The committee recognizes that future aeronautical capability will largely depend on significant improvements in advanced materials technologies that promise to extend the lifespan and reduce the total life cycle costs of future aerospace vehicles. While the committee notes that the Air Force has experienced some success in developing and implementing new aging aircraft technologies, it encourages the service to increase overall effort in this area.

Therefore, the committee recommends an increase of $4.0 million in PE 63112F to address this priority.

Missile Technology demonstration-3B

The budget request contained $8.5 million in PE 65860F for rocket systems launch programs, but included no funds for the Missile Technology Demonstration (MTD)-3B.

The committee notes that the MTD effort represents the primary high-speed weapon system technology platform within the Department of Defense and urges the Secretary of the Air Force to reassess funding priorities giving full weight to the importance of the MTD program.

The committee recommends an increase of $11.0 million to PE 65860F for continued support of MTD-3B.

Non-space SIGINT architecture

The committee notes that the programs that make up the Joint SIGINT Architecture Family (JSAF) continue to experience significant programmatic setbacks despite the efforts of program officials and their industry partners. The Low Band Subsystem (LBSS) program was recently terminated after a seemingly endless series cost, schedule and performance difficulties and the High Band Subsystem program is reportedly facing similar difficulties with eventual termination possible. Moreover, the reported ability of the JSAF programs to allow full interoperability within emerging Department of Defense command, control, communications and intelligence architectures as originally envisioned was never realized and was not even possible without coordinated wide-band communications improvements throughout all the ISR platforms. The committee is concerned that the JSAF efforts have drained funding from reasonable alternatives for the near term.

The committee believes the JSAF program has failed with respect to its original objectives. The committee believes that this is not just another case of poor program performance, but indeed, this was a management approach failure that has denied the

Department an achievable joint SIGINT architecture and the very objectives it was to solve. As a result, an adequate joint SIGINT architecture is still not available, critical SIGINT modernization efforts have not occurred, and interoperability is limited.
The committee is convinced a joint architecture, replete with the ability to share system upgrades is achievable. But, it will have to be done by the platform program offices working together in a collaborative set of efforts. The committee believes that this cannot be realized by a program office independent of the platform developers, nor can it be done without a plan for achieving system-level interoperability.

Accordingly, the committee directs that Secretary of the Air Force, as principal acquisition executive for JSAF programs, to develop a comprehensive, non-space SIGINT system architecture plan for the post 2007 time frame. This plan shall provide for a digital, open architecture that uses only non-proprietary commercial standards and standardized, well-defined interfaces. Further, the systems in this architecture must include the ability to be reprogrammed through software changes to be periodically upgraded as well as to meet emerging time-critical requirements. The non-space SIGINT architecture plan shall be provided to the congressional defense and intelligence committees not later than May 31, 2002.

Precision location and identification (PLAID)

The budget request contained $41.3 million in PE 64270F for electronic warfare (EW) development, of which $1.8 million was included for the PLAID technology program.

The PLAID technology program will enhance aircrew situational awareness by providing accurate ground emitter location and unambiguous identification. The committee understands that the Air Force plans to conduct a competition to advance the engineering manufacturing and development (EMD) phase of the PLAID technology program and further understands that, upon completion of the EMD phase, the PLAID upgrade will be installed on over 1,800 Air Force aircraft. Due to its successful flight and ground test evaluations, the committee believes that the PLAID technology EMD phase should be accelerated.

Therefore, the committee recommends $54.6 million in PE 64270F, an increase of $13.3 million, to accelerate the PLAID technology EMD phase.

Satellite planning information network (SPIN)

The budget request contained $232.1 million in PE 64479F for development of the military strategic and tactical relay (MILSTAR) communications satellite, but included no funds for the SPIN development.

The SPIN is a web-based satellite communications management technology that utilizes the Department's existing secret internet protocol router to expand the flexibility and efficiency of military satellite communications. The committee notes that the demand for military satellite communications continues to rise, and believes that development efforts of programs such as the SPIN should be undertaken to more efficiently use these resources.

Consequently, the committee recommends $238.6 million in PE 64479F, an increase of $6.5 million, to develop the SPIN technology.

Space and missile rocket propulsion

The budget request contained no funds in PE 63302F for Space and Missile Rocket Propulsion.

The committee notes the importance of continued investments in advanced space and missile propulsion technology and recommends an increase of $12.6 million in PE 63302F to modernize Air Force Research Laboratory large rocket test stands for higher pressure requirements and improved instrumentation.

Special aerospace metals and manufacturing processes

The budget request contained $77.2 million in PE 62102F for applied research and $32.7 million in PE 63122F for advanced development of materials technologies for aerospace systems and $53.8 million in PE 78011F for the Air Force's manufacturing technology program.

The committee continues to support the need for advances in special aerospace metals and metal alloys for aircraft and space vehicle structures, propulsion, components, and weapon systems. The Department of Defense needs materials that are lightweight, high strength, high performance, and capable of withstanding the stressing environments that are experienced by terrestrial and aerospace systems, and for the development and optimization of manufacturing processes for these materials.

The committee recommends increases of $4.5 million in PE 62102F, $4.5 million in PE 63112F, and $3.5 million in PE 78011F to continue the program for the development and demonstration of special aerospace materials and materials manufacturing processes.

Synthetic Theater Operations Research Model

The budget request included $25.3 million in PE 27601F for Modeling and Simulation, but included no funding for the Synthetic Theater Operations Research Model (STORM).

The committee supports the Air Force Modeling and Simulation program and recognizes the potential savings and enhanced training levels associated with these initiatives. As training costs escalate, the committee continues to encourage alternative cost-saving training techniques particularly as potential threats continue to evolve. The committee is aware that STORM, a program in its fifth year of development, is a next generation simulation designed specifically to meet needs for a greater understanding of the impact of information technology on force structure and operational concepts.

Therefore, the committee recommends $27.3 million in PE 27601F, an increase of $2.0 million for the continued development of STORM.

Texas regional institute for environmental studies

The budget request contained no funds in PE 63723F for environmental engineering technology.

The committee continues to support the ongoing Texas regional institute for environmental studies (TRIES) research and development demonstration program, and recommends $3.0 million in PE 63723F for a joint TRIES - Brooks Air Force Base Institute of Environment, Safety and Occupational Health Risk environmental demonstration program addressing environmental issues unique to the southwest border region.

Defense-Wide RDT&E

Overview

The budget request contained $15,050.8 million for Defense-Wide RDT&E. The committee recommends authorization of $15,374.6 million, a decrease of $245.2 million and the transfer of $569.2 million for missile defense programs from Army and Navy RDT&E to Defense-wide RDT&E.

The committee recommendations for the fiscal year 2002 Defense-Wide RDT&E program are identified in the table below. Major changes to the Defense-Wide request are discussed following the table.

Insert Defense-Wide Tables

Items of Special Interest

Aircraft affordability initiative

The budget request contained $10.8 million in PE 64805D8Z for the Department of Defense Commercial Operations and Support Savings Initiative (COSSI).

The committee notes that the stated goal of COSSI is to adapt commercial technologies to reduce operations and support (O&S) costs and improve overall weapons systems performance.

The committee is aware of a promising technology for improving electronic warfare (EW) performance and reducing the overall cost of future and existing aircraft. Initiated in fiscal year 2001, the digital EW product improvement program (EW PIP) has utilized recent technological advancements to permit the conversion of analogue-based EW receivers to digital electronics. The committee understands that digital receivers will substantially decrease the supportability cost and risk of an aircraft's EW system and simultaneously increase combat performance. The committee further understands that if introduced to the F-22 fighter, the digital EW PIP should reduce aircraft weight by more than 30 pounds and power consumption by more than 600 watts. The committee is encouraged by these anticipated gains and improvements and urges the Department to also consider the introduction of digital EW PIP on other aircraft, such as the Joint Strike Fighter, F-15s, and as well as other military and space platforms.

The committee recommends $17.0 million in PE 6480D8Z to complete requisite systems software development and to design, build, and bench-test the F-22 RW/DF Digital Receiver and two associated modules.

Backscatter mobile truck system

The budget request contained $33.5 million in PE 63228D8Z for demonstration and validation of physical security equipment.

The committee notes the requirement for deployed forces to be capable of detecting explosives, weapons, or other systems or items of potential use in acts of terrorism. The committee also notes that there are commercial-off-the-shelf (COTS) mobile truck–mounted systems capable of detecting organic materials in confused and cluttered operational environments using both backscatter and standard transmission x-ray technology, that, if successful and cost-effective in comparison to other cargo screening and surveillance systems, could be used to improve the anti-terrorism posture of U.S. military bases and forces.

The committee recommends $49.5 million in PE 63228D8Z, and increase of $16.0 million to test and evaluate COTS mobile truck-mounted cargo screening and surveillance systems that employ backscatter and standard transmission x-ray technology.

Ballistic Missile Defense Organization (BMDO)

The budget request contained $7,036.5 million for the RDT&E program elements of BMDO.

The committee recommends $7,470.7 million, an increase of $434.2 million. The increase results from disapproving the requested transfer of RDT&E activities for Patriot Advanced Capability-3 (PAC-3), Medium Extended Air Defense System (MEADS), and Navy Area to the military departments.

Technology

The budget request contained $112.0 million in PE 63175C for advanced technology development.

The committee recommends the budget request for technology. The committee strongly believes that a robust technology development program is the key to enhanced future capabilities to counter more sophisticated threats. The committee notes that BMDO investment in technology is only 1.5 percent of the total budget request, and strongly recommends significantly increasing this investment in future budget cycles.

Ballistic missile defense system

The budget request contained $779.6 million in PE 63880C for ballistic missile defense (BMD) system development.

The committee recommends $754.6 million, a decrease of $25.0 million. The committee believes that two systems engineering and integration fourth quarter starts, for updates to the manufacturing technology program and the threat systems engineering library, can be deferred to fiscal year 2003.

The committee notes that the BMD system segment consolidates activities conducted under a number of program elements in previous years. They include battle management command and control development, family of systems integration activities, threat representative target development, and countermeasures programs. The committee is especially encouraged by the increased priority given to assessment of countermeasures, and specifically the Hercules project, which provides a venue for vetting potential countermeasures against projected system capabilities.

The committee observes that this program element, which includes target development and countermeasures assessment, is essential to the implementation of an operationally realistic test capability.

Terminal defense segment

The budget request contained $988.2 million in PE 63881C for the terminal defense segment.

The committee recommends $1,577.4 million, an increase of $589.2 million. This increase reflects incorporation of RDT&E activities for PAC-3, MEADS, and Navy Area into this program element as a result of the committee's recommendation to disapprove the transfer those programs to the services. The committee also recommends of an increase of $30.0 million to accelerate development of the Arrow System Improvement Program to counter advanced threats to the national security of Israel posed by emerging systems, as represented by the Shahab series of ballistic missiles. The committee

believes that technical development of missile defense by the Department of Defense benefits from continued cooperation with the government of Israel.

The budget request included $73.6 million for MEADS in Army research and development. The committee recommends transfer of MEADS back to BMDO, but supports the objective of providing a mobile theater defense capability for the U.S. and the allies, and encourages greater participation in the program by the members of North Atlantic Treaty Organization.

The committee is concerned by the significant projected cost overrun and schedule slip recently announced in the Navy Area program. Production delivery of the Navy Area interceptor appears to be delayed by approximately 20 months until fiscal year 2007. The committee notes that Navy Area is the Navy's "first to field" antiballistic missile capability and first unit equipped was to have closely followed the fielding schedule of PAC-3. Further, the committee is disturbed by the absence of Navy commitment to vigorously pursue this effort given other demands on its budget, and disapproves the transfer of Navy Area from BMDO to the Navy. The committee recommends a decrease of $10.0 million for this program.

Midcourse defense segment

The budget request contained $3,940.5 million in PE 63882C for the midcourse defense segment.

The committee recommends $3,910.5 million for the midcourse defense segment, including a decrease of $30.0 million to the sea-based midcourse project. Within the sea-based mid-course project, the committee recommends the budget request of $260.0 million for the Aegis LEAP Interceptor demonstration program, the precursor to a Navy theater wide capability to defeat ballistic missiles. The committee recommends $30.0 million, a decrease of $30.0 million, for concept definition studies related to a new sea-based midcourse capability against intermediate and long range threats. The committee believes that ongoing, competitive radar development activities will greatly influence the course this effort will take.

The committee recommends $3,230.7 million, the budget request, for the ground based midcourse project, including $786.5 million for the fiscal year 2004 Pacific missile defense test bed, including infrastructure upgrades and construction at Fort Greely, Kodiak Island, Shemya Island, and Kwajelein Atoll. The committee believes that such improvements to the infrastructure that add operational realism to testing, coupled with an aggressive test program, are crucial to the expeditious development and demonstration of a viable ground-based midcourse defense. The committee notes that the upgraded test infrastructure will also, in the near term, support testing of sea-based and integrated "family of systems" concepts.

Boost defense segment

The budget request contained $685.4 million in PE 63883C for the boost phase defense segment.

The committee recommends $610.4 million, a decrease of $75.0 million, for this program element. The committee recommends $25.0 million, a decrease of $25.0

million, for the sea-based boost project, reflecting the committee's view that concept definition and operational assessment should precede hardware design, development, and testing. The committee recommends $400.0 million for the air-based boost project (airborne laser), a decrease of $10.0 million. The block 2008 full power optics for the airborne laser are not required for the fiscal year 2003 half power shoot down demonstration, which the committee sees as a critical indicator of the continued viability of the effort. The committee recommends $152.0 million, a decrease of $38.0 million, for the space-based boost defense project. The committee is concerned that the space-based laser (SBL) integrated flight experiment, has requested funding of $200 million this year, with the experiment a decade or more out. The committee recommends a decrease of $28.0 million to hold SBL to the level of the original fiscal year 2002 program of record, and suggests that BMDO consider other, more near term space-based demonstrations. The committee recommends $5.0 million for space-based kinetic energy boost phase intercept concept definition, a decrease of $10.0 million, and believes $2.0 million in savings can be found in program operations savings in this program element.

Sensors segment

The budget request contained $495.6 million in PE 63884C for sensor development.

The committee recommends $470.6 million, a decrease of $25.0 million from the budget request. The committee notes that the Space-based Infrared System-low (SBIRS) has experienced significant growth over the level forecast for fiscal year 2001. The committee fully supports SBIRS-low, but places lower near term priority on SBIRS than other elements in the budget request as the first satellites will not be available to begin supporting test activities until fiscal year 2007.

The committee recommends the budget request of $75.3 million to complete detailed design for the Russian-American Observation Satellite program. The committee believes that cooperative threat reduction should include missile defense activities that reduce the risk of an undetected launch event.

Chemical/biological defense research, development, test and evaluation program

The budget request contained a total of $507.7 million for chemical/biological defense, including $39.1 million in PE 61384BP for basic research, $125.5 million in PE 62384BP for applied research, $69.2 million in PE 63384BP for advanced technology development, $82.6 million in PE 63884BP for demonstration/validation, $159.9 million in PE 64384BP for engineering and manufacturing development, and $31.3 million in PE 65384BP for RDT&E management support. The budget request also contained $140.1 million in PE 62383E for the Defense Advanced Research Projects Agency (DARPA) biological defense research program.

The committee recommends a total of $502.7 million for chemical/biological defense RDT&E, a decrease of $5.0 million to the budget request. The committee also recommends a total of $150.1 million in PE 62383E for the DARPA biological warfare defense program, an increase of $10.0 million. Elsewhere in this report the committee has recommended an increase of $13.0 million for the procurement of collective

protection shelters, and has also provided guidance regarding the contracts for procurement of anthrax vaccine.

In order to insure an integrated chemical/biological defense program within the Department of Defense (DOD), section 1793 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) mandated the coordination and integration of all DOD chemical/biological defense program and the funding of these programs in a defense-wide account, separate from the accounts of the military departments. The committee believes that the Department has made considerable progress in improving cooperation among the military departments. The committee has previously noted a growing tendency to fund individual chemical/biological defense projects within of the military services and again emphasizes that this practice violates the intent and purpose of Congress in establishing the consolidated program.

The committee also emphasizes the necessity for the objectives of the DARPA biological defense program to be coordinated closely and integrated with the overall Department of Defense chemical and biological defense program, and expects the Secretary of Defense to ensure that such an integrated program is established and maintained.

The committee continues to support initiatives for research, development, and demonstration of advanced chemical and biological defense technologies and systems. These initiatives should compete for funding within the appropriate program elements of the joint chemical and biological defense program and the DARPA biological defense program on the basis of technical merit and the anticipated ability of the technology or system to meet joint and service unique needs.

Research in percutaneous, optical, and pulmonary effects of mustard agent

The committee notes that the United States concentrated its research in the effects of mustard agent on the human body on the percutaneous effects of mustard on the skin, while U.S. allies focused on the effects of mustard agent and agent vapors on the eyes and on the pulmonary system. The committee understands that the research activities of U.S. allies in these areas have been reduced and that the U.S. research program in the effects of mustard agent now focuses on all three areas: percutaneous, optical, and pulmonary. The committee encourages a balanced, threat-focused research effort on the effects of mustard and other chemical agents on the human body and the identification and development of promising technologies for protection and treatment against such agents.

Optical computing device materials for chemical sensors

The committee recommends $41.1 million in PE 61384BP, an increase of $2.0 million to continue the basic research program in organic and inorganic optical computing device materials for use in standoff sensors for detection and identification of chemical agents.

Chemical/biological regenerative air filtration systems

The committee recommends an increase of $4.0 million in PE 62384BP to accelerate the program for applied research in chemical/biological regenerative air filtration technology.

Chemical and biological mass spectrometer

The committee understands that the Army's Chemical and Biological Mass Spectrometer (CBMS II) upgrade project will provide the capability to detect and identify chemical and biological warfare agents in very low concentrations. The committee recommends an increase of $10.0 million in PE 63884BP to continue the capability assessment, system optimization, and enhanced field-testing the chemical and biological agent mass spectrometer upgrade.

Mobile chemical agent detector

The committee notes the progress made in the development of a mobile chemical agent detector (MCAD) for the Marine Corps' Chemical/Biological Incident Response Force (CBIRF) and the recent testing of the system. The committee also notes the Marine Corps Systems Command's efforts to integrate, test and develop concepts for an aerial chemical agent detection system for manned and unmanned air platforms in support of the CBIRF and strongly recommends that the technology be assessed for application to the operational requirements for standoff chemical and biological agent detectors for all the military services as an integral part of the Defense-wide chemical/biological defense program.

The committee recommends an increase of $9.0 million in PE 63884BP for continued development, demonstration, and validation of the MCAD for support of the Marine Corps CBIRF and for the other military services.

Asymmetric protocols for biological defense

The committee recommends $150.1 million in PE 62383E for the DARPA biological defense research program, including $10.0 million for research, development, and demonstration of asymmetric protocols for biological defense with emphasis on enhancing individual non-specific immunities to and blocking pathogens from biological threat agents.

Complex systems design

The budget request contained $11.0 million in PE 63704D8Z for special technical support, but included no funds for complex systems design.

The committee notes that the effort to develop an integrated digital environment for complex systems design has progressed significantly and remains ahead of schedule. The committee is aware that this development is fundamental to improving the acquisition process and minimizing life-cycle costs for future systems. The committee further notes that manpower, personnel, training, health hazard, human factors, and

personnel survivability (MANPRINT) are among important factors to be addressed during the complex design process.

The committee strongly supports improvements in the acquisition process and recommends $21.0 million in PE 63704D8Z, an increase of $10.0 million for complex systems design, and an increase of $2.5 million in PE 65326A for MANPRINT activities within complex system design.

Counterproliferation analysis and planning system

The budget request contained $89.8 million in PE 63160BR for advanced development of counterproliferation technologies, including $9.0 million for the counterproliferation and analysis system (CAPS).

The CAPS program responds to the need for a comprehensive and timely counterproliferation target planning tool to assist combatant commanders in the conduct of their contingency plan targeting responsibilities and provides a thorough description of nuclear, biological, chemical, and means of delivery proliferation program in countries of specific concern to the combatant commanders. The budget request would complete detailed analysis on the first group of countries identified by the combatant commanders and begin analysis on the second group of countries.

The committee recommends $92.8 million in PE 63160BR, an increase of $3.0 million to the budget request and providing a total of $12.0 million for continued development of the CAPS program to meet the requirements of the combatant commanders.

Defense imagery and mapping program

The budget request contained $115.2 million in PE 35102BQ for the Defense imagery and mapping program, but included no funds for the commercial joint mapping and visualization toolkit, or for the geographic synthetic aperture radar (GeoSAR).

The committee is aware that applying commercial technology to defense and intelligence applications, has potential to reduce costs and while increasing performance. The committee is also aware that software commonality also offers many potential savings.

The committee is aware that the airborne GeoSAR is being developed to provide a dual band interferometric radar that is able to provide the military high resolution, three dimensional maps of the earth, above, through, and below the vegetation canopy

The committee recommends $139.4 million in PE 35102BQ, an increase of $15 million for development of a common commercial technology-based joint mapping toolkit interface to enhance and customize intelligence, navigation and mission planning functions, and an increase of $9.2 million for completion of GeoSAR development and demonstration.

Distributed common ground station/networking ISR assets

The budget request included $85.2 million in PE 35208A, $131.0 million in PE 63795N, and $11.4 million in PE 35208F for continued development of the Services'

efforts with respect to networking Intelligence Surveillance and Reconnaissance (ISR) assets, especially the Distributed Common Ground Station (DCGS).

The committee strongly supports network-centric ISR developments that lead to the objective of network-centric warfare. The committee believes that a fully networked ISR enterprise will allow the more effective use of existing ISR platforms and systems, dramatically reducing the time required to prosecute time critical targets. The committee believes the technologies and techniques pursued under efforts such as the Network-Centric Collaborative Targeting (NCCT) initiative, the Naval Fires Network (NFN), the Dynamic Time Critical War Capability "5 Minute War," and the Command and Control, Sensor and Reconnaissance Tasking System (CSMARTS) are some of the most critical developments for the Department's transformation activities. Each of these initiatives use existing platforms to produce a more capable effects-based warfighting outcome. Therefore, the committee believes these network-centric approaches must be given highest priority.

The committee recommends that funding requested within the foregoing program elements be focused on developing the infrastructure for network-centric ISR solutions and prototyping these solutions. The committee directs the Service Secretaries to provide the congressional defense and intelligence committees a report no later that February 1, 2002 on how each plans to prioritize DCGS developmental efforts on network-centric ISR warfare.

The committee recommends an increase of $25.2 million in PE 63795N for rapidly transitioning the Naval Fires Network, or a similar capability, from an experimental system to a float prototype aboard the USS LINCOLN and/or the USS STENNIS. Further, the committee recommends $33.9 million in PE 35208F, an increase of $22.5 million, for the development and deployment of the NCCT functionality in the Air Force's DCGS to promote network-centric ISR capabilities for use within the Air Operations Center.

Distributed operational testing capabilities

The committee is concerned that resurgence in acquisition spending over the next decade will place unacceptable pressure on an already downsized Test & Evaluation infrastructure. The committee is aware of the potential of a small investment on distributed testing capabilities to significantly increase the capacity and responsiveness of Department of Defense major test facilities in meeting new demands for operational testing for operational testing for concept development and experimentation, and to ensure interoperability, suitability, and effectiveness of deployed systems. The committee urges the Secretary of Defense to request increased funds in Defense-wide Central Test and Evaluation Investment Development (CTEIP) in fiscal year 2003 for distributed operational test infrastructure. This increase in funding should support standards and protocols being developed in the Army's Virtual Proving Ground, the Navy's Distributed Engineering Plant, and the Joint Synthetic Battle Space and Foundation Initiatives 2010.

Electrostatic decontamination system

The budget request contained $42.2 million in PE 63122D8Z for advanced technology development under the interagency combating terrorism technology support program.

The committee notes the progress being made in the development and limited evaluation of an initial laboratory prototype electrostatic decontamination system that could provide an environmentally-safe, non-corrosive, and affordable chemical and biological agent decontamination capability for the military services.

The committee recommends an increase of $8.0 million in PE 63122D8Z to complete advanced technology development of the electrostatic decontamination system, including testing against chemical and live biological warfare agents, independent laboratory confirmation of performance, and delivery of a field prototype system for testing and evaluation by Department of Defense and interagency users.

Facial recognition technology

The budget request contained $42.2 million in PE 63122D8Z for combating terrorism technology support (CTTS).

The committee supports aggressive development of advanced technology to control access to critical facilities, in particular biometric technology such as the principal component method of facial recognition.

The committee recommends an increase of $2.0 million in PE 63122D8Z for facial recognition.

Funding transfers to support transformation DW

The committee is concerned that the largest area of growth in Defense-wide research and development (R&D) investments, far exceeding increases proposed by the military services, has occurred in the Defense Threat Reduction Agency and in the Defense Advanced Research Project Agency. Several other defense-wide programs appear to have excessive management funding, non-specific programs, or support fielded system development and other mature technologies. Other programs included un-forecast increases, apparently excessive management funding or unobligated prior year funding. The committee believes that the highest priority for R&D investments in fiscal year is 2002 to fund activities directly related to transformation and future capabilities. Therefore, the committee recommends the following decreases to Defense-wide accounts, to be transferred to other programs within the Services that support transformation and future system development:

62301E……..$70,000,000
62302E……$5,000,000
62384BP……$20,000,000
62702E……$9,000,000

62712E……..$18,000,000
62715BR……...$35,000,000
63285E……..$25,000,000
63384BP……$10,000,000
63716D8Z…….$30,000,000
63739E……$8,000,000
63750D8Z…….$20,000,000
63755D8Z…….$20,000,000
63762E……$4,000,000
63765E……$5,000,000
63851D8Z……...$3,000,000
63923D8Z……...$3,000,000
65104D8Z……...$3,000,000
65116D8Z……...$5,000,000
65124D8Z…….$10,000,000
64805D8Z…….$10,805,000

DARPA "Exoskeleton Project"

The committee recommends that $4.0 million of the decrease in PE 62712E be assessed against the DARPA exoskeleton project for enhancement of soldier physical performance. The committee finds the project of questionable value and largely duplicative of work done in the 1950s and the 1970s that was subsequently discarded because of limited operational utility and adverse impact on the human body.

Global infrastructure data conversion initiative & document exploitation

The committee is aware that the Department of Defense (DOD) has a substantial requirement to standardize document exploitation material that is resident at various DOD departments and agencies. This legacy material, which includes foreign language

and analytical reports, is currently in non-useable form, and needs to be normalized into a formatted database. The committee believes the Department should move forward to convert sensitive, legacy Document Exploitation (Doc Ex) material into a standard useable format, database, and media construct for use within the Department.

In addition, the committee encourages the Department to continue with its Global Infrastructure Data Conversion initiative, which converts engineering data into a digital form to ensure that critical worldwide infrastructure information can be utilized by military analysts, mission planners, and counterintelligence specialists in support of the warfighter. The committee recommends that the Department continue this effort, which supports Technology Protection and Counter-Intelligence communities.

High energy laser research and development

The committee recognizes the potential of directed energy in general, and high energy lasers (HEL) in particular, for future military applications across the services. The committee is encouraged by the progress shown by the technical community, but also understands some of the shortfalls of currently proposed concepts, and believes it is necessary to proceed on a broad and coordinated front to develop a wide range of technologies for weapons applications.

Accordingly, Subtitle D of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) included a number of provisions governing the funding, organization, management, and oversight of the high energy laser programs of the Department of Defense. Among them, section 242 directed implementation of the High Energy Laser Master Plan establishing a Joint Technology Office (JTO). Section 243 directed designation of a single senior civilian official in the Office of the Secretary of Defense (the "designated official") with broad authority and responsibility for management of high energy laser research. section 248 required an annual report assessing management structure, funding, technical progress, and performance. Section 250 directed the Secretary of Defense, in consultation with the Deputy Undersecretary of Defense for Science and Technology, to evaluate the expansion of the HEL management structure to encompass directed energy programs based on other physics principals.

In response to section 250 of Public Law 106-398, the Deputy Undersecretary of Defense for Science and Technology (also the "designated official") provided to the congressional defense committees the Report of the Directed Energy Review Panel, dated March 15, 2001, which recommended that HEL JTO not be expanded at this time to encompass directed energy programs based on other physics principals, citing scarce resources and a potentially detrimental diffusion of focus. The Panel also recommended revisiting this issue on a regular basis.

The committee concurs, believing that it is valuable to continue to assess the potential of other directed energy technologies for military applications as they develop, and to reconsider inclusion of those programs in the HEL management structure. Therefore, the committee directs the Secretary of Defense to revise the Panel's recommendations on an annual basis, and include those recommendations in the annual report required under section 248 of Public Law 106-398. In addition, the committee

encourages the “designated official” to coordinate HEL programs with those overseeing other directed energy programs, including the High Power Microwave Steering Group.

Implantable cardioverter defibrillator

The budget request contained no funds in PE 63738D8Z for cooperative medical research between the Department of Defense and the Department of Veterans Affairs.

The committee notes that implantation of cardioverter defibrillators was pioneered by clinical research in conjunction with veterans centers, where trials using the defibrillators have reduced cardiac death by a factor of five. The committee is aware that additional research is required on the efficacy of antiarrhythmic drugs with implantable cardioverter defibrillators.

The committee recommends an increase of $5.0 million and directs that it only be used for a joint research program on efficacy of antiarrythmic drugs with implantable cardioverter defibrillators in conducted at the Washington, D.C. Veterans Center.

Joint technology applications analysis pilot program

The budget request contained $33.8 million in PE 65104D8Z for technical studies, support, and analysis.

The committee notes that the National Defense University has established a Center for National Security Policy to investigate the implications of technological innovation on U.S. national security policy and military plans. The committee also notes the findings of a recent study conducted by the Center for Strategic and International Studies that concluded that the Department of Defense can "no longer depend of a dedicated defense industrial base, but will need to find ways to link advanced commercial technologies to improved military capabilities." To meet these goals the President of the National Defense University has indicated that the military services and defense agencies will need to rely more directly on the commercial information technology industry to gain prompt access to leading-edge capabilities and has proposed a pilot program between the university and the commercial information technology industry. The purpose of the program is to find practical ways in which the defense information technology community can gain a mutual understanding of defense needs and industry capabilities and identify opportunities to integrate information technology innovations into the U.S. military strategy.

The committee recommends an increase of $1.0 million in PE 65104D8Z for a pilot program in joint technology applications analysis to establish a pilot program to enhance communications between the Department of Defense and the information technology industry.

Medical free electron laser

The budget request contained $14.7 million in PE 62227D8Z for the medical free electron laser (MFEL).

The committee is aware that the MFEL program is a peer-reviewed program that has continued to make significant advances in medical applications ranging from painless burn debreeding to bone cutting and improved cancer detection.
The committee supports the MFEL program and recommends $19.7 million in PE 62227D8Z, an increase of $5.0 million for MFEL.

Microelectromechanical systems (MEMS) sensors

The budget request contained $240.4 million in PE 61103D8Z for university research initiatives.

The committee notes that the ability to accurately estimate temperature, vibration, strain and angular rotation in a bearing during the operation of the machine in which the bearing is installed would provide the capability for identifying inordinate wear, operating anomalies, or impending failure of a critical bearing assembly and permit replacement of the assembly before the bearing failed or adversely affected the performance of the machine. Such a capability in critical roller bearing assemblies in aircraft engines, tank transmissions, and ship and submarine propulsors should result in increased performance, extended life, and reduced life cycle maintenance and support costs for the weapon system in which the bearing assemblies would be installed. The committee believes that roller bearings with integrated sensors that incorporate microelectromechanical systems technology have great potential for providing such a capability.

The committee recommends $243.4 million in PE 61103D8Z, an increase of $3.0 million for the development of integrated MEMS sensors for the determination of temperature, vibration, strain, and angular rotation in rolling element bearings.

More efficient science and technology investment

The committee is aware that defense science & technology (S&T) investment is critical to maintaining U.S. military superiority. The committee notes that an efficient investment strategy, especially in view of the diversity of the technology challenges and fiscally constrained S&T funding, should focus on those technologies that are identified as critical to defense transformation. The committee that S&T originated by the Department of Defense must avoid duplication of efforts ongoing in the private sector as well as unnecessary duplication of effort between government laboratories and research centers.

Therefore, the committee directs the secretaries of the military departments to assess their S&T investments in service laboratories and research centers, as well as industry and academia, to ensure that these investments fully support the ongoing transformation of the force. The committee further directs the Secretary of Defense to assess/integrate the findings of the service secretaries and to report to the congressional defense committees upon submission of the President's budget, the results of the assessments and how investments judged inappropriate have been redirected within the S&T programs of the Department of Defense for the budget request for fiscal year 2003.

Special operations forces acquisition

The budget request contained $252.3 million in PE 116444BB for SOF acquisition programs, but included no funds for several important development efforts. The committee notes that low-cost solid-state synthetic aperture radar is to be optimized to meet special operations requirements for target detection in high sea states and high ground clutter environments. The committee is also aware of a radar development to automatically detect and locate enemy mortar firing positions. Additionally, the committee is aware that the Special Operations Command (SOCOM) is developing a reconnaissance tool kit to allow special operations forces (SOF) to tailor communications and other capabilities to specific mission requirements.

The committee recommends $266.0 million PE 116444BB, an increase of $7.5 million in for solid-state synthetic aperture radar, an increase of $3.0 million for lightweight counter-mortar radar, and an increase of $3.2 million for the special reconnaissance tool kit.

Tactical missile recycling

The budget request contained $8.8 million in PE 63104D8Z for advanced development of explosives demilitarization technology.

The committee notes the development by the Army's Aviation and Missile Command of technologies for recycling of tactical missiles, including: disassembly, energetics removal, warhead processing, energetics size reduction, energetics processing, slurry explosive manufacturing, hardware decontamination, and shipping and receiving modules. The committee believes that the missile recycling capabilities (MRC) efforts should be transitioned to establish an organic MRC at an appropriate Army depot with a tactical missile disposal and recycling mission.

The committee recommends $13.8 million in PE 63104D8Z, an increase of $5.0 million to support the transition of the tactical missile recycling capabilities developed by the Army's Aviation and Missile Command to an appropriate Army depot.

Thermobaric warhead development

The budget request contained $295.1 million in PE 62715BR for applied research in nuclear sustainment and counterproliferation technologies, including $40.5 million for applied research in technologies including thermobaric warheads defeat hard targets. The budget request also contained $2.9 million in PE 63609N for the Navy's insensitive munitions advanced development program.

The committee notes that the Russians developed thermobaric materials and have weaponized thermobaric explosive formulations that demonstrate impressive capabilities to generate pressure and thermal effects much greater than conventional high explosives. Parallel work in research and development of these materials has been proceeding in the United States. Defense Threat Reduction Agency (DTRA) applied research for fiscal year 2002 focuses on the development of a thermobaric warhead payload that is optimized for hard and deeply buried targets and destruction of weapons of mass destruction.

The committee believes that thermobaric warheads offer the potential for greater performance and lower cost than conventional high explosives while providing a more insensitive warhead and therefore a safer option to conventional warheads.

The committee recommends an increase of $5.0 million in PE 62715BR in applied research for thermobaric warheads. The committee recommends coordination of the DTRA program with the Navy's insensitive munitions program.

U.S.-Israel boost phase intercept

The committee considers boost phase intercept programs to be of the highest importance for the protection of the United States, our forces overseas, and American allies and friends. In previous years, Congress provided funds for a U.S.-Israel boost phase intercept study, and in fiscal year 2000, the Director of the Ballistic Missile Defense Organization (BMDO) reported positively on the technical and operational feasibility of a joint U.S.-Israel boost phase intercept program utilizing unmanned aerial vehicles to destroy ballistic missile launchers following a missile launch. The Director has indicated that a decision on whether to fund the U.S. share of such a cooperative program with Israel would be made in conjunction with preparation of the fiscal year 2003 budget.

The committee encourages the Department of Defense to negotiate an agreement with and undertake a joint-Boost Phase Launcher Intercept program with Israel at the earliest possible date and to consider other cooperative programs involving sea-based or space-based programs. The committee believes this program and other joint cooperative programs would make an important contribution to Israel and the security of American forces deployed in the Middle East. It would also enhance regional deterrence. The lessons of such a program could be applied to other American missile defense efforts.

The committee also urges the Secretary of Defense to examine whether we can include American allies and Russia in future joint missile defense programs. This cooperation could both enhance protection to our forces overseas and build international support and understanding for our ballistic missile defense efforts.

Warfighter rapid acquisition programs

The budget request contained $23.6 million in PE 23761A for Rapid Acquisition Program for Transformation (RAPT), $51.3 million in PE 63640M for Marine Corps Advanced Technology Demonstration, $43.3 million in PE 63758N for Navy Warfighting Experiments and Demonstrations, $50.2 million in PE 23761F for the Warfighter Rapid Acquisition Process (WRAP) rapid transition fund, and $25.0 million in PE 63826D8Z for Quick Reaction Projects

The committee notes the significant funding commitments for rapid acquisition programs by the military services and strongly supports the efforts of the Secretary of Defense and the service secretaries of the military departments to accelerate the delivery of new technologies and increased capability to the warfighter. Although all of the rapid acquisition programs share similar goals of shortening acquisition time and rapid fielding of new technologies, the committee notes variations in approaches and believes that all of the programs should contain several common but essential elements. Candidates for

rapid acquisition programs should be reviewed at the secretariat and service chief level, using competitive selection criteria, and assessed on business-based analyses including cost savings and impact on current acquisition programs, as well as improved capability. If selected for transition to acquisition, the services must ensure that sufficient funding is programmed to fully develop and acquire the selected candidates.

The committee supports the tremendous potential for cost savings and increased capability through the use of the Army RAPT and recommends $86.4 million in PE 63001A, an increase of $2.5 million and a transfer of $23.6 million from PE 23761A. The committee urges the Secretary of the Army to review the following projects for consideration as candidates for the Army RAPT:

Hybrid Battery-Fuel Cell
Joint Service Metrology R&D Support
Trajectory Optimized High Altitude Targeting (Top Hat)
Warfighter Advanced Technology Expandable Shelter

The committee also supports the Marine Corps Advanced Technology Demonstration and recommends $72.3 million in PE 63640M, an increase of $21.0 million. The committee urges the Commandant to review the following projects for consideration as candidates:

Fast Refueling System
Improved Long Range Rifle
Mobile Counter Fire System
Modular Ride-Along Air Filter Cleaning System
Quadrupole Resonance/Landmine Detection

The committee supports the initiation of the Navy Warfighting Experiments and Demonstrations and recommends authorization of $85.3 million in PE 63758N, an increase of $42.0 million. The committee urges the Secretary of the Navy to review the following projects for consideration as candidates for the Navy Warfighting Experiments and Demonstrations program:

Air Crane
Geotrak Positioning Technology
Interrogator for High-Speed Retro-Reflectometer Communication
Transportable Anti-Intrusion Pontoon Barrier System (TABS)
Web Centric ASW Net

The committee supports the pursuit of cost savings and increased capability through the use of the Air Force WRAP rapid transition funding and recommends authorization of $74.2 million in PE 63XXXF, an increase of $24.0 million and a transfer of $50.2 million from PE 23761F. The committee urges the Secretary of the Air Force to review the following projects for consideration as candidates for the Air Force WRAP:

Imaging and Target Support

TechSat 21 / MicroSat

The committee believes that each of the service programs should conduct reviews of candidate projects using procedures defined for the defense-wide Challenge Program outlined in the legislative provision Sec. 244 described elsewhere in this report. The committee directs the service secretaries to provide a report outlining their rapid acquisition candidate review process, plan for transition of selected candidates, level of leadership represented on the review panel, and plan to ensure that sufficient funding is programmed to support acquisition. The reports shall be submitted with budget request justification materials accompanying the fiscal year 2003 defense budget request.

Operational Test and Evaluation, Defense

Overview

The budget request contained $217.4 million for Operational Test and Evaluation RDT&E. The committee recommends authorization of $217.4 million.

The committee recommendations for the fiscal year 2002 Operational Test and Evaluation RDT&E program are identified in the table below. Major changes to the Operational Test and Evaluation request are discussed following the table.

Insert Operational Test and Evaluation Tables

LEGISLATIVE PROVISIONS

Subtitle A—Authorization of Appropriations

Section 201—Authorization of Appropriations

This section would establish RDT&E funding levels for the Department of Defense for fiscal year 2002.

Section 202—Amount for Basic and Applied Research

This section would establish basic and applied research funding levels for the Department of Defense for fiscal year 2002.

Subtitle B—Program Requirements, Restrictions, and Limitations

Section 211—Cooperative Department of Defense-Department of Veterans Affairs Medical Research Program

This section would require that of the funds authorized to be appropriated by Section 201(4), $5,000,000 shall be available only for Cooperative Department of Defense-Department of Veterans Affairs medical research program. This section would also require the Secretary of Defense to transfer such amount to the Secretary of Veterans Affairs for such purposes after 30 days of the date of enactment of this Act.

Section 212—Advanced Land Attack Missile Program

This provision would direct the Secretary of Defense to establish a competitive program for the development of an advanced land attack missile (ALAM) for the DD-21 Land Attack Destroyer and other naval combatants and would recommend authorization of $20.0 million in PE 63795 for that purpose. The provision would also direct the Secretary of Defense to submit to the congressional defense committees with the fiscal year 2003 budget request a report providing the program plan, schedule and funding required for the ALAM program.

The committee notes the letter from the Under Secretary of Defense (Acquisition and Technology) to the Chairman, House Armed Services Committee, dated August 25, 1999, that endorsed the Navy's proposal to acquire the Land Attack Standard Missile (LASM) as an interim capability and to develop an ALAM as soon as possible. The letter also stated that the Navy would pursue a multi-team industry competition for development of ALAM. The committee also notes the Milestone 0 Acquisition Decision Memorandum, dated February 22, 2000, that designated the ALAM as a major defense acquisition program. The committee further notes that the Navy's ALAM program plan and funding included in the fiscal year 2001 budget request provided for completion of an ALAM analysis of alternatives and entry into the program risk and reduction phase in fiscal year 2001, competition and early prototyping by three to four contractors leading to

an ALAM down-select/"fly-off" by the end of fiscal year 2003, with delivery of the ALAM system to the fleet in early fiscal year 2009.

In the statement of managers that accompanied the conference report on H.R. 4205 (H. Rept. 106-945), the conferees placed a high priority on completing the analysis of alternatives to determine the appropriate course of action for providing Naval fire support and directed the Secretary of the Navy to report to the congressional defense committees with the submission of the fiscal year 2002 budget request on recommended revisions to the ALAM program. The committee is concerned that the report has not been received.

The committee further notes that in April 2002 the Comptroller of the Navy executed a below-threshold reprogramming which redirected funds authorized and appropriated for ALAM and effectively halted the ALAM program.

The committee believes that in the absence of a program review appropriate to a major defense acquisition program the Navy's redirection of fiscal year 2001 funding for ALAM and failure to request funding to continue the program in the fiscal year 2002 budget request contravenes the direction previously provided to the Navy and reported to Congress by the Under Secretary of Defense (Acquisition, Technology, and Logistics) to develop ALAM as soon as possible and pursue a multi-team industry competition for that development.

Section 213—Collaborative Program for Development of Advanced Radar Systems for Naval Applications

This section would require the Secretary of Defense to carry out a program to develop and demonstrate advanced technologies and concepts leading to advanced radar systems for naval and other applications. The program would be carried out under a memorandum of agreement between the Director of Defense Research and Engineering (DDR&E), the Secretary of the Navy, and the Director of the Defense Advanced Research Projects Agency (DARPA), and would include activities needed to develop and deploy advanced electronics materials needed to extend the range and sensitivity of naval radars. The joint effort would place particular emphasis on the development and maturation of high frequency and high power wide bandgap semi-conductor materials and devices and the identification of the weapon and sensor systems that would use the new technology.

The committee notes that the Navy's June 2000 report to the congressional defense committees on the Surface Navy Radar Roadmap identified increased demands on radar performance and performance goals to meet the operational requirements expected in 2015 and cited advances in wide bandgap semi-conductor materials, such as silicon carbide and gallium nitride, that would be required to achieve increased range, advanced discrimination, and signal processing capabilities needed for advanced theater ballistic missile defense radars. The committee understands that the March 2001 Technology Assessment for the Surface Navy Radar Roadmap concluded that to achieve these capabilities in fiscal year 2009 to meet the 2015 operational capability requires a generational change in high power amplifiers, device and array thermal management, digital radar, processing algorithms, and processor independent system software. The committee notes that advances in wide bandgap semi-conductor materials and devices are

key to that technology development. The committee also understands that the December 2000 Special Technology Review on RF Applications for Wide Bandgap Technology by the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics recommended an increased science and technology investment in wide bandgap materials, devices, circuits, and packaging that would total approximately $50 million per year over a five-year period beginning in fiscal year 2002.

The budget request contained $41.0 million in PE 62712E for the DARPA applied research program in high frequency wide bandgap semiconductor electronics and high power wide bandgap semiconductor electronics. The committee understands that the budget request contained $5.0million in PE 61153N and $3.5 million in PE 62271N for the Navy's applied research program in wide bandgap semiconductor technology. The provision would authorize $41.0 million for DARPA for research and maturation of high frequency and high power wide bandgap semiconductor electronics technology to carry out the collaborative program established under the memorandum of agreement and $15.5 million for the Navy to carry out its responsibilities under the memorandum of agreement for the collaborative program, an increase of $7.0 million to the budget request.

Finally, the committee encourages the Director of the Ballistic Missile Defense Organization to become a party to the memorandum of agreement for the collaborative program and to identify the BMDO's contribution to the program in the joint report to be submitted to the congressional defense committees by January 31, 2002.

Subtitle C—Ballistic Missile Defense

Section 231—Transfer of Responsibility for Procurement for Missile Defense Programs from Ballistic Missile Defense Organization to Military Departments

The section would amend section 224 of title 10, United States Code to require that the budget submitted to Congress by the Department of Defense for research, development, test and evaluation (RDT&E) of any Department of Defense missile defense program be set forth under the account for Defense-wide RDT&E, and within that account, under the sub-account for BMDO.

This section would further require the Secretary of Defense to establish, and submit to Congress, criteria for transferring missile defense programs from BMDO to the military departments. The criteria would be developed to ensure the viability of the program as it passes to the military departments.

The section would also require the Secretary of Defense to notify the congressional defense committees of the Secretary’s intent to transfer a missile defense program to the military departments 60 days in advance of such action.

Section 232—Repeal of Program Element Requirements for Ballistic Missile Defense Programs

This section would strike section 223 of title 10, United States Code, which defines the statutory program element structure for budget justification materials

submitted to Congress by the Department of Defense for activities of the Ballistic Missile Defense Organization (BMDO).

Section 233—Support of Ballistic Missile Defense Activities of the Department of Defense by the National Laboratories of the Department of Energy

This section would, at the discretion of the director of BMDO, make available from funds authorized to be appropriated pursuant to section 201(4) up to $25.0 million for research, development, and demonstration activities at the national laboratories of the Department of Energy (DOE) in support of missions of BMDO. The provision would make available to the Director of BMDO, acting in consultation with the Administrator of the Nuclear National Security Administration (NNSA), the resources of the national laboratories of the DOE to address critical missile defense needs. The availability of the funds would be subject to provision of matching funds by NNSA. Activities would be conducted under the terms of a memorandum of understanding between the Secretary of Defense and the Secretary of Energy for the use of national laboratories for ballistic missile defense programs.

The committee believes that the national laboratories of the National Nuclear Security Administration present a largely untapped source of experience and expertise relevant to one of the nation's highest priorities, ballistic missile defense. The committee further believes that activities in support of missile defense are consistent with the laboratories' national security mission, will not significantly impede the laboratories in carrying out their important role of guaranteeing the safety, reliability and performance of nuclear weapons, and may in fact present new opportunities as the strategic stockpile draws down. The committee is disturbed by the apparent lack of interest shown by the laboratories in the last several years, especially given their unique qualifications to address certain aspects of missile defense. The committee strongly urges the Departments of Defense and the Department of Energy to move beyond the negotiation of memoranda, and begin to apply the resources of the national laboratories to this great challenge in a meaningful way.

Section 234—Missile Defense Testing Initiative

This section would require the Secretary of Defense to develop necessary infrastructure and to implement a rigorous test regimen for ballistic missile defense programs. This section would require testing in as realistic a manner as is practicable, taking into consideration the planned operational concepts for each system, and continued testing after deployment.

The committee is aware of shortfalls in testing of ballistic missile defense systems, including those recently expressed by the Director of Operational Test and Evaluation and the Panel on Reducing Risk in Ballistic Missile Defense Flight Test Programs. The committee is similarly concerned about both the realism of the geometry that the current test infrastructure can support, as well as the limited range of engagement conditions (speed, altitude, crossing angle, etc.) accommodated. The committee also believes that test planning and infrastructure has not been adequate to support operationally realistic testing of the ground-based midcourse system, such as engagement

of a single target with multiple interceptors ("shoot-look-shoot") or engagement of multiple targets with multiple interceptors, nor has it fully exploited opportunities for demonstration of interoperability ("family of systems") concepts. The committee notes that much more can, and must, be accomplished prior to flight testing, and strongly endorses ground testing at the highest level of integration as possible.

While recognizing the necessity of extensive testing, the committee places a high priority on value and believes that approaches, such as "campaign testing" where multiple tests are conducted in rapid succession, can significantly reduce the average cost per test, delivering more realistic data for less cost. Historically, missile systems have required extensive and rigorous testing to ensure performance and reliability, often suffering high failure rates initially. Rigorous testing is especially crucial in missile defense due to the magnitude of the technical challenges and the complexity of the systems required to meet those challenges. The committee expects that there will be failures in a rigorous test program, and cautions against placing great significance on either the success or failure of any single event.

Section 235—Missile Defense System Test Bed Facilities

This section would clarify section 2353 of title 10, United States Code governing the use of Research, Development, Test, and Evaluation (RDT&E) funds in fiscal year 2002 for the specific purpose of construction of a missile defense test bed. This section would authorize the Secretary of Defense to use funds made available to the Department of Defense for RDT&E to acquire, improve, or construct missile defense system test bed facilities that also have general utility. The provision limits the total cost of such activities to not more than $500.0 million. The section would also authorize the use of RDT&E funds to mitigate the impact on local community services or facilities resulting from the construction or operation of missile defense system test bed facilities, provided that the Secretary of Defense determines that there is an immediate and substantial need as a direct result of such activities.

Subtitle D—Other Matters

Section 241—Establishment of Unmanned Aerial Vehicle Joint Operational Test Bed System

This section would require the Secretary of the Defense to establish of a Joint Forces Command (JFCOM) Unmanned Aerial Vehicle (UAV) Joint Operational Test Bed System (JOTBS) and to transfer two Predator UAVs, tactical control system (TCS) ground station and assorted equipment from the Navy to JFCOM within 90 days of enactment of this Act. This section would further provide for the transfer of two Predator UAVs from JFCOM to the Air Force when no longer required for the JFCOM JOTBS.

The committee notes that the report accompanying the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), directed the Secretary of the Navy to transfer custody of two Predator unmanned aerial vehicles (UAV) and the associated TCS ground station to the Joint Forces Command (JFCOM) for use in the joint operational test bed system (JOTBS).

The committee is seriously concerned that the Secretary has not carried out this transfer. Therefore, the committee recommends a provision (Sec. 241) that would require that this transfer be made promptly, and that the Commander-in-Chief, JFCOM complete establishment of an independent JOTBS. The committee is aware that JFCOM promulgated a JOTBS Strategic Plan May 2000 that provides clear direction for such an independent test bed.

The committee observes that Congress established JFCOM because the services do not inherently have a joint perspective and that joint interoperability of intelligence, reconnaissance and surveillance (ISR) and other systems is essential for an enhanced future military capability. Therefore, the committee believes that in order to be fully successful, the JOTBS must be independent of the services.

The committee further observes that CINC JFCOM's failure to complete establishment of the independent JOTBS raises questions over the ability of JFCOM to effectively carry out its mission in the face of resistance by a service. The Predator UAV is an Air Force platform and therefore, when and if Joint Forces Command no longer requires the two Predator UAVs, the committee directs that custody shall be transferred to the Air Force.

Section 242—Demonstration Project to Increase Small Business and University Participation in Office of Naval Research Efforts to Extend Benefits of Science and Technology Research to Fleet

This section would authorize that the Secretary of the Navy, acting through the Chief of Naval Research, to carry out a demonstration project to explore ways to increase and expand small business and university participation in research efforts beneficial to the fleet. This section would require that the Secretary establish a Navy Technology Extension Center at a location to be selected and would permit participants in the Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR) that are awarded contracts by the Office of Naval Research to access and use Navy facilities without charge for the purpose of carrying out those contracts. This section would also permit universities, institutions of higher learning, and Federally Funded Research and Development Centers collaborating with SBIR and STTR participants to use Navy facilities.

The committee notes a number of initiatives to encourage small business and university participation in the Department of Defense (DOD) program to extend the benefits of research in science and technology to the military components. However, the committee is concerned that there is no overall program to develop a comprehensive science and technology partnership between small businesses, universities, and Department of Defense research facilities. The committee believes that there is much that could be gained by all participants in such partnerships, and that the lesson learned in the demonstration project might be applied to other DOD research programs to the benefit of all the military departments and defense agencies.

Section 243—Management Responsibility for Navy Mine Countermeasures Programs

This section would amend section 216 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), and would extend the implementation of the Management Responsibility for Navy Mine Countermeasures Programs through fiscal year 2008.

The committee believes that the requirement that the Secretary of Defense and the Chairman of the Joint Chiefs of Staff provide an annual certification of the adequacy of the Navy's mine countermeasures program has had a positive impact on the program, increasing the visibility of and attention paid to the program by officials in the Department of Defense and the Department of the Navy. The committee notes the direction contained in the committee report on H.R. 3616 (H. Rept. 105-532) that the annual certification by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff address the adequacy of funding for the mine countermeasures program for the budget year through the end of the future years defense program and also include objective measures against which the Navy's progress in enhancing its mine countermeasures capabilities can be evaluated.

Section 244—Program to Accelerate the Introduction of Innovative Technology in Defense Acquisition Programs

This section would direct the Secretary of Defense to establish a program to provide increased opportunities for the introduction of innovative technology in acquisition programs of the Department of Defense and would provide $40.0 million in PE 63826D8Z for the program.

The committee notes the actions taken by the Department in response to section 818 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261) and initial improvements in facilitating the rapid transition into Defense acquisition programs of technologies developed in successful Small Business Innovative Research (SBIR) phase two projects. The committee also notes the initial actions taken by the Department in response to section 812 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) with the objective of fostering competition wherever possible to create incentives for the development and rapid insertion into Defense acquisition programs of technological innovations developed by commercial firms, including small technology companies.

This section would place increased emphasis on the program for introduction of innovative and cost-saving technology into Defense acquisition programs by requiring the Secretary of Defense to establish a "Challenge Program" to provide individuals or activities within or outside the Department of Defense the opportunity to propose alternatives ("challenge proposals") at the component, subsystem, or system level of an existing Defense acquisition program that would result in improvements in the program. This section would also require the Secretary to establish a panel of highly qualified scientists and engineers to review and evaluate challenge proposals and make recommendations to the Under Secretary of Defense (Acquisition, Technology, and Logistics) regarding the incorporation of the challenge proposal in the challenged Defense acquisition program. This section would also require that, in the event the panel finds that the challenge proposal will result in improvements in performance, affordability, manufacturability, or operational capability at the component, subsystem,

or system level of the challenged acquisition program, which are substantially superior to the incumbent component, subsystem, or system, the Secretary would carry out a plan to acquire and implement the challenge proposal. This section would also require the Secretary to ensure the elimination of conflicts of interest in carrying out each review and evaluation of challenge proposals that are submitted to the panel. Finally, the provision would require the Secretary to submit a report to Congress on the implementation of the "Defense Challenge" program.

The budget request contained $25.0 million in PE 63826D8Z for the Quick Reaction Projects initiative. The committee recommends $66.0 million in PE63826D8Z, including $40.0 million for the Defense Challenge program. The committee believes that the introduction of innovative technology into Defense systems through the Defense Challenge program and the Quick Reaction Projects Initiative possess a tremendous potential for achievement of cost-savings and increased operational capability for U.S. armed forces. The committee urges the Under Secretary of Defense (Acquisition, Technology, and Logistics) to review the following projects for consideration as candidates for the Quick Reaction Projects and Defense Challenge program:

Microwave Ferrite Components
Miniature Interceptor Technology
Pacific Fleet Force Protection Technology Testbed
Radio Frequency Vulnerability
"Spray Cooling" Optimizing Electronics for Advanced Controlled Environment Systems

TITLE III—OPERATION AND MAINTENANCE

OVERVIEW

The budget request for operation and maintenance represents an increase of $17.8 billion (38.4 percent) over spending levels authorized and appropriated for fiscal year 2001. Although the committee is encouraged by this increased level of attention to the critical readiness accounts, the committee is concerned that savings assumptions presented in the amended budget request are unattainable. As an example, of the nearly $1.0 billion in savings assumed through the enacting of management reforms, $140.0 million is based on a change in the operation of the maintenance and repair depots, and $190.0 million is based on a change to section 276a of title 40, United States Code, (46 Stat. 1494) commonly referred to as the Davis-Bacon Act. Both of these proposals would require legislation that has been historically unsuccessful. The committee is troubled by the decision to assume substantial savings associated with proposed legislation, prior to Congress being afforded an opportunity to debate and enact into law the requested proposals. The legislative changes assumed in the amended budget request are significant policy changes that need complete and thorough debate within Congress. The committee believes that these proposed savings initiatives are premature and, therefore, recommends an undistributed reduction of $330.0 million in the operation and maintenance accounts to offset these assumed savings. The committee further expects the Secretary of Defense to apply this reduction within the defense-wide operation and maintenance accounts and not to the individual military services.

The committee understands that a significant portion of the proposed increases for operation and maintenance funding is related to increased fuel, spare parts, energy costs, along with an attempt at arresting the decline in military installation infrastructure. In addition, the committee notes that even with the increases recommended in the amended budget request, the chiefs of the military services reported nearly a $10.0 billion shortfall in operation and maintenance funding for fiscal year 2002. Despite increased funding, there is no significant increase in planned operations by the military services in fiscal year 2002. In fact, the Department of the Army is decreasing its normal operation tempo for its combat vehicles. Although the budget request provided increased funding for the historically under-funded real property maintenance accounts, this increase merely arrests the decline that has occurred over many years. The committee believes that the Department of Defense must sustain this offset by devoting significant resources over a multi-year program to facility sustainment and renovations.

The committee conducted a series of hearings in an effort to obtain a more accurate and detailed assessment of current and near-term readiness and to determine to what extent the amended budget request supports readiness requirements. As in the past recent years, the evidence received during the hearings was of an overextended force struggling to maintain acceptable readiness levels in an environment of declining human and budgetary resources. The committee continues to hear significant complaints about lack of spare parts, aging equipment, decaying infrastructure, growing equipment and facilities' backlogs, and the difficulties of conducting quality training and operational deployments with significant personnel shortages.

The committee continues to believe that DOD must continue to take steps to reduce costs in non-readiness related accounts. At the same time, DOD must provide more aggressive oversight of the military departments' proposals to reduce costs through contracting out and privatization. The committee fully supports well developed and justified programs that will reduce costs; but, at a time when readiness shortfalls continue to grow, the committee does not believe that poorly developed and uncoordinated new programs, or funding for administrative and support activities, such as headquarters management, should be increasing. As an example, the committee believes the Navy-Marine Corps Intranet (NMCI) program to be a well-intentioned and potentially beneficial program. However, again this year, the Department of the Navy has failed to adequately provide the committee with the specific funding and budgetary data necessary for the committee to provide full approval of this program. Consistent with past practice, the committee has identified spending that does not directly support military readiness and has reprioritized it into other areas.

[INSERT O&M TABLES HERE]

ITEMS OF SPECIAL INTEREST

Budget Request Adjustments

The committee recommends the following adjustments to the fiscal year 2002 amended budget request:

Department of the Army Adjustments: [in millions of dollars]

Automated Identification Technology (AIT/RFID)……..	+9.0
M-Gators……	+6.6
Replacement Containers, Fort Drum…….	+1.0
Electronic Maintenance and Point to Point Wiring……	+4.0
Wage Grade Employees……	+4.36
BA-4 Administration……..	-30.0
BA-4 International Military Headquarters…….	-47.0
BA-4 Servicewide Transportation…….	-21.0
BA-4 Servicewide Communications…….	-12.6
BA-4 Manpower Management……..	-6.4
BA-4 Other Servicewide Support……..	-11.8
BA-4 Base Operations Support……..	-19.2
Reduction in Strategic Sourcing (A-76 Studies)……...	-8.36
Advisory and Assistance Services……..	-25.0
Information Technology Automated Information System	-20.0
Army Reserve Controlled Humidity Preservation ……	+25.0
Army Reserve Cold Weather Clothing (ECWCS)……..	+2.0
Army National Guard Cold Weather Clothing (ECWCS).	+6.0
Army National Guard Special Training…….	+2.0

Department of the Navy Adjustments: [in millions of dollars]

BA-3 Depot Apprenticeship Program……...	+2.0
Wage Grade Employees……	+3.56
ATC Corrosion Control…….	+2.0
BA-4 Administration……	-40.0
BA-4 Acquisition and Program Management……..	-43.0
BA-4 Planning, Engineering and Design…….	-6.6
Reduction in Strategic Sourcing (A-76 Studies)…….	-53.56
NMCI Reduction……..	-125.0
Information Technology Center……	-35.0
Enterprise Resource Planning……..	-33.0
Advisory and Assistance Services……	-25.0
Information Technology Automated Information System	-20.0
USMC Full Spectrum Battle Equipment…….	6.8
USMC Reduction in Strategic sourcing (A-76)……..	-1.0

Department of the Air Force Adjustments: [in millions of dollars]

SPARES Information System……..	+7.0
Aging Propulsion Systems Life Extension……...	+10.0
SCOT Life Support System……..	+6.0
Wage Grade Employees……	+4.32
BA-4 Administration……	-53.0
BA-4 Servicewide Communications……	-40.0
BA-4 Servicewide Transportation……	-41.0
BA-4 Other Servicewide Activities……..	-11.4
BA-4 Security Programs……..	-62.9
BA-4 Personnel Programs……	-18.0
BA-4 International Support…….	-8.0
Military Personnel Underexecution Support……	-75.0
Reduction in Strategic Sourcing (A-76 Studies)…….	-8.32
Advisory and Assistance Services……	-25.0
Information Technology Automated Information System	-20.0
Air Force Reserve Military Personnel Underexecution…	-12.0
Air National Guard, Continued B-1B Operations……	+100.0

Office, Secretary of Defense Adjustments: [in millions of dollars]

Impact Aid……	+30.0
Legacy Program……	+2.0
Wage Grade Employees……	+1.26
OSD Program Growth……..	-19.4

Defense-wide Activities Adjustments: [in millions of dollars]

Washington Headquarters Service……	-44.0
Defense Human Resources Activity……	-24.0
Defense Contract Audit Agency……..	-7.4
Defense Contract Management Agency……...	-6.9
Defense Information Systems Agency…….	-41.0
Defense Logistics Agency……	-3.5
Commercial Technology for Maint. Activities (CTMA)	+20.0
Defense Security Cooperation Agency…….	-7.1
Defense Threat Reduction Agency……..	-4.9
BA-4 Joint Chiefs of Staff……	-9.5
Information Technology Automated Information System	-20.0
Reductions in Strategic Sourcing (A-76 Studies)…….	-5.26
Advisory and Assistance Services……	-25.0
Unrealized Savings……..	-330.0

Advisory and Assistance Services

The committee continues to believe that funding for Advisory and Assistance Services is in excess of the needs of the Department of Defense. Therefore, the committee recommends the following decreases for this function:

[in millions of dollars]	
Army…….....	25.0
Navy…….....	25.0
Air Force…….....	25.0
Defense Agencies……	25.0

Excess Foreign Currencies Reductions

Since the submission of the budget request, the U.S. dollar has increased in value compared to various foreign currencies. As a result, the committee believes that the budget request is overstated. Therefore, the committee recommends a reduction in this account of $104.8 million to be apportioned to the military services by the Department of Defense.

Strategic Sourcing (A-76)

The committee has expressed for several years concerns over the process by which government positions are analyzed for possible conversion to a contractor position pursuant to Office of Management and Budget Circular A-76. One concern with the process is the cost of the studies. The Secretary of Defense recommended that an additional 3,200 positions be studied in fiscal year 2002 over that which the services planned to study. The Department provided to the defense agencies and military services $16 million or $5,000 for each position to be studied. The committee does not believe it is appropriate to increase the number of positions to be studied. The committee, therefore, recommends those additional 3,200 positions not be studied and the funding for these studies be reduced. In addition, in light of the Department's belief that for each position to be studied the services and agencies require $5,000, the committee is reducing the number of positions the Department of Army and Department of Air Force can study to reflect the funding the services requested to conduct A-76 studies. The number of position that can be studied in the Department of Navy and by defense agencies is limited to the number of positions identified to be studied in the Department's program budget decision. The committee recommends the following reductions due to reduced A-76 studies:

[in millions of dollars]	
Army……	8.36
Navy ……...	53.56
Air Force…….	8.32
Marine Corps……...	1.0
Defense Activities……...	5.26

Other Items of Special Interest

Corrosion Prevention and Control

The committee understands recent Department of Defense (DOD) studies reveal that corrosion prevention costs roughly $10 billion per year. As an example, the Army's Tank and Automotive Command found that corrosion damage annually costs $850 per truck. The committee is concerned that the cost of damage caused by corrosion to the department's vehicle fleet and facilities needs to be significantly reduced or the military services will continue to shoulder an unneeded economic burden, which will adversely affect readiness and equipment availability and reliability.

The committee continues to monitor with interest the efforts within the military services to reduce the related costs to control corrosion, and is particularly encouraged by the recent increased emphasis on finding ways to cut the cost of maintaining their massive amounts of equipment, facilities and infrastructure. The committee is concerned, however, that the efforts within DOD continues to be disjointed and it appears there is no office within DOD solely responsible to collect, review, validate, and distribute information on proven corrosion prevention methods and products. The absence of leadership on this issue means that no single comprehensive plan exists and adequate program management and funding specifically for the eradication of the problems associated with corrosion is not planned in future budgeting. Moreover, decisions concerning corrosion prevention and control are left to unit commanders, or more likely, to service maintenance personnel. The committee believes that the military services are in need of programmatic and technical leadership if DOD is to reduce its corrosion related costs and the resultant adverse impact on readiness.

The committee is aware of many existing efforts within private industry to perfect products and methods to be used to successfully fight corrosion and infrastructure degradation. The committee is particularly interested in the unique capabilities of Ambient Temperature Cure (ATC) glass coating. These coatings cost little to produce and apply, are environmentally safe, have the potential for enormous savings in cost avoidance in both energy savings and infrastructure degradation, and are particularly beneficial to those units that must perform their assigned missions in a heavy salt environment on or near the sea.

The committee believes that DOD should do more to take advantage of new technologies, such as ATC, and recommends an increase of $2.0 million for the Department of the Navy to a conduct pilot project at Naval Air Station, Jacksonville, Florida utilizing ATC technology. In addition, the committee strongly urges the Secretary of Defense to establish a single office within DOD to coordinate corrosion prevention and control issues with the military services and with the overall responsibility to develop and execute a department wide action plan for how to combat corrosion.

Information Systems

The committee continues to be concerned with the control and oversight the chief information officers (CIOs) of the Department of Defense and the military services are exercising over development and fielding of information systems. The committee believes that CIOs must exercise their authority and promote and endorse joint and interoperable systems that meet validated requirements, but also limit or halt

development of systems that do not comply with the requirements of section 811 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398). For example, the committee is concerned that each of the services are developing their own version of the Global Command Support System (GCSS). The committee is equally concerned with the Defense Integrated Military Human Resources System, which has received almost $200 million in funding, yet the requirements for this system are still being developed without even an initial fielding of a system.

Therefore, the committee recommends a reduction in funding for information systems as follows:

	[in millions of dollars]
Army…….	20.0
Navy…….	20.0
Air Force……...	20.0
Defense Agencies…….	20.0

Enterprise Resource Planning

The committee believes that enterprise resource planning could be a valuable tool to the Department of the Navy. Unfortunately, despite repeated requests by the committee, the Navy did not provide the committee with the basic information required to support this initiative. Therefore, the committee recommends a reduction of $33.0 million in the Navy account.

Environmental Issues

Environmental Restoration Activities

For the sustainable future use of land that contains unexploded ordnance (UXO) and discarded military equipment that has aged, there must be proper site planning, investigation, cleanup, and finally site closeout. The committee recognizes this can be a complex process with difficult technical challenges. Yet, the committee is concerned with the Department of Defense's (DOD) slow pace of progress and level of effort toward restoring and preserving property on Guam, and other areas, where extensive military activities occurred during the various phases of World War II. The committee strongly encourages DOD to be more aggressive in the management and clearance of UXOs and other DOD- related weaponry at former military sites, especially in Guam.

Vernon Hills NIKE Missile Site

The committee is concerned with reports of toxic contamination at a former NIKE missile battery site located in Vernon Hills, Illinois. The committee understands that the Department of the Navy is transferring ownership of the land to the Village of Vernon Hills where the land will be used to provide recreation and athletic facilities, a veterans' memorial, and a storm water retention area. The committee recommends that the

Secretary of the Navy review the current land transfer plan and ensure that remediation is completed in accordance with all applicable federal and state laws.

Morale, Welfare, and Recreation Issues

Access to Slot Machines

The committee understands that the Secretary of Defense is preparing the report on the impact of slot machines on military communities overseas required by section 336 of the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398). The committee intends to review the report carefully and take appropriate action based on the information provided. In the interim, the committee is disturbed to learn of several instances in Germany and Italy where unmonitored slot machines are easily accessible by children. The committee found one case where slot machines were placed in an unobserved hallway in a club located in a military housing area and another instance where several slot machines were located in a snack bar where military high school students ate lunch. The committee does not need the forthcoming report to determine that slot machines should not be accessible by children. The committee therefore directs the Secretary of Defense to review the locations at which slot machines are installed and ensure that no machines are accessible by minors.

Military Exchange Private Label Manufacturers

The committee believes that the three military exchange systems perform a vital mission in bringing an array of products and services to military members and their families serving throughout the world. Part of that mission is providing a touch of home, and is represented by the many brand name products sold by military exchanges. Another part of that mission is savings, which are provided to some degree by private label goods sold by the exchanges. Private label programs are increasing, with Army and Air Force Exchange private label goods manufactured in some 70 factories located in 18 countries and with sales approaching $50.0 million annually. The committee is concerned that the exchanges have no knowledge of worker conditions at these widespread factories. While the committee understands that no national standard exists under which worker conditions at these factories may be judged, the committee believes that the exchanges should at minimum be able to assure its patrons that none of its products are manufactured with child or forced labor. The committee also does not wish the exchanges to lag behind the generally accepted practices of responsible domestic retailers. The committee believes that the exchanges may rely upon the manufacturers of brand name products to monitor the production of their own goods, but believes the exchanges should have visibility of the conditions under which their private label goods are produced. Accordingly, the committee directs the Secretary of Defense to ensure the military exchanges implement a program that assures that private label exchange merchandise is not produced by child or forced labor.

Other Issues

Army's Capital Investment Program for Depot Facilities

The committee is pleased with the Army's initiative to increase funds for the sustainment, restoration, and modernization of its facilities. The committee is also pleased with the Army's Capital Investment Program for its depot facilities. The committee directs the Secretary of the Army to submit a comprehensive plan for implementing the Army's Capital Investment Program to the House Committee on Armed Services and the Senate Committee on Armed Services by March 1, 2002. The plan should include the following:

(1) The core logistics capabilities, competencies, and components necessary for current and future weapons systems;

(2) The current state of existing facilities and equipment; and

(3) A capital needs plan to upgrade the depots to meet current and future core requirements, continue technology infusion in the production process, and an estimate of the total investment costs required to implement the plan.

Army Workload and Performance System

The committee has consistently endorsed the Army Workload and Performance System (AWPS) as an initiative to correct systemic problems in the Army’s manpower requirements determination process. The committee remains concerned that AWPS system requirements, which would allow command-level cost management capabilities, have not been achieved. The committee also notes with concern that the installation of the AWPS Decision Support System -- which would allow Army management to evaluate the efficiency of its maintenance depots, the actual cost of depot-level repair, and develop a best-value determination model to examine the economics of depot versus private-sector repair -- is two years behind schedule. Therefore, the committee directs the Secretary of the Army not to reallocate depot maintenance workload from the public to the private sector until the Army has achieved full implementation of the Army Workload and Performance System in the depots as detailed in the AWPS Master Plan dated June 8, 2001. This restriction on workload allocation would remain in place until the Secretary of the Army certifies to Congress that the Army Workload and Performance System is fully implemented in the depots and the General Accounting Office has reviewed the certification.

Automated Document Conversion System Program

The committee understands that the Department of Defense (DOD) has a continuing requirement for data capture and conversion support for its weapons systems and logistics databases, and the Automated Document Conversion System (ADCS) effort in fiscal year 2002 will collect, digitize and electronically warehouse systems engineering data, technical manuals, and acquisition information, that will allow the warfighter to request weapon’s systems support and logistics services on a near real-time basis. This program supports the efforts to bring the DOD into a paperless environment by the end of fiscal year 2002. Further, the digitizing of logistics data supports a CJCS requirement to improve logistics services necessary to deploy forces quickly.

Automatic Inventory Technology

The committee recognizes the long-standing and continuous issue of inventory control within the Department of Defense, and that the Department of the Army has made significant strides in controlling ammunition inventories using Automatic Inventory Technology/Radio Frequency Identification (AIT/RFID) for ammunition. Further, the recent test and evaluation of the AIT/RFID for Maintenance conducted at Corpus Christi Army Aviation Depot, Texas, demonstrated the real time capability of the system for locating parts and components in a production line environment, thereby, significantly reducing down time for major combat equipment during the recapitalization process. The results of the Corpus Christi pilot program concluded that using Maintenance AIT/RFID equipment significantly enhanced productivity within the depot. The committee strongly believes that the Department of the Army should increase the utilization of AIT/RFID to provide this capability for other Army maintenance depots and recommends an increase of $9.0 million for this purpose.

Commercial Technologies for Maintenance Activities

The committee continues to believe that the Commercial Technologies for Maintenance Activities (CTMA) program, created by the Department of Defense (DOD) in 1998 to bring the most modern and advanced manufacturing capabilities from commercial industry to depot and related maintenance activities, is valuable as a technology resource which will have a positive effect on the efficiency and effectiveness of the Department's industrial activities. The CTMA program is a by-product of section 361 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85) that required DOD to re-engineer industrial processes and adopt best-business practices at their depot-level activities. Therefore, the committee recommends the addition of $20.0 million for the Defense Logistics Agency to pursue strategies for re-engineering at depot-level activities that will lower operations and sustainment costs. The committee believes the addition of these funds will allow depot-level activities to participate in manufacturing technology demonstration projects in collaboration with more than 220 of the leading U.S. manufacturers.

Distance Learning Implementation Program

The committee remains concerned that insufficient resources are being applied to exploit the potential that distance learning technology offers to enhance training and readiness. There is wide acceptance that distance learning technologies have the potential to deliver training to military members and support the delivery of "learner centric" quality training when and where the training is needed. More importantly, distance learning improves readiness by providing greater access to military training and education at a lower cost. The committee is aware of the initiatives under consideration in the Army's Total Army Distance Learning Program (TADLP) and the National Guard Distributive Training Technology Program (DTTP). However, the resources presently allocated for these programs are not sufficient to meet future needs in a responsive

manner. The committee anticipates that the Department of the Army will use funds authorized for distance learning to develop a comprehensive and executable implementation plan that will more expeditiously exploit distance learning technologies. The committee believes that a high priority should be given to those programs focused on enhancing training and development in the reserve components, especially in the National Guard.

Hunter Tactical Unmanned Aerial Vehicle

The committee believes that the Hunter Tactical Unmanned Aerial Vehicle (TUAV) system has demonstrated that it is effective and reliable in supporting Army and joint combat operations, warfighter exercises, and unmanned aerial vehicle tactics, techniques and procedures development. The committee also noted that user demands on the Hunter system exceed current availability and are expected to grow. Therefore, the committee strongly urges that the Army maintain the Hunter system in an operational status by continuing to adequately fund the system until a replacement which meets the Army TUAV objective requirements is available.

Navy-Marine Corps Intranet

This section would permanently exclude the Marine Corps from the Navy's initiative known as the Navy-Marine Corps Internet (NMCI). This section would also continue the exclusion of the shipyards and naval aviation depots from the NMCI in fiscal year 2002.

The committee continues to support the Department of the Navy’s intention to use a cohesive and coordinated computer network and supports initiatives that promote interoperability, as well as effective and efficient communications. The Department of the Navy has presumed and budgeted large savings with the implementation of NMCI, which the committee believes cannot be achieved and puts this program at risk. The committee continues to receive conflicting, vague, and unsupportable funding data on this program. In addition, despite repeated requests, the Department of the Navy has failed to provide funding information relating to depots. In light of these concerns the committee directs the Secretary of Defense to analyze NMCI funding documents with particular focus on the savings the Navy anticipates, and to include an analysis of whether those savings have been achieved or are achievable. The results of this review shall be provided to the Secretary of the Navy along with the analysis required by section 814 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398).

Non-nuclear Ship Maintenance

The committee understands that the Department of the Navy maintains a policy that large non-nuclear ship maintenance on the west coast of the United States is assigned primarily to non-nuclear capable private shipyards in an effort to reduce the overall cost for ship maintenance. This policy enables the Navy to focus its nuclear ship repair requirements in its nuclear capable shipyards with a specially trained and experienced

workforce. The committee also understands that the Department of the Navy does not apply this policy to the assignment of ship maintenance on the east coast of the United States. Although it may be necessary to occasionally balance ship maintenance requirements in nuclear capable Naval shipyards by the assignment of non-nuclear ship maintenance, the committee questions whether the increased cost of this work is fully justified. Therefore, the committee directs the Secretary of the Navy to apply the west coast non-nuclear ship maintenance policy to the east coast, or provide the House Committee on Armed Services and the Senate Committee on Armed Services by January 31, 2002, with a report specifying why this policy cannot be implemented.

LEGISLATIVE PROVISIONS

Subtitle A—Authorization of Appropriations

Section 301—Operation and Maintenance Funding

This section would authorize $124,024.0 million in operations and maintenance funding for the Armed Forces and other activities and agencies of the Department of Defense.

Section 302—Working Capital Funds

This section would authorize $2,359.7 million for Working Capital Funds of the Department of Defense.

Section 303—Armed Forces Retirement Home

This section would authorize $71.44 million from the Armed Forces Retirement Trust Fund for the operation of the Armed Forces Retirement Home, including the U.S. Soldiers' and Airmen's Home and the Naval Home.

Section 304—Transfer from National Defense Stockpile Transaction Fund

This section would authorize the Secretary of Defense to transfer not more than $150.0 million from the amounts received from sales in the National Defense Stockpile Transaction Fund to the operation and maintenance accounts of the military services.

Subtitle B—Environmental Provisions

Section 311—Inventory of Explosive Risk Sites at Former Military Ranges

This section would require the Secretary of Defense to develop and maintain an inventory of current and former military ranges that are known or suspected to contain abandoned military munitions.

Section 312—National Security Impact Statements

This section would require the Secretary of Defense to examine the impact a proposed action could have on national security when the Secretary is required to conduct an environment impact statement (EIS), environmental assessment (EA), or to comment on EIS or EA developed by another federal agency.

Section 313—Reimbursement for Certain Costs in Connection with Hooper Sands Site, South Berwick, Maine

This section would authorize the Secretary of the Navy to reimburse the Environmental Protection Agency approximately $1.0 million for the cleanup of a former Navy facility in South Berwick, Maine.

Section 314—River Mitigation Studies

This section would authorize the Secretary of Defense to conduct studies of the Sabine River and the Delaware River in order to identify the level of effort and funding necessary to remove debris left in the rivers from the shipbuilding industry.

Section 315—Elimination of Annual Report on Contractor Reimbursement for Costs of Environmental Response Actions

This section would eliminate the requirement for an annual report on payments the Secretary of Defense made to contractors for costs of environmental response actions.

Subtitle C—Commissaries and Nonappropriated Fund Instrumentalities

Section 321—Reserve Component Commissary Benefits

This section would authorize immediate eligibility for commissary benefits for members of the reserve components. Currently, reserve members are not eligible to shop in commissaries until they have served a year in a reserve unit. The committee believes that in light of the reserve components' increased participation in all manner of military operations, reserve members should be entitled to commissary benefits upon entry into reserve service.

Section 322—Reimbursement for Noncommissary Use of Commissary Facilities

This section would amend section 2685 of title 10, United States Code, to require the secretary of a military department to reimburse the commissary surcharge account for the residual value of any commissary facility constructed in whole or in part with commissary surcharge funds when that facility is converted to military use. Since commissary surcharge funds are generated by patron purchases, the committee believes that capital assets purchased with those funds properly belong to the patrons and not to the military departments.

Section 323—Civil Recovery for Nonappropriated Fund Instrumentality Costs Related to Shoplifting

This section would authorize the military exchanges to pursue federal debt collection remedies against shoplifters in the military exchange stores. The exchanges currently have no effective means to recover the cost of shoplifting and security expenses, amounting to more than $25.0 million annually. This section would provide a mechanism outside formal judicial proceedings that would permit the exchanges to recover some shoplifting losses.

Subtitle D—Workforce and Depot Issues

Section 331—Fiscal Year 2002 Limitations on Workforce Reviews

This section would limit the number of full time equivalents that can be studied for possible conversion from the government workforce to the contractor workforce. The committee is increasingly concerned with the outsourcing process and believes the agencies and services have not properly funded or properly trained personnel involved in the effort needed to conduct a proper analysis. The committee does not support the Department's initiative to study an additional 3,200 full time equivalents for possible outsourcing in fiscal year 2002. In addition, the committee does not support the agencies and the services initiating more studies than are properly funded.

Section 332—Applicability of Core Logistics Capability Requirements to Nuclear Aircraft Carriers

This section would amend section 2464 of title 10, United States Code, to clarify that the exclusion from maintaining core logistics capabilities for nuclear aircraft carriers, as specified in section 2464, is meant solely for the process of refueling nuclear aircraft carriers. This section is necessary to clarify that nuclear aircraft carriers are to maintain the same core logistics capabilities as all other ships of the United States Navy.

Section 333—Continuation of Contractor Manpower Reporting System in Department of the Army

This section would amend section 343 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) to require the Secretary of the Army to report annually on the size of the contractor workforce. The section would also require the Comptroller General of the U.S. to provide Congress with an evaluation of each report submitted by the Secretary of the Army.

Section 334—Limitation on Expansion of Wholesale Logistics Modernization Program

This section would prohibit the Secretary of the Army from expanding the Wholesale Logistics Modernization Program beyond the original legacy systems included in the scope of the contract awarded in December 1999 until the Secretary of the Army

certifies to Congress that the original legacy systems have been successfully replaced. The section would also require the General Accounting Office to provide Congress with an evaluation of the certification provided by the Secretary of the Army.

Section 335—Pilot Project for Exclusion of Certain Expenditures from Limitation on Private Sector Performance of Depot-Level Maintenance

This section would amend section 2474 of title 10, United States Code, to authorize a pilot project, applicable only to three Air Force depots, that would exclude work performed in a public depot under a public-private partnership from the restrictions on private sector work established by that section.

Section 336—Protections for Purchasers of Articles and Services Manufactured or Performed by Working-Capital Funded Industrial Facilities of the Department of Defense

This section would amend section 2563 of title 10, United States Code to permit a private sector entity that has contracted with the public sector in a working-capital funded activity of the Department of Defense, to file a claim if the public sector fails to comply with quality, schedule, or cost performances required in the contract. This section would also apply to section 2474 of title 10, United States Code.

Subtitle E—Defense Dependents Education

Section 341—Assistance to Local Educational Agencies that Benefit Dependents of Members of the Armed Forces and Department of Defense Civilian Employees

This section would authorize $30.0 million for educational assistance to local education agencies where the standard for the minimum level of education within the state could not be maintained because of the large number of military connected students.

Section 342—Availability of Auxiliary Services of Defense Dependents' Education System for Dependents Who Are Home School Students

This section would require the Department of Defense (DOD) to provide support for home-schooled students overseas who are otherwise eligible to attend DOD schools. This support would include participation in extracurricular activities such as sports teams, clubs, and music programs, as well as attendance in individual academic classes.

Section 343—Report Regarding Compensation for Teachers Employed in Teaching Positions in Overseas Schools Operated by the Department of Defense

This section would require the Secretary of Defense to evaluate the method by which compensation is fixed for teachers employed by Department of Defense overseas schools. Section 903 of title 20, United States Code, requires that these salaries be based on the average range of salaries paid for similar positions in large urban school systems. This section would require the Secretary to report to Congress on the results of his

evaluation and would also require him to recommend whether this compensation should be based upon the average range of salaries paid for similar positions by Washington, D.C., area school systems.

Subtitle F—Other Matters

Section 351—Availability of Excess Defense Personal Property to Support Department of Veterans Affairs Initiative to Assist Homeless Veterans

This section would permit the Secretary of Defense to make excess clothing, shoes, sleeping bags, and related non-lethal excess supplies available, without reimbursement, to the Secretary of Veterans Affairs for distribution to homeless veterans and programs assisting homeless veterans.

Section 352—Continuation of Limitations on Implementation of Navy-Marine Corps Intranet Contract

This section would exclude the Marine Corps from the Navy's initiative known as the Navy-Marine Corps Intranet. This section would also continue the exclusion of the shipyards and naval aviation depots from the Navy Marine Corps Intranet in fiscal year 2002.

Section 353—Completion and Evaluation of Current Demonstration Programs to Improve Quality of Personal Property Shipments of Members

This section would require the Secretary of Defense to complete all demonstration programs in the Department of Defense that were designed to improve the movement of household goods of members of the Armed Forces that were being conducted on or after October 1, 2000. The section would also require the Secretary of Defense to submit to Congress an evaluation not later than August 31, 2002.

Section 354—Expansion of Entities Eligible for Loan, Gift, and Exchange of Documents, Historical Artifacts, and Obsolete Combat Materiel

This section would authorize the exchange of defense relics to a greater number of local authorities.

Subtitle G—Service Contracting Reform

Section 361—Short Title

This section would identify this subtitle as the “Department of Defense Service Contracting Reform Act of 2001”.

Section 362—Required Cost Savings Level for Change of Function to Contractor Performance

This section would amend section 2461 of title 10, United States Code, to require that a contractor's cost must be at least 10 percent less expensive than the federal government's most efficient organization to be successful in a public/private competition under Office of Management and Budget Circular A-76.

Section 363—Applicability of Study and Reporting Requirements to New Commercial or Industrial Type Functions

This section would require the Secretary of Defense to conduct an A-76 study for each new function the Department of Defense intends to establish in order to determine whether the function should be performed by a government employee or a contractor employee.

Section 364—Repeal of Waiver for Small Functions

This section would repeal section 2461 of title 10, United States Code that currently waives the applicability of Office of Management and Budget Circular A-76 or functions with 50 employees or less.

Section 365—Requirement for Equity in Public-Private Competitions

This section would require that for each government held position studied under Office of Management and Budget Circular A-76, approximately the same number of contractor held positions must also be studied for possible conversion to the public sector.

Section 366—Reporting Requirements Regarding Department of Defense's Service Contractor Workforce

This section would require Department of Defense (DOD) contractors and subcontractors to report to a secure DOD website, direct and indirect man-hour cost information, and would require the Secretary of Defense and the military secretaries to submit to Congress a report on the cost information data collected. The section would also require the Comptroller General of the United States to review this data. This section would require the Secretary of Defense and the secretaries of the military departments to publish for the public the non-proprietary data from these reports.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

LEGISLATIVE PROVISIONS

Subtitle A—Active Forces

Section 401—End Strengths for Active Forces

This section would authorize the following end strengths for active duty personnel of the armed forces as of September 30, 2002.

	FY 2001	FY 2002		Change from	
Service	**Authorized and Floor**	**Request**	**Committee Recommendation**	**FY 2002 Request**	**FY 2001 Authorized**
Army	480,000	480,000	480,000	0	0
Navy	372,642	376,000	376,000	0	3,358
USMC	172,600	172,600	172,600	0	0
Air Force	357,000	358,800	358,800	0	1,800
DOD	1,382,242	1,387,400	1,387,400	0	5,158

Section 402—Revision in Permanent End Strength Minimum Levels

This section would amend section 691 of title 10, United States Code, by establishing end strength floors for the active forces at the end strengths contained in the budget request.

Subtitle B—Reserve Forces

Section 411—End Strengths for Selected Reserve

This section would authorize the following end strengths for the selected reserve personnel, including the end strength for reserves on active duty in support of the reserves, as of September 30, 2002:

	FY 2001	FY 2002		Change from	
Service	**Authorized**	**Request**	**Committee Recommendation**	**FY 2002 Request**	**FY 2001 Authorized**
Army National Guard	350,526	350,000	350,000	0	(526)
Army Reserve	205,300	205,000	205,000	0	(300)
Naval Reserve	88,900	87,000	87,000	0	(1,900)
Marine Corps Reserve	39,558	39,558	39,558	0	0
Air National Guard	108,022	108,400	108,400	0	378
Air Force Reserve	74,358	74,700	74,700	0	342
DOD Total	866,664	864,658	864,658	0	(2,006)
Coast Guard Reserve	8,000	8,000	8,000	0	0

Section 412—End Strengths for Reserves on Active Duty in Support of the Reserves

This section would authorize the following end strengths for reserves on active duty in support of the reserves as of September 30, 2002:

	FY 2001	FY 2002		Change from	
Service	**Authorized**	**Request**	**Committee Recommendation**	**FY 2002 Request**	**FY 2001 Authorized**
Army National Guard	22,974	22,974	22,974	0	0
Army Reserve	13,106	13,108	13,108	0	2
Naval Reserve	14,649	14,811	14,811	0	162
Marine Corps Reserve	2,261	2,261	2,261	0	0
Air National Guard	11,170	11,591	11,591	0	421
Air Force Reserve	1,336	1,437	1,437	0	101
DOD Total	65,496	66,182	66,182	0	686

Section 413—End Strengths for Military Technicians (Dual Status)

This section would authorize the following end strengths for military technicians (dual status) as of September 30, 2002:

	FY 2001	FY 2002		Change from	
Service	**Authorized (Floor)**	**Request**	**Committee Recommendation (Floor)**	**FY 2002 Request**	**FY 2001 Authorized**
Army National Guard	23,128	23,128	23,128	0	0
Army Reserve	5,921	5,999	5,999	0	78
Air National Guard	22,247	22,422	22,422	0	175
Air Force Reserve	9,785	9,818	9,818	0	33
DOD Total	61,081	61,367	61,367	0	286

Section 414—Fiscal Year 2002 Limitation on Non-Dual Status Technicians

This section would establish the following limits on the numbers of non-dual status technicians as of September 30, 2002:

	FY 2001	FY 2002		Change from	
Service	**Limit**	**Request**	**Committee Recommendation (Limit)**	**FY 2002 Request**	**FY 2001 Limit**
Army National Guard	1,600	1,600	1,600	0	0
Army Reserve	1,195	1,095	1,095	0	(100)
Air National Guard	326	350	350	0	24
Air Force Reserve	10	0	90	90	80
DOD Total	3,131	3,045	3,135	90	4

The committee's recommended increase in the number of Air Force Reserve non-dual status technicians results from revised data provided by that component subsequent to the committee's receipt of the budget request. The committee is concerned about the growth. Noting that the Army Reserve and the Air Force Reserve are required by section 10217 of title 10, United States Code, to reduce the total number of non-dual status technicians in both components to no more than 175 by September 30, 2007, the committee urges both components to coordinate their efforts to reach that objective.

Section 415—Limitations on Numbers of Reserve Personnel Serving on Active Duty or Full-Time National Guard Duty in Certain Grades for Administration of Reserve Components

This section would authorize new grade tables for all reserve components of the military departments to limit the number of officers and senior enlisted members serving on active duty or full-time national guard duty for administration of reserves or national guard in the pay grades of 0-6, 0-5, 0-4, E-9, and E-8. The tables would allow the limits for each grade to be adjusted as the total number of such reserve members on active duty increases or decreases.

Subtitle C—Other Matters Relating to Personnel Strengths

Section 421—Increase in Percentage by Which Active Component End Strengths for any fiscal year may be increased

This section would authorize the Secretary of Defense to increase active duty end strength of a military service up to two percent above the authorized end strength for that service. The committee notes that current law authorizes the Secretary to increase a service's end strength by one percent. The committee recommends this expanded authority to assist the Secretary in managing dynamic strength fluctuations occurring in the military services as a result of hard-to-predict recruiting and retention variables, as well as variables induced by the movement of reserve component personnel on and off active duty.

Section 422—Active Duty End Strength Exemption for National Guard and Reserve Personnel Performing Funeral Honors Functions

This section would permit members of the reserve components on active duty and members on full-time national guard duty to prepare for and perform funeral honors functions without counting against the active duty end strengths of the armed forces.

Section 423—Increase in Authorized Strengths for Air Force Officers on Active Duty in the Grade of Major

This section would authorize a seven percent increase in the maximum number of officers serving on active duty in the grade of major.

Subtitle D—Authorization of Appropriations

Section 431—Authorization of Appropriations for Military Personnel

This section would authorize $82,279.1 million to be appropriated for military personnel.

This authorization of appropriations reflects both reductions and increases to the budget request that are itemized below.

(Dollars in Millions)

Recommended Increases	Military Personnel Accounts	O&M Accounts
Increase TLE to $180 per day and Authorize TLE for Officer First Duty Station	43.0	
Authorize Annual Travel for Families of Korean/Cold War Missing		1.0
Electronic Voting Demonstration Project		2.0
Travel Expenses for Guardian of Minor Child		5.0
Equalize Reservists' Aviation Career Incentive Pay with Active Duty Aviators When on Active Duty	10.0	
Authorize and Fund Full Pet Quarantine Reimbursement	1.0	
Funding for Uniting Through Reading (Navy)		0.18
FY 2002 Effect of Navy FY 2001 Overstrength	13.0	
Navy PCS Bow Wave from FY 2001	15.0	
Fund Army National Guard FY 2002 Military Techs (Dual Status)		20.0
Army Reserve Component Duty Training Pay	25.0	
USMC New Camouflage Utility Uniforms	20.8	
Total Recommended Additions	127.8	28.18

(Dollars in Millions)

Recommended Reductions	Military Personnel Accounts
Air Force Active Strength and Grade Underexecution	145.00
Air Force Reserve Strength, Grade and Drill Underexecution	10.98
Total Recommended Reductions	155.98

TITLE V—MILITARY PERSONNEL POLICY

OVERVIEW

The committee believes that the Secretary of Defense, the secretaries of the military departments, and the uniformed military leadership must have effective, current, and flexible personnel management programs and guidance. Accordingly, the committee recommends a variety of initiatives to improve the personnel management systems of the military services.

The committee, which was deeply disappointed that military absentee voters were not offered consistently high quality voting information and assistance during the 2000 election, recommends a series of voting initiatives designed to improve the ability of the Department of Defense managers to comply with the requirements of the Federal Voting Assistance Program and related law. These initiatives are consistent with the findings of post-election reviews conducted by the Comptroller General of the United States and the Department of Defense Inspector General. Included among the initiatives is the testing of electronic voting systems that aim to solve the time and distance challenges that have plagued military voters, particularly those residing at overseas duty locations.

To improve operation of the system created by the Secretary of Defense to provide funeral honors to military veterans and retirees, the committee would include a series of initiatives designed to facilitate the Secretary's program and provide more flexible management tools.

Finally, to ensure that members of the armed services receive the recognition they so richly deserve for serving the nation with dedication and valor, the committee recommends a new Cold War Medal, and a new Korea Defense Service Medal, and a waiver of the time limits for award of decorations. The committee also recommends a review of the decorations awarded to Jewish and Hispanic veterans for possible upgrading to the Medal of Honor.

ITEMS OF SPECIAL INTEREST

Alternative Recruiting Media

The committee is aware that the services are seeking innovative ways to recruit a quality force in the face of increased college attendance, reduced youth population, and a competitive job market. The committee notes that today's youth are more receptive to information from non-traditional media and recommends the services employ these media as recruiting tools where financially feasible. The committee suggests the services explore the use of 3-D film, which can support the fast-moving action style commonly employed in recruiting presentations.

Army Reserve Military Technician Positions

The committee believes that the reserve full time manning program is essential to reserve component readiness and that dual status military technicians are critically important to unit level full time military presence in the Army Reserve. Consequently,

the committee has exercised keen oversight in recent years of the Army Reserve's dual status technician program in an effort to ensure that Army Reserve units are staffed with fully qualified dual status military technicians. The committee understands, however, that Army Reserve personnel authorization documents prescribe that numerous headquarters staff positions be filled by military technicians (dual status). This practice results in military technicians (dual status) filling clerical and administrative positions in headquarters, performing exactly the same functions as federal civilian employees. The effect of such authorizations is to undercut congressional intent by maintaining higher than necessary numbers of military technicians (dual status) in headquarters billets that should more properly be filled by civilian employees. Another effect of such authorizations is to create personnel inequities. For example, the military technicians filling these headquarters positions are required to maintain their reserve status while civilian civil service employees filling like jobs in the same organization are not. Therefore, the committee directs the Secretary of the Army to review the Army Reserve's military technician authorizations with the goal of reallocating military technician positions at headquarters staff level to unit level.

Defense Prisoner of War/Missing in Action Office

The committee believes that the Defense Prisoner of War/Missing in Action Office (DPMO) performs a critical mission for the Department of Defense (DOD). The work of this office continues to ensure substantial progress toward the fullest possible accounting for those missing in the nation's past conflicts, coordination and preparation of the effort to locate and recover those missing in future conflicts, and, through its work, stands as a tangible commitment to American families that the fate of Americans missing in the nation's conflicts will be relentlessly pursued. In order to perform effectively its range of missions, DPMO must be adequately resourced. Since its establishment, the DPMO accounting workload has grown dramatically beyond the initial emphasis on the Vietnam War to now encompass World War II, the Korean War, and the Cold War. In addition, it has assumed new missions for all aspects of future recovery operations. Even though the demands upon DPMO have escalated, the committee is disturbed to learn that both civilian and military personnel strengths have steadily declined. The committee notes that since DPMO was established, the organization's civilian billets have decreased by 45 spaces, a 40 percent reduction, and 27 of DPMO's 46 military spaces are temporary billets. The committee believes that increased DPMO personnel resources are required in order for the office to address effectively its assigned missions. The committee therefore directs the Secretary of Defense to increase resources in the fiscal year 2003 budget request and beyond that will assure that DPMO's requirements to meet its entire range of missions are fully met.

Improved Use of Existing Military Centers for Scientific and Technological Education

The committee continues to be concerned that the military services are not adequately addressing the challenge of producing sufficient numbers of officers with the requisite education in science, engineering, and technology to meet the demands of the environment described in Joint Vision 2020. Reflecting the committee's concerns, the

Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) required the Secretary of the Air Force to examine how the Air Force Institute of Technology could be more effectively employed to meet the needs of that service for officers with technical education. The committee also believes that the Naval Postgraduate School should have a larger role to play in meeting future Navy requirements for officers educated in the technical, engineering, and scientific disciplines. To that end, the committee directs the Secretary of the Navy to review future officer education requirements and to determine ways in which the Naval Postgraduate School can be more effectively used to meet those requirements.

Review of General and Flag Officer Authorizations

The committee notes that the advocates of increasing the total number of general and flag officers, or exempting general and flag officers from current grade limits, have presented at least six proposals for the committee's consideration. The Secretary of Defense did not request any of these proposals as part of his unified legislative package for the fiscal year 2002 defense authorization bill. These six proposals are only the latest in a long line of similar unsanctioned proposals presented piecemeal to the committee year after year. The committee notes that section 1213 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) required the Secretary of Defense to conduct a comprehensive review of active and reserve component general and flag officer authorizations and management. The committee still awaits the results of the mandated review. In the absence of such results, the committee spends an inordinate effort each year trying to sort through the merits of the many individual proposals. Acceptance of one simply leads to the proliferation of more the following year. To end this cycle, and to see to it that the Secretary of Defense fulfills the standing requirement of the law, the committee directs the Secretary to conduct the review required by section 1213 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) and deliver the final results of that review to Congress no later than one year after the date of enactment of this act.

Uniting Through Reading

The committee strongly encourages programs that strengthen military families and improve their quality of life. The Navy's Uniting Through Reading program allows deployed parents and children to communicate during separations, boosts family morale, eases children's fears about a parent's absence, and reduces anxiety upon reunion. Deployed participants videotape themselves reading aloud and the videos and books are sent back to the families to enable children to watch the video and read along with their parent. The program also encourages videotaping the child's reading and reaction to enable those deployed to see the positive impact they are having on their child's development. The program is expanding to naval bases across the country and the committee recommends that an additional $180,000 be provided to this commendable program.

LEGISLATIVE PROVISIONS

Subtitle A—General Personnel Management Authorities

Section 501—Enhanced Flexibility for Management of Senior General and Flag Officer Positions

This section would repeal the current limit on the total number of four-star general officers allowed to be on active duty in order to provide the increased flexibility in the assignment and utilization of senior general officers that is required to improve oversight and control of joint and military service operations in space.

Section 502—Original Appointments in Regular Grades for Academy Graduates and Certain other New Officers

This section would require that graduates of the service academies, as well as Reserve Officer Training Corps distinguished graduates, and distinguished graduates of other officer commissioning programs like officer candidate schools, be given an initial appointment as an officer in the Regular Army, Navy, Marine Corps and Air Force, as long as they meet the criteria for such appointment.

Section 503—Temporary Reduction of the Time-in-Grade Requirement for Eligibility for Promotion for Certain Active-Duty List Officers in Grades of First Lieutenant and Lieutenant (Junior Grade)

This section would authorize the service secretaries to reduce the time-in-grade requirement for promotion to the pay grade of 0-3 from 24 to 18 months during the period ending September 30, 2005. The committee recognizes the need, particularly in the Army, to balance the number of officers serving in the grade of 0-3 with the number of positions where an officer in that grade is required. However, the committee remains concerned that junior officers receive adequate training and experience before being promoted to the grade of 0-3. The committee also expects the service secretaries to address the retention problems believed to be the source of the current grade mismatches and to resume promoting to the grade of 0-3 with 24 months time-in-grade during fiscal year 2006.

Section 504—Increase in Senior Enlisted Active Duty Grade Limit for Navy, Marine Corps, and Air Force

This section would increase the limitation on the authorized daily average number of enlisted members serving on active duty within an armed force in the pay grade of E-8 from two percent to two and one half percent of the total number of enlisted members of that armed force on active duty on the first day of that fiscal year.

Section 505—Authority for Limited Extension of Medical Deferment of Mandatory Retirement or Separation

This section would authorize the secretaries of the military departments to extend for an additional 30 days the deferment of mandatory retirement or separation for medical reasons to provide the member additional time to prepare for retirement or separation.

Section 506—Authority for Limited Extension on Active Duty of Members Subject to Mandatory Retirement or Separation

This section would authorize the secretaries of the military departments to extend for an additional 90 days the deferment of mandatory retirement or separation due to the implementation of stop loss authority to provide the military member additional time to prepare for retirement or separation.

Section 507—Clarification of Disability Severance Pay Computation

This section would authorize disability severance pay to be computed based on the grade to which a member would be promoted regardless of the purpose of the physical examination that identifies the disqualifying physical disability.

Section 508—Officer in Charge of United States Navy Band

This section would permit a Navy limited duty officer who holds the rank of at least lieutenant commander to be detailed to serve in the rank of captain while holding the position of officer in charge of the United States Navy Band.

Section 509—One-Year Extension of Expiration Date for Certain Force Management Authorities

This section would extend through December 31, 2002, certain force drawdown transition authorities. These authorities would include:

(1) Active duty early retirement authority;
(2) Special separation benefit authority;
(3) Voluntary separation incentive authority;
(4) Increased flexibility in the management of selective early retirement boards;
(5) Reduction in time-in-grade requirement for retention of grade upon voluntary retirement;
(6) Reduction of length of commissioned service for voluntary retirement as an officer;
(7) Enhanced travel and transportation allowances and storage of baggage and household effects for certain involuntary separated members;
(8) Increased flexibility for granting educational leave relating to continuing public and community service;
(9) Enhanced health, commissary and family housing benefits;

(10) Increased flexibility in the management of enrollments of dependents in the Defense Dependents' Education System;
(11) Definition of the force reduction transition period for reserve forces;
(12) Force reduction period for reserve retirement authority;
(13) Reduction of length of non-regular service requirements for reserve retirements;
(14) Reserve early retirement authority;
(15) Reduction of time-in-grade requirement for retention of grade upon voluntary reserve retirement;
(16) Increased flexibility in the management of the affiliation of active duty personnel with reserve units; and
(17) Increased flexibility in the management of eligibility for reserve educational assistance.

Subtitle B—Reserve Component Personnel Policy

Section 511—Placement on Active-Duty List of Certain Reserve Officers on Active Duty for a Period of Three Years or Less

This section would clarify section 641 of title 10, United States Code, to require members recalled to active duty for three years or less to be placed on the active-duty list unless the service secretary specifies in the service member's orders that the member will be retained on the reserve active-status list.

Section 512—Expanded Application of Reserve Special Selection Boards

This section would authorize reserve special selection boards to consider officers from below the promotion zone who were either not considered for promotion because of administrative error, or were considered but not selected for promotion because of material error. The section would afford reserve officers the same special selection board access as provided to active duty officers.

Section 513—Exception to Baccalaureate Degree Requirement for Appointment of Reserve Officers to Grades Above First Lieutenant

This section would exempt enlisted members commissioned under the Army Officer Candidate School from the requirement to possess a baccalaureate degree before being promoted to the pay grade of captain.

Section 514—Improved Disability Benefits for Certain Reserve Component Members

This section would remove the requirement that reservists must be performing inactive-duty for training at a site that is outside normal commuting distance before being eligible for disability benefits and programs if they incur or aggravate an injury, illness, or disease in the line of duty when remaining overnight at training locations before or between inactive-duty training periods.

Section 515—Time-in-Grade Requirement for Reserve Component Officers with a Non-Service Connected Disability

This section would authorize retirement eligible reserve officers with non-service connected physical disabilities that disqualify the officer from continued service to be retired in the highest grade held by the officer for six months, regardless of other time-in-grade requirements. The section would afford officers with non-service connected disabilities the same retired grade determination process as officers with service connected disabilities.

Section 516—Reserve Members Considered to be Deployed for Purposes of Personnel Tempo Management

This section would amend the definition of deployment for reservists to make it consistent with the definition of deployment applied to active duty members.

Section 517—Funeral Honors Duty Performed by Reserve and Guard Members to be Treated as Inactive-Duty Training for Certain Purposes

This section would authorize reserve and national guard members performing funeral honor duty the same rights, benefits, and protections that would be provided members performing inactive-duty training.

Section 518—Members of the National Guard Performing Funeral Honors Duty While in Non-Federal Status

This section would specify that national guard members when serving on funeral honors details shall be considered members of the armed forces for the purpose of meeting requirements for the minimum number of service members and service affiliation on a funeral honors detail.

Section 519—Use of Military Leave for Funeral Honors Duty by Reserve Members and National Guardsmen

This section would amend section 6323 of title 5, United States Code, to authorize federal employees who are members of the reserve components to use military leave to perform funeral honors duty.

Subtitle C—Joint Specialty Officers and Joint Professional Military Education

Section 521—Nominations for Joint Specialty

This section would provide for the automatic nomination of any officer who, before or after the enactment of this provision, meets the statutory education and service requirements for nomination as a joint specialty officer (JSO). The Secretary of Defense, with the advice of the Chairman of the Joint Chiefs of Staff, would remain responsible for the actual selection of JSOs from the pool of nominated officers. The committee has heard the concerns of joint staff personnel that there will soon not be enough qualified officers to fill operational joint duty positions. The committee also has learned that there are more than 3,000 officers serving on active duty who, although they have met the joint professional military education and joint service requirements established by the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (Goldwater-Nichols Act), (Public Law 99-433), have not been nominated by their respective military services for selection as joint specialty officers. The committee understands that the reluctance of the military services to nominate these officers is related to concerns that such nomination and subsequent selection of these officers by the Secretary of Defense to be JSOs would adversely affect the ability of the services to meet the promotion standards for JSOs that were established by the Goldwater-Nichols Act. The committee believes that the current policies of the military services to withhold nomination from qualified officers is unfair to those officers and places improper emphasis on meeting a statistical standard rather than producing sufficient numbers of JSOs.

Section 522—Joint Duty Credit

This section would set out the standards and requirements for the Secretary of Defense to award joint duty credit to officers serving in temporary joint task force headquarters that are not engaged in combat or near combat operations. Following Desert Storm, Congress addressed issues related to the proliferating use of temporary joint task forces and the increasing numbers of officers serving abbreviated tours of duty in the headquarters of those joint task forces. The fundamental question was whether service in joint task force headquarters should be credited towards the statutory requirements for qualification as a joint specialty officer. In resolving the issue, Congress amended the Goldwater-Nichols Act to permit service of at least 90 days duration in a joint task force headquarters to be credited, as long as the joint task force was engaged in combat, or near combat, operations. Since Desert Storm, the Department of Defense has employed more than 240 temporary joint task forces that do not meet the combat, or near combat, criteria. In view of this history, as well as the certainty that many officers would likely serve in future temporary joint task force headquarters engaged in military operations other than war, the Chairman of the Joint Chiefs of Staff asked the committee to consider ways in which service in temporary joint task forces engaged in operations other than war might be credited towards joint duty service requirements. In general, the committee does not believe that the intensity and complexity of most military operations other than war rise to the standard for credit

established following Desert Storm. However, under certain limited conditions, the committee recognizes that service may be credited when it is in the headquarters of a temporary joint task engaged in peacekeeping or peace enforcement operations where an extremely fragile state of peace and a high potential for hostilities coexist.

Section 523—Retroactive Joint Service Credit for Duty in Certain Joint Task Forces

This section would authorize the Secretary of Defense, after a case-by-case review, to award joint service credit to an officer who served in the headquarters of a temporary joint task force employed by the United States during one or more of nine specific joint operations that began during the period August 1, 1992, and June 11, 1999. The committee believes that the awarding of retroactive joint service credit to officers for these operations is consistent with the new authority granted to the Secretary of Defense in section 522 to award joint duty credit for certain military operations other than war.

Section 524—Revision to Annual Report on Joint Officer Management

This section would change some annual reporting requirements to reflect the committee's recommended amendments to the joint officer management system.

Section 525—Requirement for Selection for Joint Specialty Before Promotion to General or Flag Officer Grade

This section would require that after September 30, 2007, officers promoted to brigadier general or rear admiral (lower half) must be selected as a joint specialty officer (JSO) prior to their promotion.

The Goldwater-Nichols Act intended that future combat leaders of the armed forces would be drawn from the ranks of JSOs. To that end, the Goldwater-Nichols Act established that the proper qualification of an officer for effective service as a JSO required both formal education (joint professional military education) and completion of one "full tour" of joint duty. However, as a precondition for promotion to brigadier general, or rear admiral (lower half), the Goldwater-Nichols Act established a less demanding standard, requiring the completion of one "full tour" of joint duty, but no joint professional military education. Fifteen years after the enactment of the Goldwater-Nichols Act, the committee believes that it is appropriate to move forward to secure the goal that future leaders of the armed forces, especially those entering general officer rank, should be drawn from the ranks of JSOs. The committee holds this view for the following reasons:

(1) Involvement in joint operations is a fact of life for general and flag officers today, and such involvement will be increasingly so in the future. Future standards for qualifying those general and flag officers to operate effectively in the joint environment should not differ from the rest of the officers in the military services.

(2) In the 15 years since enactment of the Goldwater-Nichols Act, the experience of thousands of officers who were educated in the joint professional military

education (JPME) system and served in joint duty assignments confirms that the JPME experience is essential, and enhances performance in joint operations.

(3) Requiring future officers to be JSOs as a condition of promotion to brigadier general, or rear admiral (lower half), would, in effect, add a twelve-week attendance at JPME to the current service requirement.

Section 526—Independent Study of Joint Officer Management and Joint Professional Military Education Reforms

This section would require that the Secretary of Defense commission an independent study of issues related to joint officer management, joint professional military education, and the roles of the Secretary and the Chairman of the Joint Chiefs of Staff in managing and educating joint officers. The section would require the study to be completed by June 30, 2002. The Chairman of the Joint Chiefs of Staff presented the committee with a set of fundamental reforms in the joint officer management and joint officer professional military education systems. The committee, believing that the proposed reforms would have significant implications for joint service, the individual military services, and every officer, wants to move cautiously before making systemic changes. Such was the approach used by this committee when it developed the joint officer management initiatives contained in the Goldwater-Nichols Act, and when it subsequently instituted joint professional military education reforms.

Section 527—Professional Development Education

This section would make the Secretary of Defense the executive agent for funding professional development education operations at the National Defense University, beginning in fiscal year 2003. At present, such funding is split between the Army and the Navy. By taking this action to consolidate the funding responsibility, the committee intends to strengthen the role of the Secretary of Defense in joint professional military education and improve the support of the National Defense University.

Section 528—Authority for National Defense University to Enroll Certain Private Sector Civilians

This section would permit up to 10 private sector employees of organizations relevant to national security to receive instruction at the National Defense University. The committee believes such enrollments will strengthen the educational experience of all military students at the National Defense University.

Section 529—Continuation of Reserve Component Professional Military Education Test

This section would require the Secretary of Defense to continue the concept validation test of the joint professional military education (JPME) course for reserve component officers in fiscal year 2002, and would authorize a broader pilot program in fiscal year 2003 for reserve component JPME, if the Secretary determines that the results

of the concept validation merit test it. During fiscal year 2001, the National Defense University undertook a limited concept validation test of a JPME course for reserve component officers. The committee believes that the results of this concept validation are promising and that further testing of the concept should continue.

Subtitle D—Military Education and Training

Section 531—Defense Language Institute Foreign Language Center

This section would authorize the commandant of the Defense Language Institute to award an associate of arts degree in a foreign language to graduates of the Institute's Foreign Language Center who meet the requirements for the degree.

Section 532—Authority for the Marine Corps University to Award Degree of Master of Strategic Studies

The section would authorize the president of the Marine Corps University to award the degree of master of strategic studies upon graduates of the Marine Corps War College who meet the requirements for that degree.

Section 533—Increase in Number of Foreign Students Authorized to be Admitted to the Service Academies

This section would increase from 40 to 60 the number of foreign students who may attend each of the service academies at any one time. This section would also give the Secretary of Defense greater authority to waive some or all of the cost of that attendance.

Section 534—Increase in Maximum Age for Appointment as a Cadet or Midshipman in Senior Reserve Officer Training Corps Scholarship Programs

This section would increase the maximum allowable age for the senior Reserve Officer Training Corps scholarship program from age 27 on June 30 of the year in which the officer candidate is expected to be commissioned to age 35 on December 31 of the year in which the officer candidate is expected to be commissioned.

Section 535—Active Duty Participation as a Cadet or Midshipman in Senior ROTC Advanced Training

This section would authorize active duty enlisted members to participate in the senior Reserve Officer Training Corps.

Section 536—Authority to Modify the Service Obligation of Certain ROTC Cadets in Military Junior Colleges Receiving Financial Assistance

This section would authorize the Secretary of the Army to permit military junior college cadets who sign future Guaranteed Reserve Forces Duty (GRFD) contracts to satisfy their service obligation through either active duty service or reserve service in a troop program unit. This section would also permit those military junior college students who signed GRFD contracts between January 1, 1991, and July 11, 2000, to satisfy their service obligation through active duty service rather than service in the reserve component troop units.

Section 537—Modification of Nurse Officer Candidate Accession Program Restriction on Students Attending Educational Institutions with Senior Reserve Officers' Training Programs

This section would remove the restriction on officer candidates from receiving financial assistance while training to be nurses at institutions where Reserve Officer Training Corps (ROTC) programs are present when the officer candidates are ineligible to participate in the ROTC program.

Section 538—Repeal of Limitation on Number on Junior Reserve Officers' Training Corps (JROTC) Units

This section would repeal the current statutory cap of 3,500 Junior Reserve Officers' Training Corps (JROTC) units. The committee notes that this repeal was contained in the budget request and is consistent with the long-standing committee view that JROTC expansion is in the nation's interest.

Section 539—Reserve Health Professionals Stipend Program Expansion

This section would expand the stipend program for reserve health professionals by authorizing medical and dental school students to receive stipends and authorizing continuing compensation for medical and dental school graduates participating in residency programs involving critical wartime specialties.

Section 540—Housing Allowance for the Chaplain for the Corps of Cadets, United States Military Academy

This section would amend the authority of the Secretary of the Army to provide a housing allowance to the Chaplain for the Corps of Cadets at the United States Military Academy to specify that the allowance should be consistent with the allowance provided to a lieutenant colonel.

Subtitle E—Decorations, Awards, and Commendations

Section 541—Authority for Award of the Medal of Honor to Humbert R. Versace for Valor During the Vietnam War

This section would waive the statutory time limitation for the award of the Medal of Honor to Humbert R. Versace for valor while interned as a prisoner-of-war by the Vietnamese Communist National Liberation Front (Viet Cong) in the Republic of Vietnam.

Section 542—Review Regarding Award of Medal of Honor to Certain Jewish American and Hispanic American War Veterans

This section would require the secretaries of the military departments to review the service records of Jewish and Hispanic veterans from World War II and later periods to determine if the award of the Medal of Honor is appropriate. The secretaries would be obligated to review the records of veterans who were previously awarded the Distinguished Service Cross, the Navy Cross, and the Air Force Cross, and names of veterans submitted to the secretaries during the one-year period beginning with the date of enactment of this provision. In those cases where the secretaries determine that service records support the award of Medals of Honor, the section would also waive the statutory time limitations for award.

Section 543—Authority to Issue Duplicate Medal of Honor

This section would authorize the service secretaries to issue one duplicate Medal of Honor to recipients for display purposes.

Section 544—Authority to Replace Stolen Military Decorations

This section would clarify that the service secretaries are authorized to replace decorations that are considered stolen in addition to those decorations considered lost or destroyed.

Section 545—Waiver of Time Limitations for Award of Navy Distinguished Flying Cross to Certain Persons

This section would waive the statutory time limitations for the award of the Distinguished Flying Cross to individuals recommended for award of the Distinguished Flying Cross by the secretaries of the military departments.

Section 546—Korea Defense Service Medal

This section would require the secretaries of the military departments to issue a campaign medal, to be known as the Korea Defense Service Medal, to members who served in the Republic of Korea or adjacent waters during the period beginning on July

28, 1954, and ending on a future date to be determined by the Secretary of Defense. Members who served in the Republic of Korea and adjacent waters prior to the date of enactment of this provision would be required to apply for award of the medal.

Section 547—Cold War Service Medal

This section would require the secretaries of the military departments to issue a Cold War service medal to persons who served honorably on active duty in the armed forces during the period beginning on September 2, 1945 and ending on December 26, 1991. In order to qualify as an enlisted member, a person would have had to serve a full term of enlistment in an armed force, and reenlisted as an enlisted member or have been appointed an officer. In order to qualify as an officer, a person would have had to complete an initial service obligation as an officer and have served in an armed force after completing the initial service obligation. The secretaries would be authorized to waive the service requirements in the case of disability or hardship separation, or other deserving circumstance.

Section 548—Option to Convert Award of Armed Forces Expeditionary Medal Awarded for Operation Frequent Wind to Vietnam Service Medal

This section would authorize participants in Operation Frequent Wind, the evacuation of Vietnam conducted on April 29 and 30, 1975, to return the award of the Armed Forces Expeditionary Medal and to receive the Vietnam Service Medal in its place.

Subtitle F—Matters Relating to Voting

Section 551—Voting Assessments and Assistance for Members of the Uniformed Services

This section would require the Department of Defense (DOD) Inspector General to conduct annual random and unannounced assessments of the compliance with the requirements of the Uniformed and Overseas Citizens Absentee Voting Act (Public Law 99-410), DOD regulations regarding the Federal Voting Assistance Program, and other requirements of law at 15 Department of Defense installations. The section would also require the secretaries of the military departments to include an assessment of compliance with the requirements of the Uniformed and Overseas Citizens Absentee Voting Act and DOD regulations regarding the Federal Voting Assistance Program on the list of issues and programs to be reviewed during all management effectiveness reviews and inspections. Additionally, the section would require voting assistance officers appointed under DOD regulations to be appointed with the expectation of serving a minimum of 30 months. Performance evaluation reports pertaining to service members who have been appointed voting assistance officers would be required to include comments on the performance of the individual as a voting assistance officer. Finally, the section would require the Secretary of Defense, during the four months preceding the month during which congressional elections are conducted, to poll all units and ships at sea responsible

for collecting and shipping mail to determine if voting materials are awaiting shipment and the length of time that the materials have been held at that location.

Section 552—Electronic Voting Demonstration Project

This section would require the Secretary of Defense to carry out a demonstration project to allow military absentee voters to vote using an electronic voting system. This section would require the Secretary to coordinate with state officials to facilitate the demonstration project. The committee expects the Secretary to actively encourage state election officials to participate in the demonstration project and to take all prudent steps to expand the demonstration project to reach as many military voters as possible. The committee believes that the method for absentee voting that holds the most promise for protecting the voting rights of military members in the future is electronic voting using computers.

Subtitle G—Matters Relating to Military Spouses and Family Members

Section 561—Improved Financial and Other Assistance to Military Spouses for Job Training and Education

The section would require the Secretary of Defense to examine existing Department of Defense and other federal, state and non-governmental programs with the objective of improving retention of military personnel by increasing the employability of military spouses and helping those spouses gain access to financial and other assistance for training and education. The section would also require the Secretary to assess whether the Department should begin a program of direct financial assistance to military spouses for education, job training and related assistance like child care and job-related transportation. The section would also authorize the secretaries of the military departments to make available space in military facilities for non-Department of Defense entities to provide employment-related training for military spouses.

Section 562—Authority to Conduct Surveys of Dependents and Survivors of Military Retirees

This section would expand the authority of the Secretary of Defense to survey families of military members to determine the adequacy of facilities and services provided by the Department of Defense. The section would authorize the Secretary to survey families of retired members in addition to families of active duty members.

Section 563—Clarification of Treatment of Classified Information Concerning Persons in a Missing Status

This section would amend section 1506 of title 10, United States Code, to require the Secretary of Defense to maintain a separate file available for review by next-of-kin that would provide notice of the existence of classified information which may pertain to

one or more missing persons. The committee believes that as much information as possible should be provided to the next-of-kin of persons missing from past conflicts.

Section 564—Transportation to Annual Meeting of Next-of-Kin of Persons Unaccounted for from Conflicts after World War II

This section would authorize the Secretary of Defense to provide transportation for the next-of-kin of persons who are unaccounted from the Korean War, the Cold War, the Vietnam War, and the Persian Gulf Conflict to an annual meeting concerning ongoing efforts to resolve the fate of their missing family member.

Section 565—Amendments to Charter of Defense Task Force on Domestic Violence

This section would extend the original three-year authorization of the Defense Task Force on Domestic Violence from October 5, 2002, to April 24, 2003. The section also would authorize reimbursement to be paid to task force members who are not Department of Defense or federal civilian employees. The task force was established by section 591 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65).

Subtitle H—Military Justice and Legal Matters

Section 571—Requirement that Courts-Martial Consist of Not Less than 12 Members in Capital Cases

This section would amend chapter 47 of title 10, United States Code, to increase the number of required courts-martial members to 12 in cases in which the death penalty may be adjudged as a sentence. The fact that a general court-martial presently may adjudge death with as few as five members contributes to the unfortunate public perception that service members have fewer constitutional protections than civilians and undermines the legitimacy of verdicts in such cases.

The Manual for Courts-Martial requires special procedures in capital cases, and the Court of Appeals for the Armed Forces has recognized the unique status of death penalty cases and attendant systemic burdens in its jurisprudence. Requiring 12 court-members in capital courts-martial would ensure that service members receive the same procedural protections that exist in other death penalty cases, with one exception. Because the military has unique operational considerations not found in civilian society, this section would provide that the convening authority could reduce the number of court members serving in capital cases to no fewer than five members when 12 members are not reasonably available because of physical conditions or military exigencies. In such circumstances, the convening authority would be required to make a written statement of the reasons 12 members could not be obtained. This statement would be appended to the record of trial.

Section 572—Right of Convicted Accused to Request Sentencing by Military Judge

This section would amend chapter 47 of title 10, United States Code, to permit the sentencing phase of trial in courts-martial to be conducted by a military judge sitting alone, rather than by court members.

Under the present court-martial process a military judge alone may not sentence an accused if the accused elects to be tried with court members. Such a result, however, has disadvantages. Sentencing trials involving members may be more lengthy and more complicated than judge-alone proceedings, costing the government time and expense and keeping court members away from their regular duties for extended periods. Moreover, military judges generally have as sound a sense of community and disciplinary norms and mores as court members because they typically preside over many cases at a single installation.

This section would permit a separate choice of forum decision to be made following announcement of findings of guilt or innocence by the court but before evidence on sentencing is received. A request for sentencing by judge alone could be made orally on the record or in writing. Consistent with article 18 of the Uniform Code of Military Justice, section 818 of title 10 United States Code, and Rule for Courts-Martial 201(f)(1)(C), judge-alone sentencing would not be permitted in capital cases.

Section 573—Codification of Requirement for Regulations for Delivery of Military Personnel to Civil Authorities When Charged with Certain Offenses

This section would codify existing regulations by amending section 814 of title 10, United States Code. The section would require the Secretary of Defense to prescribe regulations to provide for the delivery to the appropriate civil authority for trial, a member accused by civil authority of parental kidnapping or a similar offense.

Section 574—Authority to Accept Voluntary Legal Services for Members of the Armed Forces

This section would improve the availability of legal assistance services to members of the armed forces by amending section 1588 of title 10, United States Code, and would expressly authorize the service secretaries to accept voluntary legal services. This section would also protect these volunteers from legal malpractice actions by extending to them the protections of section 1054 of title 10, United States Code.

Subtitle I—Other Matters

Section 581—Shipment of Privately Owned Vehicles When Making Permanent Change of Station Moves Within the United States

This section would authorize the service secretaries to ship a vehicle at government expense from one permanent station inside the continental United States to another permanent station inside the continental United States when such shipment is found to be advantageous and cost effective to the government.

Section 582—Payment of Vehicle Storage Costs in Advance

This section would authorize the secretaries of the military departments to pay vehicle storage costs in advance.

Section 583—Permanent Authority for Use of Military Recruiting Funds for Certain Expenses at Department of Defense Recruiting Functions

This section would make permanent the authority for the secretaries of the military departments to conduct social functions involving recruit candidates and recruits awaiting active duty entry, and other persons known to influence the career decisions of recruitment-age youth.

Section 584—Clarification of Military Recruiter Access to Secondary School Directory Information About Students

This section would specify that secondary schools shall provide directory information to recruiters in the same way that such information is provided to institutions of higher education when the student has indicated a desire or intent to enroll in that institution.

Section 585—Repeal of Requirement for Final Comptroller General Report Relating to Army End Strength Allocations

This section would repeal the requirement for the last report by the Comptroller General of the United States on the Total Army Analysis (TAA) process – the modeling process used by the Army to determine its combat support and combat service support force structure.

Section 586—Posthumous Army Commission in the Grade of Captain in the Chaplains Corps to Ella E. Gibson for Service as Chaplain of the First Wisconsin Heavy Artillery Regiment During the Civil War

This section would authorize and request the President to posthumously appoint Ella E. Gibson to the grade of captain for her service as a chaplain in the First Wisconsin Heavy Artillery Regiment during the Civil War.

Section 587—National Guard Challenge Program

This section, effective October 1, 2002, would eliminate the $62.5 million statutory limit on Department of Defense spending for the National Guard Youth Challenge program, and revise the Department of Defense cost share for each state's program from 60 percent to 75 percent. The section would also repeal section 2033 of title 10, United States Code, which requirs that any funding appropriated to the Challenge

program above the Department's statutory limit be provided to the Junior Reserve Officers' Training Program.

Section 588—Payment of FEHBP Premiums for Certain Reservists Called to Active Duty in Support of Contingency Operations

This section would authorize federal agencies to pay the employee portion of Federal Employee Health Benefit Program (FEHBP) premiums for federal employees who are members of the reserve component who are called to active duty for more than 30 days. This authority would provide continuity of medical care for the families of reserve component members who are called to active duty for extended periods and will encourage federal employees to volunteer for extended active duty missions.

Section 589—18-month Enlistment Pilot Program

This section would authorize, during the period beginning on October 1, 2003 and ending on December 31, 2007, an 18-month enlistment pilot program to increase the participation of prior service persons in the Selected Reserve and increase the pool of participants in the Individual Ready Reserve. The section would authorize the Secretary of the Army to enlist up to 10,000 soldiers under this program and provide enlistment bonuses and student loan repayments to recruits. Soldiers enlisted under this program will be eligible for assignment to overseas locations. This section would require the Secretary of the Army to report the results of the program to the Senate Committee on Armed Services and the House Committee on Armed Services not later than December 31, 2007 and December 31, 2012.

Section 590—Per Diem Allowance for Lengthy or Numerous Deployments

This section would amend section 574 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) to expand the scope of the report from the Secretary of Defense that is due not later than March 31, 2002. The Secretary would be required to review section 991 of title 10, United States Code, and section 436 of title 37, United States Code, and include in the report:

(1) A discussion of the experience in tracking and recording deployment of members, and paying members subject to lengthy and numerous deployments a $100 per diem after exceeding 400 days deployed out of the previous 730.
(2) Specific comments regarding the effect on the readiness of the Navy and the Marine Corps of the two provisions given the deployment intensive mission of these services.
(3) Any recommendation for revision of the two provisions.

The committee is aware of concerns expressed by the Chief of Naval Operations and the Commandant of the Marine Corps that the law establishing a management system and per diem payment authority for service members subjected to lengthy and numerous deployments will have unintended fiscal and readiness consequences for the deployment intensive sea services during fiscal year 2002. On the other hand, the committee has heard the Under Secretary of Defense for Personnel and Readiness testify that the fiscal

impact of the law can be managed in fiscal year 2002 and the law should be allowed to operate until the services are able to provide data to determine how the law is working.

The committee is concerned that the law should not impose unintended consequences on the services and is committed to understanding what changes to the law may be required. However, the committee is equally concerned that the members of the armed services be spared excessive deployments that are known to stress members and their families and erode the quality of life that is critical to good retention.

This section would also amend section 436 of title 37, United States Code, to require high-deployment per diem be paid from operations and maintenance accounts.

The committee notes that, contrary to guidance included in the statement of managers accompanying section 574 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), the services intend to pay high-deployment per diem out of military personnel accounts. The committee strongly believes that deploying service members in excess of 400 days out of any 730-day period is fundamentally an operational decision driven by operational requirements. As such, the committee considers high-deployment per diem an operational cost that should be paid from operations and maintenance accounts.

Section 591—Congressional Review Period for Change in Ground Combat Exclusion Policy

This section would amend section 542 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103-160) to change the congressional notification period required of the Secretary of Defense before implementing revised policies concerning the assignment of women to ground combat units or positions. Currently, the Secretary must provide Congress with 90 calendar days notice before making any changes to the ground combat exclusion policy that would either close to female members of the armed services a position or unit that was previously open to them, or open to female members of the armed services a position or unit that was previously closed to them. This section would change the notification period to 60 days of continuous session of Congress.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

OVERVIEW

The committee continues to believe that compensation programs are critical to successful recruiting and retention. Accordingly, the committee recommends a pay raise that combines both across-the-board and targeted increases for mid-grade noncommissioned officers and officers, a new officer accession bonus, and a number of enhancements to special and incentive pays and bonuses.

In addition, the committee recognizes that the rate of reimbursement for the cost of permanent changes of station (PCS) has dropped to 62 cents for every dollar expended by service members and their families. The committee is committed to improving PCS reimbursement rates and to that end proposes a series of initiatives in this bill. These measures include:

(1) An increase in the maximum amount for temporary lodging expense (TLE) from $110 to $180 per day and authorization for officers to receive TLE at their first duty stations.
(2) Advanced payment of vehicle storage costs.
(3) Shipment of privately owned vehicles inside the United States.
(4) Family separation allowances for members serving unaccompanied overseas tours because family members have been medically disqualified from overseas assignment.
(5) A $500 partial dislocation allowance when ordered out of government quarters.
(6) More flexible allowances for travel performed by members between consecutive overseas services.
(7) An increase in the reimbursement rate for the cost of pet quarantine services.

Because the Under Secretary of Defense for Personnel and Readiness testified that he will seek to reform further the PCS reimbursement system, the committee recommends a series of additional measures but delays their implementation date for one year, until January 1, 2003. The committee expects the Secretary of Defense, following completion of the Department of Defense review of the PCS reimbursement system, will make recommendations with regard to the implementation of the following initiatives:

(1) Authority to pay dislocation allowance (DLA) at a member's first duty station.
(2) Increased weight allowance for transportation of household goods for junior enlisted personnel.
(3) Increasing the PCS reimbursement rate for military personnel to the same rate as paid federal civilian employees.
(4) Payment of housing allowance to junior enlisted personnel while traveling between PCS stations.
(5) Dislocation allowance for military couples moving into government quarters.

Finally, the committee would authorize uniformed service retirees to receive disability compensation from the Department of Veterans Affairs without reducing

retired pay. Implementation of the provision would be contingent on the President submitting offsets for the increased entitlement spending in a budget request and Congress enacting legislation to provide those specific offsets.

ITEMS OF SPECIAL INTEREST

Additional Reporting Instructions Concerning the Supplemental Subsistence Allowance for Low-Income Members with Dependents

Section 402a of title 37, United States Code, as amended by section 604 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), directs the Secretary of Defense to submit to Congress annual reports specifying the number of members of the armed forces who received the supplemental subsistence allowance during the preceding year. The first report is required on March 1, 2002 and the last report is required on March 1, 2006. The committee is concerned that the reports include sufficient information about the recipients to allow the merits of the program to be evaluated.

Accordingly, the committee directs the Secretary of Defense to include in the first annual report and all reports that follow, statistical analyses of the recipient population regarding rank, family size, non-dependent family members, job specialties, and service. The report shall also make distinctions among recipients based on duty locations being in the United States or overseas (including Alaska and Hawaii), residences being government housing, privatized government housing, or private sector housing, and family income including or not including wage earners in addition to the service member.

Personal and Family Financial Management Programs

The committee is concerned that the secretaries of the military departments are not providing service members sufficient training on the management of personal and family finances, and when personal financial problems do occur, the secretaries are not providing adequate supervision to ensure that service members and their families regain financial security.

Accordingly, the committee directs the secretaries of the military departments to conduct a comprehensive examination of the personal financial management programs operated within their respective departments. The examination shall include at a minimum an assessment of the severity and type of personal financial challenges confronting service members, the magnitude of personal debt accumulated by service members, the adequacy of training and assistance programs available to service members, and the merits of other programs recommended to meet the needs of service members.

The committee further directs the Secretary of Defense to consolidate and review the examinations conducted by the secretaries of the military departments, identify the best practices from each examination, and assess the need to improve and standardize the programs operated by the secretaries of the military departments. The committee directs the Secretary of Defense to report the findings of his review to the Senate Committee on Armed Services and the House Committee on Armed Services by March 31, 2002.

The Right of Former Prisoners of War Forced to Work as Slave Laborers During World War II to Sue Japanese Corporations for Mistreatment

The committee believes that the inhumane treatment of U.S. prisoners of war (POWs) at the hands of Japanese corporations that benefited from their efforts as slave laborers during World War II is a matter that requires new attention by the United States Government. The committee believes that these POWs are deserving of the opportunity to seek a just settlement from the Japanese corporations in the courts. The committee believes that the success of other claimants in gaining reparations from the Japanese nation for World War II misconduct signals a new era of reconciliation that must now include the U.S. POWs forced to work as slave laborers. The committee believes that the United States government should reconsider its formal opposition to the court actions filed by the U.S. POW slave laborers from World War II and apply the resources of the Department of State and the Department of Justice to the task of assisting these deserving former POWs to obtain proper settlements to their claims.

LEGISLATIVE PROVISIONS

Subtitle A—Pay and Allowances

Section 601—Increase in Basic Pay for Fiscal Year 2002

This section would increase basic pay a minimum of six percent for all enlisted members of the uniformed services and a minimum of five percent for all officers effective January 1, 2002. The section would provide additional increases to mid-grade and senior noncommissioned officers, and mid-grade officers to maintain incentives to serve throughout the enlisted career and to increase incentives to retain junior officers and highly skilled enlisted members in a competitive private sector economy.

This raise fulfills the President's commitment to add $1.0 billion to pay for the uniformed services. The combined across-the-board and targeted raise would be the equivalent of a 6.9 percent across-the-board raise and would reduce the pay gap between military and private sector pay increases over time from 10.4 percent to 7.5 percent.

Section 602—Basic Pay Rate for Certain Reserve Commissioned Officers with Prior Service as an Enlisted Member or Warrant Officer

This section would authorize reserve component officers in pay grades 0-1, 0-2, or 0-3 who are not on active duty but have accumulated a minimum of 1,460 points credited toward reserve retirement while serving as a warrant officer or as a warrant officer and enlisted member to be paid at the same rate as active duty officers credited with at least four years of service as a warrant officer or as a warrant officer and enlisted member.

Section 603—Subsistence Allowances

This section would make clarifying changes of an administrative nature to the basic allowance for subsistence (BAS) program to facilitate the termination of the transitional BAS program effective January 1, 2002.

Section 604—Eligibility for Basic Allowance for Housing While Between Permanent Duty Stations

This section would require the secretaries of the military departments to pay members of the uniformed services in pay grades below E-4 (with less than 4 years of service) a temporary housing allowance while on travel or leave status between permanent duty stations.

Section 605—Uniform Allowance for Officers

This section would clarify that an additional allowance of $200 for uniforms may be paid to an officer so long as any previous allowance received did not exceed $400.

Section 606—Family Separation Allowance for Certain Members Electing to Serve Unaccompanied Tour of Duty

This section would require the secretaries of the military departments to pay family separation allowance to members of the uniformed services who elect to serve unaccompanied tours of duty because the movement of dependents of the member to the permanent duty station is denied for certified medical reasons.

Subtitle B—Bonuses and Special and Incentive Pays

Section 611—One-Year Extension of Certain Bonus and Special Pay Authorities for Reserve Forces

This section would extend the authority for the special pay for health care professionals who serve in the selected reserve in critically short wartime specialties, the selected reserve reenlistment bonus, the selected reserve enlistment bonus, special pay for enlisted members of the selected reserve assigned to certain high priority units, the selected reserve affiliation bonus, the ready reserve enlistment and reenlistment bonus, and the prior service enlistment bonus until December 31, 2002. The provision would also extend the authority for repayment of educational loans for certain health care professionals who serve in the selected reserve until January 1, 2003.

Section 612—One-Year Extension of Certain Bonus and Special Pay Authorities for Nurse Officer Candidates, Registered Nurses, and Nurse Anesthetists

This section would extend the authority for the nurse officer candidate accession program, the accession bonus for registered nurses, and the incentive special pay for nurse anesthetists until December 31, 2002.

Section 613—One-Year Extension of Other Bonus and Special Pay Authorities

This section would extend the authority for the aviation officer retention bonus, reenlistment bonus for active members, enlistment bonus for active members, special pay for nuclear qualified officers extending the period of active service, nuclear career accession bonus, the nuclear career annual incentive bonus, and the retention bonus for members with critical skills to December 31, 2002.

Section 614—Conforming Accession Bonus for Dental Officers Authority with Authorities for Other Special Pay and Bonuses

This section would conform the expiration date of the accession bonus for dental officers with the expiration dates of other special pays and bonuses. The section would extend the authority to pay accession bonuses to dental officers until December 31, 2002.

Section 615—Additional Type of Duty Resulting in Eligibility for Hazardous Duty Incentive Pay

This section would authorize members of the uniformed services to be paid hazardous duty incentive pay for duties involving regular participation as a member of a team conducting visit, board, search, and seizure aboard vessels in support of maritime interdiction operations.

Section 616—Equal Treatment of Reservists Performing Inactive-Duty Training for Receipt of Aviation Career Incentive Pay

This section would entitle qualified reserve aviators to be paid the full amount of monthly Aviation Career Incentive Pay in the same amount as paid to active duty aviators with the same number of years of aviation service.

Section 617—Secretarial Discretion in Prescribing Submarine Duty Incentive Pay Rates

This section would authorize the Secretary of the Navy to prescribe the amount of submarine duty incentive pay by grade and years of service within a maximum of $1,000 per month. The committee believes this new flexibility will allow the Secretary to respond more quickly to recruiting and retention problems within the submarine force.

Section 618—Imposition of Critical Wartime Skill Requirement for Eligibility for Individual Ready Reserve Bonus

This section would amend the eligibility criteria for payment of a bonus to individuals enlisting, reenlisting, or extending an enlistment in the individual ready reserve. The bonus would no longer be paid to individuals with combat or combat support skills, but would be paid to individuals with a skill or specialty designated by the service secretary as critically short to meet wartime requirements.

Section 619—Installment Payment Authority for 15-Year Career Status Bonus

This section would authorize members of the uniformed services to elect to be paid the 15-year career status bonus in a lump sum or one of a series of annual installment options. Section 322 of title 37, United States Code, requires the 15-year career status bonus for military members entering service on or after August 1, 1986, to be paid in a lump sum of $30,000. The options for annual installment payments would be $15,000 per year over two years, $10,000 per year over three years, $7,500 per year over four years, or $6,000 per year over five years.

Section 620—Accession Bonus for New Officers

This section would authorize the service secretaries to pay an accession bonus of up to $100,000 to officer candidates who enter into written service agreements to accept commissions as officers.

Subtitle C—Travel and Transportation Allowances

Section 631—Minimum Per Diem Rate for Travel and Transportation Allowance for Travel Performed Upon a Change of Permanent Station and Certain Other Travel

This section would require the service secretaries to pay members of the uniformed services ordered to change permanent duty stations the per diem rate established in the federal travel regulation for civilian employees authorized per diem while changing permanent duty stations.

Section 632—Payment or Reimbursement of Temporary Subsistence Expenses

This section would increase from $110 to $180 per day the maximum amount that may be paid to members of the uniformed services as reimbursement for temporary lodging and subsistence expenses incurred in the United States as result of a permanent change of station. The section would also authorize payment for temporary lodging and subsistence expenses to officers reporting to their first permanent duty station.

Section 633—Increased Weight Allowance for Transportation of Baggage and Household Effects for Junior Enlisted Members

This section would increase the maximum weight allowance for shipment of household effects for enlisted military members in grades E-4 and below. The new allowance for members in pay grade E-4 with less than two years of service would be 8,000 pounds for members with dependents, and 7,000 pounds for members without dependents. The new allowance for members in pay grades E-1 through E-3 would be 8,000 pounds for members with dependents, and 5,000 pounds for members without dependents.

Section 634—Reimbursement of Members for Mandatory Pet Quarantine Fees for Household Pets

This section would authorize an increase from $275 to $675 per change of station in the amount of reimbursement for pet quarantine fees the service secretaries may pay to members of the uniformed services.

Section 635—Availability of Dislocation Allowance for Married Member, Whose Spouse is a Member, Assigned to Military Family Housing

This section would require service secretaries to pay members of the uniformed services who are married to other members and have no dependents a dislocation allowance when the members are assigned to military family housing at a new permanent duty station. The section would specify that only one member of the married couple may receive such a dislocation allowance.

Section 636—Elimination of Prohibition on Receipt of Dislocation Allowance by Members Ordered to First Duty Station

This section would authorize the payment of dislocation allowance to members of the uniformed services ordered from their homes to their first duty stations.

Section 637—Partial Dislocation Allowance Authorized for Housing Moves Ordered for Government Convenience

This section would authorize the service secretaries to pay a $500 partial dislocation allowance to members of the uniformed services who are ordered to occupy or vacate government family housing to permit privatization, renovation, or other reason unrelated to changes in permanent station.

Section 638—Allowances for Travel Performed in Connection with Members Taking Authorized Leave Between Consecutive Overseas Tours

This section would authorize the service secretaries to designate the locations to which members of the uniformed services may travel at government expense while on

leave between consecutive overseas tours. Section 411b of title 37, United States Code, specifies that the distance that a member of the uniformed services may travel at government expense when authorized leave tours may not exceed the distance from the overseas duty location to the member's home of record. The committee believes the service secretaries can best determine the travel destination that is most advantageous to the member and cost effective to the government.

Section 639—Funded Student Travel as Part of School-Sponsored Exchange Programs

This section would expand the circumstances for which the service secretaries may pay service members stationed overseas a transportation allowance for dependent students. The section would authorize a transportation allowance for students participating in programs of less than one year located outside the continental United States and approved by the institution in the continental United States normally attended. The section would allow the allowance to be paid so long as the cost of that transportation does not exceed the cost of roundtrip transportation to the institution normally attended.

Subtitle D—Retirement and Survivor Benefit Matters

Section 641—Contingent Authority for Concurrent Receipt of Military Retired Pay and Veterans' Disability Compensation

This section would authorize retirement qualified members of the uniformed services to receive Department of Veterans Affairs (VA) disability compensation without a reduction in retired pay. In the case of a member who receives a disability retirement, the section would allow the retired pay to be reduced, but only to the extent that the member's retired pay exceeds the amount of retired pay to which the member would have been entitled based solely on the member's years of service. The effective date of the section would be contingent upon completing both of the actions outlined below.

(1) The President must submit a legislative proposal in an annual budget request that fully offsets the "PayGo" costs of the initiative.
(2) Following the submission of the legislative initiative by the President, Congress must enact legislation with the express purpose of offsetting the "PayGo" costs of the initiative.

The committee is opposed to reducing military members' retired pay to offset the receipt of compensation for service connected disabilities paid by the VA. The committee believes that retirees are entitled to receive both the retired pay for which they contributed years of faithful service and the VA compensation for a service connected disability intended to recognize a lifelong limitation on earning potential.

Subtitle E—Other Matters

Section 651—Funeral Honors Duty Allowance for Retired Members

This section would authorize the secretaries of the military departments to pay retired members an allowance for performing funeral honors duty.

TITLE VII—HEALTH CARE PROVISIONS

OVERVIEW

Enactment of the Floyd D. Spence National Defense Authorization Act of Fiscal Year 2001 (Public Law 106-398), brought with it the most significant expansion of health care benefits since implementation, in 1965, of the Civilian Health And Medical Program of the Uniformed Services. The committee commends the Secretary of Defense for the smooth implementation of the TRICARE Senior Pharmacy benefit, which will bring critically important prescription drugs to Medicare eligible military retirees and their eligible family members. The committee is aware that in fiscal year 2002 the Department of Defense must achieve an equally smooth implementation of the new benefits provided to Medicare eligible military retirees and their eligible beneficiaries under the TRICARE For Life program. With this in mind, the committee limited its recommended changes to TRICARE in fiscal year 2002 to only those needed to facilitate implementation of TRICARE For Life or to significantly improve already existing programs.

The committee was gratified that the President's defense health budget request for fiscal year 2002 was based on more realistic cost and budgeting assumptions. This combined with a commitment to fully fund the Defense Health Program (DHP), including the significantly improved benefit, led to a $6 billion, one-year increase in the DHP funding. Nevertheless, the committee remains concerned that funds appropriated for the DHP are disproportionately allocated toward purchasing care in the private sector while the direct care system of military treatment facilities continues to languish from a lack of investment in maintenance and repair of facilities. As a consequence, fewer eligible beneficiaries are able to receive the care they need in the venue they prefer, the military hospitals and clinics of the direct care system. The committee is concerned that this dearth of funding for the direct care system forces patients into the private sector further driving up the cost of the defense health program and severely limiting the resources available for treating patients in the direct care system. At the behest of the Under Secretary of Defense for Personnel and Readiness, the committee has, for the time being, refrained from segregating DHP funds authorized for the operations of military treatment facilities from those funds required to purchase care in the private sector. The committee expects to be kept informed of the Under Secretary's efforts to allocate defense health resources in a manner that will maximize the effectiveness of the entire DHP.

The committee is pleased with the extent to which the defense health personnel in the office of the Secretary of Defense engaged the private non-governmental groups representing the interests of the beneficiaries of the military health care system during deliberations on the implementation of the TRICARE Senior Pharmacy and TRICARE For Life programs. The committee encourages the Secretary to continue to reach out to beneficiaries of the military health care system and to begin to seek similar participation from other key stakeholders including the Department of Defense's managed care support contractors. Early participation of the managed care support contractors could help avoid the unexpected budget overruns experienced for the last few years.

The committee also notes the relatively minuscule efforts made by the Department of Defense and the Department of Veterans Affairs toward increasing

medical resource sharing. While the committee requires some specific actions to improve sharing, the committee expects the Secretary of Defense to increase efforts with the Secretary of Veterans Affairs to seek more opportunities to maximize the use of all health care resources in providing services to beneficiaries of the two health care delivery systems keeping in mind the missions of the two Departments.

ITEMS OF SPECIAL INTEREST

Health Care Benefits for Members of the Reserve Components

The committee is aware that the TRICARE health benefits program is a valuable active component recruitment and retention tool and might be a useful tool in the recruitment and retention of national guard and reserve members. Therefore, the committee directs the Secretary of Defense to conduct a study of options for providing TRICARE benefits to all national guard and reserve personnel and their families. The study should evaluate, at a minimum, permitting national guard and reserve personnel to buy into the TRICARE standard level of benefits. In addition to determining the annual premium amount if national guard and reserve members paid the entire amount, the study should also consider the option of cost sharing the annual premium charge between the government and the military member and, alternatively, between the employer and the military member. The committee expects the Secretary of Defense to consider the views of national guard and reserve personnel and their families, the non-governmental groups representing the interests of members of the national guard and reserves, and the employers of national guard and reserve members. For each cost sharing option, the study should evaluate the propensity of both military members and employers to participate in the program. The report shall be submitted to the Senate Committee on Armed Services and the House Committee on Armed services by March 31, 2002.

Military Health Care System Information Management

The committee notes and applauds the efforts made by the Department of Defense (DOD) to establish and modernize its medical-related clinical, cost, budget, and management information systems. The committee also notes that medicine and the unique missions of military medicine are changing rapidly and is interested in learning the state of the Department's information systems, any gaps or shortcomings in the data collected or its accuracy and timeliness, and new initiatives that need to be established to correct shortcomings identified. The committee directs the Secretary of Defense to undertake a comprehensive study of DOD medical data systems that are designed to facilitate and/or track management, clinical treatment, system performance evaluation, costs, manpower, and enrollment. The study should examine the capability of present and planned systems to meet stated goals and objectives, progress on implementing systems, shortcomings in existing systems, data systems necessary to implement the new TRICARE For Life benefit, and an assessment of the ability of the Department of Defense to exchange clinical and management information with other federal and state agencies and private sector health services providers in a timely and reliable manner. The committee directs the Secretary of Defense to undertake the study by engaging a

federally funded research and development center with experience and expertise in information systems, military health care systems, and military affairs. The committee directs the Secretary of Defense to submit an interim report to the Senate Committee on Armed Services and the House Committee on Armed Services by March 29, 2002, and a final report to the Senate Committee on Armed Services and the House Committee on Armed Services by March 31, 2003.

North Chicago Department of Veterans Affairs Medical Center and Naval Hospital, Great Lakes, Illinois

The committee notes the current resource sharing agreement between the North Chicago Veterans Affairs Medical Center (NCVAMC) and the Naval Hospital, Great Lakes, Illinois (NHGL). These two facilities are in close proximity and offer significant additional opportunities to share services, programs, and facilities. The Department of the Navy is engaged in conducting an economic analysis of the potential requirement for a modern facility to replace the aging NHGL. The Department of Veterans Affairs has an underused inpatient facility at the NCVAMC. The committee directs the Secretary of the Navy and the Secretary of Veterans Affairs to develop a plan to jointly make maximum use of the NCVAMC. The Secretary of the Navy and the Secretary of Veterans Affairs shall consult on further development of joint health care delivery infrastructure, including any future option to replace the NHGL, or to renovate the NCVAMC to better accommodate needs of the Navy to support the Great Lakes Naval Training Station's health care needs. If the two Secretaries determine to further renovate the NCVAMC or propose construction of a new facility, the committee expects these future health care facilities to be jointly operated by the Department of Veterans Affairs and the United States Navy.

TRICARE in Illinois

The committee notes that many TRICARE beneficiaries enrolled for their care in the area of Naval Training Center, Great Lakes, Illinois, are having difficulty securing specialty care under TRICARE. The committee is concerned that many beneficiaries must resort to seeking care outside of the state of Illinois because of the lack of a robust network of specialty care providers willing to provide services under TRICARE in Illinois. The committee directs the Secretary of Defense to report to the Senate Committee on Armed Services and the House Committee on Armed Services by March 31, 2002, on actions taken to augment the Northern Illinois TRICARE provider network and the extent to which the dearth of network specialty providers has been relieved.

LEGISLATIVE PROVISIONS

Subtitle A—TRICARE Program

Section 701—Implementing Cost-Effective Payment Rates Under the TRICARE Program

This section would implement reforms of TRICARE payment methods to bring consistency of payment methods to all TRICARE programs. The section would require the Secretary of Defense to base TRICARE program payment rates on payment rates used by the Medicare program, or similar rates based on Medicare payment methods. The payment rates would apply to health care services for civilian sector institutional and other non-institutional providers, except where the Secretary of Defense determines the rates to be impractical. The section would also prohibit balance billing of beneficiaries by institutional providers for any amount in excess of the CHAMPUS/TRICARE payment amount, and limit balance billing by non-institutional providers to the 15% rate allowed by Medicare.

Section 702—Waiver of Nonavailability Statement or Preauthorization Requirement

This section would amend section 721 of the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) by requiring the Secretary of Defense to notify the Senate Committee on Armed Services and the House Committee on Armed Services at least sixty days prior to implementing a prior authorization requirement under section 721 and mandating a maximum period for exception decisions made under the authority. The section would also prescribe the geographic limits affected by any specific prior authorization requirement.

Section 703—Improvements in Administration of the TRICARE Program

This section would authorize the Secretary of Defense to enter into new contracts for support of delivery of health care under TRICARE by providing flexibility in the choice of contract vehicle. The section would also permit the Secretary of Defense to reduce the minimum nine-month start-up for new contracts. The committee recognizes that the health care environment in the United States has changed significantly since the first managed care support contracts were awarded in 1994 and that, as a result, the Secretary of Defense may require more flexibility in selecting the most effective contract type for future managed care support contracts.

Section 704—Sub-Acute and Long-Term Care Program Reform

This section would reform the Department of Defense Program for care provided in skilled nursing facilities or at home. Full implementation of the new TRICARE For Life benefits makes it essential to coordinate the benefits structure provided in skilled nursing facilities and through home health programs. The committee is also aware of the unique challenges faced by active duty families supporting a severely disabled family member

and includes a subsection which would significantly enhance active duty families' ability to care for these family members, especially when the active duty sponsor is deployed. The committee is also interested in the future relationship between the TRICARE sub-acute care benefit and benefits offered under the Long Term Care Security Act (Public Law 106-265). The section would require the Secretary of Defense to report to the Senate Committee on Armed Services and the House Committee on Armed Services on the feasibility and desirability of establishing direct benefit linkages between TRICARE and the Long Term Care Security Act.

Section 705—Reimbursement of Travel Expenses of a Parent, Guardian or Responsible Family Member of a Minor Covered Beneficiary

This section would amend section 1074i of title 10, United States Code, by requiring the Secretary of Defense to reimburse the reasonable travel expenses of a parent or guardian of a minor who is required to travel for specialty care services outside the limits specified in section 1074i of title 10, United States Code. The committee is concerned that the original provision could be interpreted in a way that would not authorize reimbursement for the reasonable travel expenses of a parent or guardian of a minor eligible beneficiary.

Subtitle B—Other Matters

Section 711—Prohibition Against Requiring Military Retirees to Receive Health Care Solely Through the Department of Defense

This section would prohibit the Secretary of Defense from implementing a policy of forced choice enrollment by military retirees who are eligible for care in the health care facilities and programs of both the Department of Defense and the Department of Veterans Affairs. The committee was pleased with the establishment of the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans (Task Force) and expects the Task Force to address the issue of mandatory enrollment during its deliberations and in the final report. Therefore, the committee believes any mandatory enrollment policy implemented prior to the Task Force's deliberations and report would be premature.

Section 712—Trauma and Medical Care Pilot Program

This section would direct the Secretary of Defense to conduct a pilot program under which the Brooke Army Medical Center and the Wilford Hall Air Force Medical Center in San Antonio, Texas, (the medical centers) may charge civilians who are not covered TRICARE beneficiaries, fees representing the actual costs of trauma and other medical care provided. The section would also permit the medical centers to use the funds collected under the program for various activities related to trauma training and operation of the medical centers.

Section 713—Enhancement of Medical Product Development

This section would amend section 980 of title 10, United States Code, by authorizing the Secretary of Defense to waive the prohibition against the use of human subjects in research in order to advance research into the treatment of combat casualties. The committee is concerned that current restrictions on the use of human subjects in medical research severely limits the ability to conduct focused trauma treatment research. As a result, many products with direct applicability to the treatment of battle casualties are precluded from the kinds of tests required for approval of the Food and Drug Administration.

Section 714—Repeal of Obsolete Report Requirement

This section would repeal a reporting requirement in the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 1- U.S.C. 1074g note) by striking subsection 701 (d). The committee notes that the reporting requirement was superseded by enactment of the TRICARE Senior Pharmacy program.

Section 715— Clarifications and Improvements Regarding the Department of Defense Medicare-Eligible Retiree Health Care Fund

This section would clarify that the Department of Defense Medicare-Eligible Retiree Health Care Fund (Fund) covers all health care programs and activities of the Department of Defense through which health care services are provided to Medicare-eligible military retirees and their eligible dependents, including those programs and activities purchased in the private sector and the programs and activities through which health care services are provided in the direct care system of military treatment facilities. The section would also clarify the applicability of the Fund to the Coast Guard, the commissioned corps of the Public Health Service, and the commissioned corps of the National Oceanic and Atmospheric Administration. The section would also authorize the Secretary of Defense to enter into agreements with the service secretaries responsible for the other uniformed services to arrange for contributions into the Fund by the other service secretaries.

TITLE VIII—ACQUISTION POLICY, ACQUISITION MANAGEMENT AND RELATED MATTERS

ITEMS OF SPECIAL INTEREST

Extraordinary Contractual Actions

The committee is concerned with the Department of Defense (DOD) use of the authority granted in section 1431 of title 50, United States Code, to enter into contracts when it is deemed that such contract would facilitate the national defense. Executive Order 10789, expands upon the statutory authority by stating that contractual provisions which provide that the United States will hold harmless and indemnify the contractor against any claims or losses shall apply only to claims or losses arising out of risks that the contract defines as unusually hazardous or nuclear in nature. In December 2000, DOD entered into an indemnification contract with an entity providing satellite communications and agreed to indemnify the contractor against claims for damages from unusually hazardous risk associated with certain satellites. It is the committee's understanding that the unusually hazardous risk is the concern that some satellites would to fall out of orbit and descend into the Earth's atmosphere. The committee questions whether this concern meets the required standard of an unusually hazardous or nuclear risk. In addition, the committee notes that the contractor relies upon the same satellite constellation to provide military and commercial communications. In other words, the DOD is providing indemnification to a contractor for work that is not unique or solely provided to DOD. The committee expects that DOD will, in the future, use the available statutory discretion with greater prudence.

LEGISLATIVE PROVISIONS

Subtitle A—Acquisition Policy and Management

Section 801—Acquisition Milestones

This section would amend various sections of title 10, United States Code, to update references to the phases of acquisition to reflect changes in Department of Defense acquisition policy.

Section 802—Acquisition Workforce Qualifications

This section would amend section 1724 of title 10, United States Code, to authorize the Secretary of Defense to hire an individual into the acquisition workforce on a three-year probationary period if the individual has a college degree or 24 semester credit hours in business. This probationary period would allow the individual to complete the education requirements defined in title 10, United States Code. This section would also provide an additional exception to the education requirements for those individuals in the contingency contracting force. This section would also clarify the committee's original intent to grandfather all employment qualifications in effect prior to

enactment of section 808 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398).

Section 803—Two-Year Extension of Program Applying Simplified Procedures to Certain Commercial Items

This section would extend for two years a pilot program authorizing the Secretary of Defense to use simplified acquisition procedures for the purchase of commercial items not greater than $5.0 million.

Section 804—Contracts for Services to Be Performed Outside the United States

This section would authorize the Secretary of Defense to contract with individuals or organizations to perform services in countries with which the United States has no Status of Forces Agreement (SOFA). In nations with which the United States has negotiated a SOFA, that agreement establishes the procedures by which the Secretary of Defense employs foreign nationals in support of the armed forces. This provision would provide the Secretary of Defense with the authority to contract for local national labor in the absence of a SOFA.

Section 805—Codification and Modification of "Berry Amendment" Requirements

This section would codify the Department of Defense (DOD) domestic source requirements commonly known as the "Berry Amendment". The provision would also require DOD to notify Congress and the public of a decision to waive the domestic source requirement. The waiver would not come into effect until 30 days after congressional notification.

Subtitle B—Erroneous Payments Recovery

Section 811—Short Title

This section would name the subtitle as the "Erroneous Payments Recovery Act of 2001."

Section 812—Identification of Errors Made by Executive Agencies in Payments to Contractors and Recovery of Amounts Erroneously Paid

This section would require executive agencies to conduct a program to recover erroneously made payments. Each agency may determine the types of contracts for which recovery activities are most appropriate, based on policy guidelines and procedures the Office of Management and Budget issues.

Section 813—Disposition of Recovered Funds

This section would authorize funds collected under a recovery audit to be available to reimburse executive agencies' and auditors' costs. This section would also authorize a portion of the returned funds to be available to support a management improvement program.

Section 814—Sources of Recovery Services

This section would ensure that executive agencies consider various auditing services within both government and the private sector when carrying out a recovery audit program.

Section 815—Management Improvement Programs

This section would provide an executive agency the option to carry out a management improvement program in order to address problems that contribute to the occurrence of erroneous payments.

Section 816—Reports

This section would require the Director of the Office of Management and Budget to submit an annual report to Congress evaluating executive agencies' recovery audits, the costs the agencies have incurred, and the amount actually recovered.

Section 817—Relationship to Authority of Inspectors General

This section would ensure that nothing in this subtitle impairs the authority of an inspector general.

Section 818—Privacy Protections

This section would prohibit a nongovernmental entity from disclosing the identity of an individual for any purpose other than auditing activity.

Section 819—Definition

This section would define an executive agency.

TITLE IX—DEPARMTENT OF DEFENSE ORGANIZATION AND MANAGEMENT

ITEMS OF SPECIAL INTEREST

Regional Centers and China Center

The committee notes the interest of the Department of Defense in consolidating the legislative authorities under which it operates five regional centers for security studies. However, the Department's proposal would go beyond merely consolidating existing authorities and would broaden and expand the authority to operate some of these centers by allowing DOD to absorb additional costs that are currently not borne by the Department. The committee does not support this action.

Moreover, the committee is concerned about the policy guidance given to the Asia-Pacific Center for Security Studies on the status of Taiwanese nationals participating in conferences with representatives from the People's Republic of China. Accordingly, the committee directs the Secretary to report to the committee no later than December 31, 2001 on the guidance issued by the Department to the Asia-Pacific Center for Security Studies regarding contact with officials from Taiwan and the People's Republic of China and the participation of Chinese and Taiwanese nationals in conferences, symposia, and other activities of the center. In addition, the report should include a description of how the Department's guidance is being implemented by the center.

Finally, the committee notes that the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) established a Center for the Study of Chinese Military Affairs and required the Department to submit a report to the committee by February 1, 2001 detailing the proposed budget and timetable for initial and full operations of the center. This report has not yet been submitted. The committee is concerned that the Department has not acted expeditiously to implement the requirements established in Public Law 106-65. Consequently, the committee directs the Secretary to submit the required report expeditiously, along with an explanation of the reasons for the delay and any recommendations the Secretary has for ensuring the viability of the center.

LEGISLATIVE PROVISIONS

Section 901—Further Reductions in Defense Acquisition and Support Workforce

This section would reduce the number of personnel assigned to the defense acquisition and support workforce by 13,000 in fiscal year 2002.

The committee continues to believe that the Department of Defense must significantly reorganize and streamline its acquisition structure for a number of reasons. First, the military services' priorities of interoperability and jointness and the increasing sophistication of systems will require advances in the way weapons systems are acquired. Second, at a time of tightening budget constraints, the Department must ensure that combat needs are not crowded out by bloated support costs, including excessive overhead costs from the acquisition workforce.

The committee believes that personnel reductions must be a significant part of any effort to bring the acquisition support costs of the Department in line with the resources dedicated to its combat missions. However, the committee is also concerned with the trend since the mid-1990s to outsource acquisition functions while reducing the number of personnel in acquisition organizations. According to the report required by section 343 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), the Department paid 734,000 full-time contractors in fiscal year 1999 to perform many acquisition functions at the same time it maintained over 300,000 civilian and military employees in acquisition assignments. The committee is disturbed by this trend and believes it must be addressed as part of a fundamental effort to reform the defense acquisition system.

Section 902— Sense of Congress on Establishment of an Office of Transformation in the Department of Defense

This section would express the sense of Congress on the Administration's decision to establish an Office of Transformation within the Department of Defense (DOD). The committee believes the armed services must implement transformation to meet operational challenges and exploit opportunities resulting from changes in the threat environment and the emergence of new technologies. The committee notes and supports steps that the services have taken so far to promote transformation. However, the committee also notes that the findings of a 1999 Defense Science Board report on transformation concluded that there was no overall DOD vision for transformation, no “road map”, no metrics to measure progress, and little sense of urgency. The establishment of an Office of Transformation will begin to address these shortfalls.

To assure the effectiveness of the Office of Transformation, the committee believes three key elements must be in place: The mission and functions of the office must be adequately defined; the Director of Transformation must have direct access to the Secretary of Defense; and the Director should have control of sufficient funding to sponsor key transformation efforts.

The committee believes that the mission of the Director of Transformation should be to develop force transformation strategies ensuring linkage to the military strategic functions of preparing the future military and dissuading potential military competitors. The Director should make recommendations to the Secretary for ensuring a continuous and broadly focused transformation process. The Director should also collaborate on service and joint acquisition and experimentation efforts, selectively fund experimentation efforts, identify promising operational concepts and technologies, and sponsor other transformation activities as appropriate.

The committee believes the Director should have control of funding adequate for sponsoring selective prototyping efforts, wargames, and studies and analyses, as well as for appropriate staffing of the Office of Transformation. To accomplish these tasks, the committee believes that it is critical that this office be provided sufficient budgetary resources to accomplish its mission.

Section 903—Revised Joint Report On Establishment of National Collaborative Information Analysis Capability

This section would require the Secretary of Defense and the Director of Central Intelligence to submit a revised joint report assessing the alternatives for the establishment of a national collaborative information analysis capability. The report, which would include draft legislation required to establish the preferred architecture, would be required to be submitted coincident with the submission of the budget request for fiscal year 2003.

Section 904—Elimination of Triennial Report by Chairman of the Joint Chiefs of Staff on Roles and Missions of the Armed Forces

This section would amend title 10 to consolidate reporting requirements related to the roles of the Chairman of the Joint Chiefs of Staff and missions of the armed forces. The current law requires that the Chairman review the assignment of the roles and missions of the armed forces every three years, or at the request of the President or the Secretary of Defense, and to prepare a separate report, which is not required to be submitted to Congress. This section would eliminate the current reporting requirement, and require that the Department of Defense's assessment of the roles and missions of the armed services be conducted as part of the Quadrennial Defense Review (QDR) process. The results of the assessment would be included in the final report of the QDR and submitted to Congress.

Section 905—Repeal of Requirement for Semiannual Reports Through March 2003 on Activities of Joint Requirements Oversight Council

This section would repeal section 916 of the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) that requires the Chairman of the Joint Chiefs of Staff to submit a semiannual report to the Senate Committee on Armed Services and the House Committee on Armed Services on specific activities of the Joint Requirements Oversight Council through March 1, 2003.

Section 906—Correction of References to Air Mobility Command

This section would change all references to "Military Airlift Command" contained in title 10 and title 37, United States Code, to "Air Mobility Command."

Section 907—Organizational Alignment Change for Director for Expeditionary Warfare

This section would amend section 5038(a) of title 10, United States Code, with respect to the specific office of the Deputy Chief of Naval Operations within which the Director for Expeditionary Warfare shall be located.

TITLE X—GENERAL PROVISIONS

ITEMS OF SPECIAL INTEREST

Arms Control Implementation

The budget request contained $228.5 million for arms control implementation activities, representing a slight increase from the fiscal year 2001 appropriated level of $223.6 million. The committee recommends $223.6 million, a decrease of $4.9 million from the budget request.

The budget request contained an increase in the operations and maintenance accounts for the Defense Threat Reduction Agency's arms control implementation program of $18.7 million over the fiscal year 2001 appropriated level. This reflects a 30 percent increase. The committee recommends a $4.9 million reduction to the request without prejudice.

Counter-Drug Activities

Overview

The Department of Defense budget request for fiscal year 2002 for counter-drug activities sustains the Department's level of effort in this important area by providing aircraft and ships for detection and monitoring, military personnel, intelligence support, communications systems, and training to domestic and foreign law enforcement agencies. The committee is aware that the Department is currently considering significant changes to its counter-drug program as part of a broader assessment of non-traditional activities. While the committee continues to support a robust counter-drug role for the Department, the committee believes that such a review is appropriate. However, the committee directs the Secretary of Defense to report in advance of any reorganization initiatives in this area proposed to be implemented during fiscal year 2002.

The Department of Defense budget request for fiscal year 2002 contained $820.4 million for drug interdiction and counter-drug activities, in addition to $166.8 million for operational tempo, which is included within the operating budgets of the military services. This represents a net decrease of $161.2 million from the fiscal year 2001 budget in execution primarily as a result of $184.1 million provided to the Department in emergency supplemental appropriations for Colombia contained in the Emergency Supplemental Act, 2000 (Public Law 106-246), which was largely obligated in fiscal year 2001.

The committee recommends an authorization for fiscal year 2002 Department of Defense counter-drug activities as follows:

[Dollars in thousands]

FY02 Drug Interdiction & Counter-Drug Request……	$820,381
Educate America's Youth……	25,262
Increase Safety of Citizens……	78,489
Reduce Health & Social Costs……	77,650

Shield America's Frontiers…….…….……..	334,459
Break Drug Sources of Supply…….…….……	304,521
Recommended Decreases:	
Tethered Aerostat Radar System……	5,900
Peru Support……..	4,000
Counter-Drug Tanker Operations…….…….	1,800
Recommended Increases:	
Operation Caper Focus……...……...	5,000
Southwest Border Fence…….….……..	6,700
Recommendation…….……	$820,381

Items of Special Interest

Counter-drug tanker operations

The budget request contained $2.0 million for KC-135 tanker operations in support of counter-drug E-3 Airborne Early Warning and Control System (AWACS) missions. The committee notes that the prior year budget request was only $200,000 for this activity. Accordingly, the committee recommends a decrease of $1.8 million for this activity.

Operation Caper Focus

The committee is aware that the fiscal year 2002 budget request does not fully support Operation Caper Focus, an important initiative to disrupt maritime narcotics trafficking in the Eastern Pacific. The committee continues to support this important operation and, therefore, recommends an increase of $5.0 million for this purpose.

Peru support

The budget request contained $9.2 million for Peru for counter-drug support under section 1033 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). The committee is aware that not more than $5.0 million will be obligated in fiscal year 2001 for Peru support under section 1033 and, therefore, recommends a decrease of $4.0 million. The committee also notes that the authority under section 1033 with respect to Peru expires at the end of fiscal year 2002.

Southwest border fence

The Southwest border continues to be a heavily utilized drug trafficking corridor into the United States. The committee continues to support fence and road-building activities in this area. Accordingly, the committee recommends an increase of $6.7 million for this purpose.

Tethered Aerostat Radar System

The budget request contained $42.9 million for the Tethered Aerostat Radar System (TARS). The committee supports the transfer of the TARS program to another federal agency in fiscal year 2002 and, therefore, directs that no fiscal year 2002 funding be used for purposes of facility enhancement or aerostat modernization. Accordingly, the committee recommends a decrease of $5.9 million in the TARS program.

OTHER MATTERS

Classification of Foreign Military Training Reports

The committee is aware that the reports required by section 2011 of title 10, United States Code, and section 2416 of title 22, United States Code, concerning Department of Defense training of foreign military personnel are classified due to the increasing amount of detail with respect to the U.S. military units involved. The committee understands the basis for a certain level of classification but also believes that the information contained in these reports regarding foreign military units trained is important and should, where appropriate, be made available in an unclassified form to the general public.

Counter-Drug Forward Operating Locations

The committee is aware that the requirement for two Caribbean forward operating locations (FOLs) at Curacao and Aruba, Netherlands Antilles, has been impacted by the decision of the Department of Defense to no longer support Air National Guard F-16 deployments to Curacao. The Emergency Supplemental Act, 2000 (Public Law 106-246) contained $43.9 million for infrastructure improvements at Curacao including airfield pavement improvements, installation of aircraft rinse facilities, and construction of a maintenance hanger. As a result of the departure of Air National Guard aircraft from Curacao, the committee believes the Curacao FOL will be sufficient to accommodate Customs Service aircraft and personnel that currently operate from Aruba. Consequently, the committee recommends a provision (sec. 2408) that would prohibit military construction expenditures to develop Aruba as a Forward Operating Location.

Information Security Scholarship Program

The committee is concerned that the Department of Defense has not developed criteria to evaluate the information assurance programs at institutions of higher education not designated as Centers of Academic Excellence in Information Assurance Education. The Department currently requires individuals who have computer and network security skills necessary to meet specific information security assurance requirements. Increasing the number of eligible schools will result in additional qualified individuals. The committee urges the Department to develop the criteria necessary to allow qualified institutions of higher education to participate in the Information Security Scholarship Program.

Potential Reallocation of Radio Frequency Spectrum for Third Generation Mobile Wireless Communications

Section 1062 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) amended the National Telecommunications and Information Administration Act (section 901 et. seq. of title 47 United States Code) to provide that the DOD shall not surrender the use of a band of frequencies for which it is the primary user unless an alternative band or bands of frequencies is provided as a replacement and the Secretaries of Commerce and Defense, and the Chairman of the Joint Chiefs of Staff certify that the alternative band or bands provides comparable technical characteristics to maintain essential military capability. Section 1064 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261) requires the private sector to pay relocation costs, in advance, to incumbent Federal entities required to relocate to accommodate commercial uses.

The committee notes the growth of mobile wireless telecommunications and the development of third generation (3G) mobile wireless communications services. An October 2000 Presidential executive memorandum stated the need and urgency for the United States to select radio frequency spectrum (from frequency bands previously identified for consideration by the World Radiocommunication Conference 2000) to satisfy the future needs of citizens and business for mobile voice, high-speed data, and Internet-accessible wireless capability and directed Federal agencies to carry out the selection of the spectrum. The National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission have identified the 1755-1850 MHz and 2500-2690 MHz bands as candidates.

The committee notes that the telecommunications and Internet industry has launched a campaign for reassignment of the frequency bands in question from primary use by the federal government to primary use (if not exclusive use) by the private sector. The industry is particularly interested in the 1755-1850 MHz band because of action by European countries to begin 3G operations in this band. A potential business base of as much as $500 billion is anticipated. Draft legislation that has been proposed that would call for the federal government to vacate at least 60 MHz of the 1755-1850 MHz band by 2004 and the remainder of the band by 2008.

The committee also notes that the Department of Defense (DOD) uses the 1755-1780 MHz band for critical national defense systems, including satellite control, precision guided weapons data links, tactical radio relay, precision guided munitions and combat training systems. The Department argues that uncoordinated sharing of the frequency band with other users is not feasible. The costs of relocating DOD systems from the band to another suitable band (if such a band could be identified) are estimated at $2-4 billion and relocation could not be accomplished until 2010 and beyond for most DOD non-space systems and until 2017 and beyond for legacy space systems (as late as 2030 for some satellites).

The committee further notes the General Accounting Office report "Defense Spectrum Management: More Analysis Needed to Support Spectrum Use Decision for the 1755 to 1850 MHz Band," GAO-01-795, July 2001. The report makes recommendations to the Secretary of Defense and the Secretary of Commerce to more accurately assess the potential impact of reallocation of frequency band and provide the

time and guidance to complete the required planning and analysis before any decision on reallocation of the band might be made.

The committee recognizes the competing issues of national security and economic interest that affect the proposals for potential reallocation of radio frequency spectrum currently reserved for use by the Department of Defense and other Federal agencies to 3G mobile wireless communication services. However, the committee believes that the first priority for the federal government is to ensure the national security of the United States and its people.

The committee reemphasizes the requirement contained in Section 1062 of Public Law 106-65 that alternate radio frequency spectrum with comparable technical characteristics to maintain essential military capability operational capabilities must be available for use by the DOD, before frequency currently reserved for use by the DOD can be reallocated. Noting the GAO report that a decision to reallocate the 1755 – 1850 MHz band is premature and that more adequate information is required before such a decision might be made, the committee intends to carefully review this matter and take further legislative action as necessary to ensure that national security interests are not compromised in this critical area.

LEGISLATIVE PROVISIONS

Subtitle A—Financial Matters

Section 1001—Transfer Authority

This section would provide fiscal year 2002 transfer authority to the Department of Defense for amounts up to $2.0 billion.

Section 1002—Incorporation of Classified Annex

This section would incorporate the classified annex into the National Defense Authorization Act for Fiscal Year 2002.

Section 1003—Limitation on Funds for Bosnia and Kosovo Peacekeeping Operations for Fiscal Year 2002

This section would limit the amount of funds available for peacekeeping operations in Bosnia and Kosovo to the amounts contained in the budget request, $1,315,600,000 for operations in Bosnia and $1,528,600,000 for operations in Kosovo. This section would authorize the president to waive the limitation after submitting to the Congress a written certification that the waiver is necessary to the national security interests of the United States. This section would also require a written certification that the exercise of the waiver will not adversely affect the readiness of U.S. military forces; a report setting forth the reasons for the waiver, a discussion of the impact of the involvement of U.S. military forces in Balkans peacekeeping operations on U.S. military readiness; and a supplemental appropriations request for the Department of Defense for

fiscal year 2002 costs associated with U.S. military forces participating in, or supporting, Bosnia or Kosovo peacekeeping operations.

Section 1004—Increase in Limitations on Administrative Authority of the Navy to Settle Admiralty Claims

This section would increase the administrative authority of the Navy to settle admiralty claims. It would authorize the Secretary of the Navy to settle, or compromise, and pay any and all admiralty claims against the United States amounting to not more than $15 million. Any claim exceeding $15 million would require the Navy to certify that claim to Congress. This section would further authorize the Secretary of the Navy to delegate his authority to settle claims to any person he designates when the amount paid is not more than $1 million. This section would also increase the amount the United States might receive from an admiralty claim to $15 million. It would further allow the Secretary of the Navy to delegate his authority to receive claims when that amount is not more than $1 million.

Subtitle B—Naval Vessels

Section 1011—Revision in Types of Excess Naval Vessels for which Approval by Law Is Required for Disposal to Foreign Nations

This section would amend Section 7307 of title 10, United States Code to revise and clarify the circumstances under which the Navy must seek statutory authority in order to transfer or dispose of excess naval vessels. Current law requires Congress to enact legislation specifically authorizing a transfer to another nation of any ship exceeding 3,000 tons in weight or less than 20 years of age. If the ship is less than 3,000 tons in weight or over 20 years of age, the Secretary of the Navy is required to notify the Senate Committee on Armed Services and the House Committee on Armed Services of the proposed transfer and wait 30 in-session days before making the transfer. This section would permit the transfer of non-combatant naval vessels, as well as leased or loaned vessels previously authorized by Congress for transfer to a foreign nation without the requirement for a statutory enactment. The committee, for the purposes of this section, considers a combatant naval vessel to be a large, heavily armed ship that is designed primarily to engage enemy forces on the high seas. This would include battleships, cruisers, destroyers, frigates, submarines, and aircraft carriers. The committee considers non-combatants to include logistics and combat support ships such as T-AO's (oilers), LST's, YTB's, and T-AGOS. This change will provide the Navy with greater flexibility in transferring surplus and excess ships, thereby reducing the Navy's cost of maintenance and safe stowage.

Subtitle C—Counter-Drug Activities

Section 1021—Extension of Reporting Requirement Regarding Department of Defense Expenditures to Support Foreign Counter-Drug Activities

This section would extend the reporting requirement contained in section 1022 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) that requires the Secretary of Defense to submit a report to the congressional defense committees on the total amount, type and legal basis for foreign counter-drug assistance provided by the Department of Defense. This section would require the Secretary to report to Congress by April 15, 2002, on expenditures made during fiscal year 2001.

Section 1022—Authority to Transfer Tracker Aircraft Currently Used by Armed Forces for Counter-Drug Purposes

This section would authorize the Secretary of Defense to transfer all Tracker aircraft to another federal agency in fiscal year 2002. Should the Secretary not exercise the transfer authority provided in this section by September 30, 2002, this section would prohibit the Department of Defense from using the Tracker aircraft for counter-drug purposes after that date.

Section 1023—Authority to Transfer Tethered Aerostat Radar System Currently Used by Armed Forces for Counter-Drug Purposes

This section would provide the authority for the Secretary of Defense to transfer all Tethered Aerostat Radar System (TARS) assets to another federal agency in fiscal year 2002. Should the Secretary not exercise the transfer authority provided in this section by September 30, 2002, this section would prohibit the Department of Defense from using the Tethered Aerostat Radar System for counter-drug purposes after that date.

Subtitle D—Reports

Section 1031—Requirement that Department of Defense Reports to Congress be Accompanied by Electronic Version

This section would amend chapter 23 of title 10, United States Code, to require the Department of Defense to submit to Congress electronic versions of all unclassified required reports, to include certifications, notifications, or other written communications. The committee believes that this requirement is consistent with the Department's intention to make greater use of electronic media and will facilitate broader dissemination of, and wider access to, official DOD information.

Section 1032—Report on Department of Defense Role in Homeland Security Matters

This section would require the Secretary of Defense to conduct a study on the appropriate role of the Department of Defense in homeland security matters and to submit the results of that study to Congress at the same time the President submits the budget request for fiscal year 2003.

Section 1033—Revision of Annual Report to Congress on National Guard and Reserve Component Equipment

This section would amend section 10541 of title 10, United States Code, to modify the timing and contents of the Secretary of Defense's annual report to Congress on national guard and reserve equipment.

Subtitle E—Other Matters

Section 1041—Department of Defense Gift Authorities

This section would clarify items which may be loaned or given under section 7545 of title 10, United States Code.

Section 1042—Termination of Referendum Requirement Regarding Continuation of Military Training on Island of Vieques, Puerto Rico, and Imposition of Additional Conditions on Closure of Live-Fire Training Range

This section would repeal the requirement, contained in sections 1503, 1504, and 1505 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), for a referendum on the future of U.S. military training on the island of Vieques, Puerto Rico. This section would also allow the Secretary of the Navy to cease training exercises on Vieques provided the Chief of Naval Operations and Commandant of the Marine Corps certify that an alternative training facility is available. This section would require that the new facility be available and fully capable of supporting pre-deployment training immediately upon the cessation of operations on Vieques. In order to make the certification, this section would also require that the new facility be able to support an equivalent or superior level of training for U.S. Navy and Marine Corps units on the east coast. This training is defined as the ability to support, at a single location, coordinated live-fire operations including the simultaneous use of large-scale tactical airstrikes, naval surface fire support, artillery, and amphibious landing operations, as were conducted on Vieques prior to April 19, 1999. This section would also require that if training operations cease on Vieques, the Navy retain the facility on the eastern end of the island in the event it must be reactivated for use as a training range in time of national emergency, and allow the Navy to enter into an agreement with the Department of the Interior for the management of that land.

Section 1043—Repeal of Limitation on Reductions in Peacekeeper ICBM Missiles

This section would modify section 1302 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85), as amended, to allow for the retirement of the Peacekeeper ICBM force.

Section 1044—Sense of Congress on the Importance of the Kwajalein Missile Range/Ronald Reagan Defense Initiative Test Site at Kwajalein Atoll

This section would express the sense of Congress that the missile defense range and test site on Kwajalein Atoll is of vital importance to the security of the United States and that the Department of Defense should work to continue its long-term relationship with this test site.

Section 1045—Transfer of Vietnam Era F-4 Aircraft to Nonprofit Museum

This section would permit the Secretary of the Air Force to convey, without consideration, one surplus F-4 aircraft to a nonprofit museum. This section would also require that any aircraft transferred under this authority would be completely demilitarized prior to transfer and that the conveyance would be at no cost to the United States.

Section 1046—Bomber Force Structure

This section would prohibit the Department of Defense from retiring, dismantling, transferring, or reassigning any of the 93 B-1B Lancer bombers in service as of June 1, 2001, until Congress has received a series of studies and reports. These reports include, the National Security Strategy, the Quadrennial Defense Review, the Secretary of Defense Annual Report to the President and the Congress, the Revised Nuclear Posture Review, a report from the Secretary of Defense on changes to the 1992 and 1995 bomber studies that warrant changes to the bomber fleet and plans regarding new missions for decommissioned B-1 units, a new Secretary of Defense bomber study on the role, force structure and cost effectiveness of the manned bomber in the future national security environment, and a General Accounting Office study on the same issues as the Secretary of Defense bomber study.

The committee believes that the Department's request to reduce the B-1 fleet from 93 aircraft to 60 and consolidate the remaining B-1Bs at two operating bases was premature. This section would restore $100 million to the Air National Guard Operations and Maintenance Account, Budget Activity 1, Aircraft Operations line to keep the Air National Guard B-1s operational into fiscal year 2002 until the results of the various reports and studies have been analyzed. The committee expects that any bomber force structure modifications will be made in the context of the emerging security environment as outlined in these various documents.

Section 1047—Technical and Clerical Amendments

This section would make a number of technical and clerical amendments to existing law of a non-substantive basis.

TITLE XI—CIVILIAN PERSONNEL

LEGISLATIVE PROVISIONS

Section 1101—Undergraduate Training Program for Employees of the National Imagery and Mapping Agency

This section would authorize the National Imagery and Mapping Agency (NIMA) to establish an undergraduate training program to recruit employees with critical skills. The committee notes that the National Security Agency has had success with a similar program and expects that NIMA would use this new authority to recruit highly talented new personnel to the agency.

Section 1102—Pilot Program for Payment of Retraining Expenses

This section would authorize the Department of Defense (DOD) to establish a pilot program to pay retraining expenses for DOD employees scheduled for involuntary separation. Under the pilot program, the Secretary of Defense may pay retraining incentives to encourage private industry to hire and retrain displaced DOD employees.

Section 1103—Payment of Expenses to Obtain Professional Credentials

This section would authorize federal agencies to pay for employee credentials, professional licenses, and professional certification. The committee believes this new authority will enable federal agencies to assist involuntarily separated employees to qualify for new employment and will also provide agencies with an important new recruiting and retention incentive.

Section 1104—Retirement Portability Elections for Certain Department of Defense and Coast Guard Employees

This section would amend sections 8347 and 8461 of title 5, United States Code, to repeal the requirement that an employee who transfers between appropriated fund and nonappropriated fund employment be vested in the retirement system of the position the employee is vacating before the employee is permitted to choose to remain in that retirement system.

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Section 1105—Removal of Requirement that Granting Civil Service Compensatory Time be Based on Amount of Irregular or Occasional Overtime Work

This section would amend section 5543 of title 5, United States Code, to repeal the requirement that compensatory time only be granted to federal employees if the overtime performed is categorized as irregular or occasional. Removal of these restrictions will provide federal managers and employees with more flexibility in the use of compensatory time.

Section 1106—Applicability of Certain Laws to Certain Individuals Assigned to Work in the Federal Government

This section would amend section 3374 of title 5, United States Code, to clarify that state and local government officials detailed to work in federal agencies are subject to the same standards of official conduct that apply to other federal employees.

Section 1107—Limitation on Premium Pay

This section would amend section 5547 of title 5, United States Code, to change the period used for limiting the amount of overtime pay an employee may earn from a biweekly to an annual basis, permitting more flexibility in scheduling overtime across the federal government.

Section 1108—Use of Common Occupational and Health Standards as a Basis for Differential Payments Made as a Consequence of Exposure to Asbestos

This section would amend sections 5343 and 5545 of title 5, United States Code, to establish a common standard for payment of hazardous duty differential pay for reason of exposure to asbestos for prevailing rate and general schedule federal employees.

Section 1109—Authority for Designated Civilian Employees Abroad to Act as a Notary

This section would amend section 1044a of title 10, United States Code, to authorize certain Department of Defense civilian employees serving abroad to act as notaries. This change will provide better legal assistance services for military members, civilian employees, and their families assigned overseas.

Section 1110—"Monroney Amendment" Restored to its Prior Form

This section would amend section 5343 of title 5, United States Code, to require the Department of Defense to establish wage schedules and rates for prevailing wage employees based on the nearest wage area that is most similar to the wage area for which wage rates are being established when there are insufficient positions in the local industry upon which to establish wage schedules and rates.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

LEGISLATIVE PROVISIONS

Section 1201—Clarification of Authority to Furnish Nuclear Test Monitoring Equipment to Foreign Governments

This section would amend section 2565 of title 10, United States Code, to authorize the transfer of title to foreign governments of U.S. nuclear test monitoring equipment on the territory of other countries.

Section 1202—Acquisition of Logistical Support for Security Forces

This section would amend the Multinational Force and Observers (MFO) Participation Resolution (Public Law 97-132) that authorizes the United States to deploy peacekeepers and observers to the Sinai to assist Egypt and Israel fulfill the Camp David Accords. This section would authorize the President to approve contracting out the logistical and aviation support for the MFO mission currently performed by United States soldiers. This section would also provide that U.S. sponsored contract support could be provided to the MFO mission without reimbursement by the MFO organization if the President determines that such action enhances or supports the national security of the United States. The committee believes that approving contract support for the MFO will enhance the operational capabilities of the MFO force. The committee intends that the replacement of U.S. forces by contractors should not be viewed as a lessening of U.S. support for the MFO mission.

Currently, administrative and technical support is provided by the Army's 1st Support Battalion pursuant to international agreements with both Israel and Egypt. The agreements stipulate the type of unit functions to be performed by the MFO in order to comply with its treaty verification mission, particularly aviation and logistical support. Ninety-nine U.S. soldiers flying ten UH-1H helicopters provide aviation support for the MFO. One hundred and fifty soldiers assigned to the U.S. Logistical Support Unit provide general logistical support. The United States Army intends to retire all UH-1H helicopters during fiscal year 2003. Procuring and operating UH-60 Blackhawk helicopters would significantly increase the cost of conducting the MFO mission and no replacement helicopters are currently in the Army's future year defense plan for the MFO. Approving contractor support for the MFO will allow that mission to continue to operate UH-1H helicopters at reduced cost without any impact in mission accomplishment.

Section 1203—Report on the Sale and Transfer of Military Hardware, Expertise, and Technology from States of the Former Soviet Union to the People's Republic of China

This section would amend section 1202 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) to require the Secretary of Defense to submit, as part of the existing report requirement, a one-time report to the Congress no

later than March 1, 2002 on the transfer of equipment, expertise, and technology from former Soviet states to the People's Republic of China.

The committee notes the strengthening political and military relationship between Russia and China and is concerned that growing military cooperation between these two countries may adversely affect U.S. national security interests. The committee is also troubled by reports regarding the proliferation of military technologies from other former Soviet states.

Accordingly, the committee believes it important for the Secretary to assess the nature and scope of military cooperation between China and the states of the former Soviet Union and to assess the impact of such cooperation on the ability of China's People's Liberation Army to modernize and strengthen its military capabilities and to pose a threat to U.S. national security interests, particularly in Asia.

Section 1204—Limitation on Funding for Joint Data Exchange Center

This section would prohibit the obligation or expenditure of fiscal year 2002 funds for activities associated with the Joint Data Exchange Center in Moscow, Russia, until 30 days after the Secretary of Defense submits to Congress the agreement required by section 1231 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) and an agreement exempting the United States from Russian taxes and liability.

The committee is concerned by Russia's apparent unwillingness to move forward expeditiously with this project by agreeing to the same kinds of tax and liability exemptions that apply to other U.S.-Russia cooperative programs. The committee urges the Department of Defense to redouble its efforts to seek Russia's agreement to such exemptions.

Section 1205—Extension of Authority to Provide Assistance Under Weapons of Mass Destruction Act for Support of United Nations-Sponsored Efforts to Inspect and Monitor Iraqi Weapons Activities

This section would extend the authority under section 1505 of the Weapons of Mass Destruction Control Act of 1992 (section 5859a of title 22, United States Code) for the Department of Defense to expend up to $15.0 million in fiscal year 2002 in support of the United Nations organization established for the purpose of comprehensively accounting for all Iraqi weapons of mass destruction items, facilities, and capabilities. The section would also change the requirement for quarterly reports by the Department of Defense under section 1505 to an annual report.

Section 1206—Repeal of Requirement for Reporting to Congress on Military Deployments to Haiti

This section would repeal the report required by section 1232 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) concerning military deployments to Haiti.

Section 1207—Report by Comptroller General on Provision of Defense Articles, Services, and Military Education and Training to Foreign Countries and International Organizations

This section would require the Comptroller General of the United States to study the benefits, costs, and readiness impact to U.S. Armed Forces with regard to defense articles, services, or military education and training provided under the authority of sections 506, 516, and 552 of the Foreign Assistance Act of 1961 (sections 2318, 2321j, 2348a of title 22, United States Code) or any similar provision of law. The provision would require the Comptroller General to submit to Congress an interim report no later than April 15, 2002, and a final report by August 1, 2002, on the findings of the study.

The committee is concerned with the increasing amount of foreign assistance provided by the Department of Defense under sections 506, 516, and 552 of the Foreign Assistance Act of 1961 (sections 2318, 2321j, 2348a of title 22, United States Code) and other statutory drawdown authorities that furnish defense articles, services, and education and training to foreign countries or international organizations. The committee understands that the Department has executed 45 drawdowns from 1992 to 1999 with a total cost to the Department of $1.0 billion. While the committee recognizes the Department must continue to support legitimate emergency assistance through the drawdown process, the committee is concerned with the trend of annual drawdowns compensating for a diminished foreign military financing (FMF) program. The committee believes that a comprehensive assessment and report to Congress by the Comptroller General on the topic will provide insight as to the merit of the various drawdown activities.

Section 1208—Limitation on Number of Military Personnel in Colombia

This section would restrict funds available to the Department of Defense to support or maintain more than 500 U.S. military personnel on duty in Colombia at any time. This section would exclude from the numerical limitation any U.S. military personnel who are in Colombia for a period of not more than 30 days, unless expressly authorized by law, for the purpose of rescuing or retrieving U.S. military or governmental personnel. This section would also exempt from the limitation U.S. military personnel assigned to the U.S. Embassy in Colombia as an attaché, as part of the security assistance office, or the Marine Corps security contingent; service members participating in natural disaster relief efforts, and; non-operational transient military personnel.

TITLE XIII—COOPERATIVE THREAT REDUCTION WITH STATES OF THE FORMER SOVIET UNION

OVERVIEW

The budget request contained $403.0 million for cooperative threat reduction (CTR) activities, representing a decrease of $39.7 million from the amounts appropriated for fiscal year 2001. The request included $246.9 million for destruction and dismantlement, $65.5 million for fissile materials and nuclear weapons safety and storage, $41.7 million for plutonium reactor shutdown activities in Russia, $17.0 million for biological weapons proliferation prevention in the former Soviet Union, $18.7 million for defense and military contacts, and $13.2 million for other program support, including administrative and management costs.

The committee recommends the budget request.

The committee has traditionally supported the overriding goal of the CTR program to reduce the threat to the United States posed by the former Soviet Union's residual weapons of mass destruction. Nevertheless, in recent years the committee has raised numerous concerns. These include: the expansion in the program's scope; the Department's willingness – especially in the absence of prior congressional consultation – to absorb project costs that Russia, in particular, has not funded; the difficulty in determining whether assistance provided is accomplishing intended objectives; the lack of appropriate transparency agreements; the challenge of ensuring that assistance provided is not directly or indirectly facilitating the process of arms modernization; possible duplication and redundancies in similar projects executed by multiple federal agencies; and whether CTR activities are more appropriately funded outside the Department of Defense.

The committee continues to believe that the focus of the CTR program should be the elimination of those weapons that pose the most serious and direct threat to U.S. security – first and foremost, strategic nuclear weapons and associated infrastructure. The committee notes that the CTR program was originally envisioned as a short-term emergency effort to reduce the threat posed to the United States by the thousands of nuclear weapons and their delivery vehicles left behind after the demise of the Soviet Union. However, the original focus of the CTR program has expanded significantly in scope since its inception. As a result, some CTR activities fall more appropriately outside the purview of the Department of Defense, particularly those activities that serve a broader nonproliferation or foreign policy goal. Two years ago, in the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), Congress restricted the obligation of fiscal year 2000 CTR funds pending a report by the Secretary of Defense on whether DOD is the appropriate executive agency to implement various CTR projects and, if not, to propose a plan for migrating responsibility for those projects to other agencies. The committee has yet to receive this report.

With this in mind, the committee believes it is time to take a fresh look at the CTR program and how to execute it. As a DOD program, CTR activities compete for scarce resources with the numerous other, more traditional, defense programs pursued by the Department. In light of this competition, the committee believes the Department must provide a rationale for the execution of CTR programs under DOD and options for

transitioning responsibility for these programs to another federal agency or agencies, as appropriate. Accordingly, the committee recommends a provision (section 1308) that would require the Secretary of Defense to submit a report to Congress no later than March 15, 2002, explaining the rationale for DOD's oversight and management of the CTR program; providing justification for each CTR project that the Department believes should remain within the funding and management responsibility of DOD; and detailing the various transition options and how the Department proposes to implement them, as appropriate.

If the Department of Defense is to retain funding and management responsibility for the overall CTR program or any of the projects contained within, the committee believes the Secretary must seek to ensure that the program is subject to the same kinds of stringent management, accountability, and results-oriented standards that apply to other defense programs. The committee believes that the oversight provided by Congress since the program's inception has served to improve the overall management of the program and to increase its effectiveness. Nevertheless, the committee remains troubled that the Department has not complied with the various reporting requirements mandated by law that are designed to enhance congressional visibility and oversight of the CTR program. In particular, the committee is troubled by the Department's failure to submit a number of reports required by title XIII of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398). The committee recalls that last year Congress agreed to consolidate a variety of reporting requirements into a single report on the basis of DOD assurances that the consolidated report would be submitted to Congress in a timely manner and in accordance with the statutory mandate. The committee has not yet received this report. Accordingly, the committee recommends a provision (sec. 1303) that would prohibit the obligation or expenditure of fiscal year 2002 CTR funds until 30 days after the consolidated report is submitted.

The committee's support for the CTR program has been predicated upon a belief that the assistance provided would produce the desired national security benefits. Unfortunately, in an increasing number of cases, the achievement of these benefits is difficult or impossible to quantify. Moreover, as a June 2001 General Accounting Office report concluded, the CTR program now provides a significantly greater percentage of assistance in the form of services rather than equipment. Therefore, the Department's traditional audit and examination procedures are insufficient to assist Congress in determining whether this assistance is being used as intended and achieving the desired objectives. In addition, a March 2001 report by the DOD Inspector General found that the lack of adequate performance goals for the CTR program meant that program managers "could not successfully demonstrate that the CTR Directorate was executing the CTR program efficiently and effectively or identifying opportunities to improve program effectiveness." Consequently, the committee recommends a provision (sec. 1307) that would amend section 1308 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) to provide for more complete and effective oversight of the CTR program.

Finally, the committee understands that, with the change in Administrations and the delay in staffing key policy positions within DOD, the Department has had little opportunity to focus on and evaluate many of the policy assumptions underpinning the programmatic decisions reflected in the Department's fiscal year 2002 CTR proposal.

Consequently, many of the proposals contained in the Department's budget submission are essentially unchanged from those of the previous Administration. The committee expects the Department to consider carefully and fully the concerns the committee has identified with respect to the CTR program as the Department prepares its budget and program request for fiscal year 2003.

ITEMS OF SPECIAL INTEREST

Arms Elimination Projects in Russia

The budget request contained $133.4 million for strategic offensive arms elimination projects in Russia, a 33 percent decrease from the fiscal year 2001 appropriated amount of $177.8 million. The committee recommends the budget request.

The committee remains concerned that Russia may convert SS-18 ICBM silos to support the deployment of modern SS-27 "Topol" ICBMs and that SS-18 missile elimination activities may facilitate Russia's ability to convert these silos. Last year, the committee directed the Secretary of Defense "to focus the Department's SS-18 elimination effort at locations where missile silos are to be eliminated, not converted, to ensure that CTR assistance is not used in support of Russia's strategic modernization program." Although DOD policy does not support conversion activities, the CTR program has assisted in the removal of SS-18 ICBMs from silos at locations where the silos may be converted. The committee reiterates its view that CTR assistance should be targeted at those sites where SS-18 missiles, silos, and related infrastructure will be eliminated.

The committee also notes that the March 2001 report on the CTR program by the DOD Inspector General concluded that more than $64.5 million in program funds was used "to facilitate the removal of weapons of mass destruction by enhancing the value of salvageable materials and developing commercial by-products for Russia and Ukraine." The report notes, "As a result of those efforts, Russia and Ukraine could generate revenue of about $72.8 million without agreements on how the revenue should be used." The committee believes the Department should seek to negotiate agreements regarding the use of these revenues in order to prevent them from being used for purposes that run contrary to the objectives of the CTR program. Accordingly, the committee recommends a provision (section 1304) that would require the Secretary of Defense to submit a report on DOD's plans for monitoring the use of such revenues.

Arms Elimination Projects in Ukraine

The budget request contained $51.5 million for strategic offensive arms elimination projects in Ukraine, a 77 percent increase from the fiscal year 2001 appropriated amount of $29.1 million. The committee recommends the budget request.

The committee notes the successful completion of the Tu-26 Blackjack bomber elimination project and the initiation of efforts to eliminate Tu-22 Backfire bombers. The committee supports these efforts, along with accelerated efforts to eliminate Ukraine's remaining ICBMs, silos, and associated infrastructure.

Biological Weapons Proliferation Prevention

The budget request contained $17.0 million for biological weapons proliferation prevention activities in the former Soviet Union, a 42 percent increase from the fiscal year 2001 appropriated level of $12.0 million. The committee recommends the budget request.

Although generally supportive of efforts to prevent the proliferation of biological weapons expertise, the committee remains concerned over the lack of transparency with respect to Russia's biological weapons programs, the risks that collaborative research on "defensive" biotechnology can be applied to offensive weapons purposes, the perpetuation of a knowledge and skills base among Russian scientists that may increase their attractiveness to foreign states seeking to develop biological weapons, the difficulty of verifying that assistance provided is not being diverted to illicit purposes, and the lack of an "exit strategy" for this activity. The committee does not believe DOD should finance the activities of former Soviet biological weapons scientists on a permanent basis, and calls upon the Department to establish criteria for the completion of this program.

Chemical Weapons Destruction in Russia

The budget request contained $50.0 million for chemical weapons elimination activities in Russia, including $15.0 million for the elimination of chemical weapons production facilities and $35.0 million for construction of a chemical weapons destruction facility in Shchuch'ye, Russia. The request also contained a provision that would repeal section 1305 of Public Law 106-65, which prohibits any funding for activities related to the Shchuch'ye facility. This is the second consecutive year the Department has requested a repeal of the existing prohibition and a restart of funding for this activity.

The committee recommends the budget request.

Although the committee approves the budget request for activities related to the construction of a chemical weapons destruction facility in Russia, the committee remains concerned about the relative priority of this project within the overall CTR program. Moreover, the committee continues to have serious reservations about the wisdom of proceeding with the Shchuch'ye project in light of ongoing cost, schedule, and other concerns.

The committee recognizes Russia's declared intention to place greater priority on its chemical weapons elimination effort, in accordance with its commitments under the Chemical Weapons Convention, and Russia's effort to increase its financial commitment to this effort. In addition, the committee notes that Russia is seeking to make it possible to use the Shchuch'ye facility to eliminate nerve agents currently stored at other stockpile sites. However, the committee notes that under section 1309 of Public Law 106-398 the Department was required to submit a report in January 2001, regarding Russian and international funding for chemical weapons elimination activities in Russia. This report has not yet been provided.

The committee notes that U.S. commitments to date have involved funding for the construction of the Shchuch'ye pilot destruction facility, not for its scale-up, operation, or maintenance. These costs are to be assumed by Russia. However, the committee

remains skeptical regarding Russia's ability to absorb these costs. In the view of the committee, the United States will likely be compelled to absorb additional costs, beyond the nearly $900 million estimated for the U.S. share of funding, to eliminate chemical weapons at Shchuch'ye if Russia is unwilling or unable to do so.

With this in mind, the committee believes that U.S. funding for this activity should be conditioned on a variety of actions that demonstrate Russia's commitment to the elimination of its chemical weapons stockpile. Accordingly, the committee recommends a provision (sec. 1309) that would require the Secretary of Defense to certify to Congress that Russia: (1) has made a full and accurate disclosure of its chemical weapons stockpile; (2) has committed to invest at least $25.0 million annually in chemical weapons elimination; (3) has developed a practical plan for chemical weapons elimination; (4) has provided legal authority for the elimination of all nerve agents at a single site; and (5) has agreed to destroy its chemical weapons production facilities at Volgograd and Novocheboksarsk.

The committee acknowledges that the National Security Council (NSC) – after conducting a review of U.S. nonproliferation assistance programs with Russia – has recommended moving ahead with the Shchuch'ye project. The committee believes the NSC's recommendation is based, in part, on commitments to the project made to Russia by the prior Administration. The committee notes that political commitments by the Executive Branch to support projects in Russia must be premised on congressional approval and funding. For this reason, the committee is troubled by the fact that the Department concluded an agreement with Russia in November 2000 reiterating its commitment to the Shchuch'ye project after Congress had prohibited funding for it in 1999 and reaffirmed this prohibition earlier in 2000. The committee believes the Department's action was inappropriate and contrary to the clearly expressed position of Congress.

The committee is also aware of the Department's desire to use unobligated fiscal year 1999 CTR funds to initiate construction of the Shchuch'ye facility and understands that a DOD notification to this effect has been prepared for transmittal to Congress. The committee does not support using prior year funds to initiate an action, the completion of which is precluded by existing law, unless and until the existing prohibition is lifted or modified.

Defense and Military Contacts

The budget request contained $18.7 million for defense and military contacts with the states of the former Soviet Union, a 108 percent increase over the fiscal year 2001 appropriated level of $9.0 million. The committee recommends the budget request.

Last year, the CTR program funded approximately 350 defense and military contacts with the states of the former Soviet Union. This year's budget request would support 500 events. However, the committee believes the utility of these activities is difficult to quantify and expects the Department to address this issue in the report required by section 1308 of this title.

Elimination of Plutonium Production in Russia

The budget request contained $41.7 million for the elimination of plutonium production in Russian nuclear reactors, a 30 percent increase from the fiscal year 2001 appropriated level of $32.1 million. The committee recommends the budget request, subject to the prohibition described below.

The committee notes that the Department has decided to abandon its support for core conversion. The Department believes the goal of eliminating weapons-grade plutonium production is best served by the construction of fossil fuel plants, including the refurbishment of coal-burning boilers, as a less expensive substitute for the energy needs of the local communities in Russia. Although the committee supports the goal of shutting down Russia's nuclear power plants, the committee believes this goal serves broader U.S. nonproliferation and foreign policy objectives and should be funded through sources external to the Department of Defense. In addition, the committee notes that the budget request would be targeted exclusively for the building and refurbishment of fossil fuel plants and not for any activities directly related to shutting down Russia's plutonium producing nuclear reactors. The committee does not believe that the construction of fossil fuel plants in Russia is an activity appropriate for DOD to fund. This view led Congress to pass section 1307 of Public Law 106-398, which prohibited fiscal year 2001 CTR funds from being used for this activity. Accordingly, the committee recommends a provision (sec. 1306) that would make permanent the fiscal year 2001 prohibition on using CTR funds for this purpose.

The committee is also troubled by the Department's failure to submit the report required by section 1307 of Public Law 106-398 that would identify the costs of building fossil fuel plants, as well as other non-CTR funding sources that could be used for carrying out this activity. Consequently, the committee lacks the requisite information to determine how the Department arrived at its conclusion regarding the comparative costs of core conversion vis-à-vis fossil fuel plants and the reasons why DOD believes it should be involved in this activity.

Fissile Material Processing and Packaging

The budget request did not contain funding for this activity. The committee understands that Russia, after initially requesting U.S. assistance in the dismantlement and processing of fissile material removed from nuclear warheads, refused to agree to the necessary safeguards to ensure the material could not be re-fabricated for use in other nuclear weapons. Consequently, this project has been terminated. The committee understands that unobligated prior year funds for this activity have been re-obligated for other projects.

Fissile Material Storage Facility

The budget request did not contain funding for this activity. The committee notes that Russia is no longer seeking assistance to build a second wing at the Mayak storage facility and that sufficient funds remain to complete activity on the first wing. Accordingly, the committee supports the Department's action in refusing to seek

additional funds for this activity and recommends a provision (section 1306) that would prohibit CTR funds from being used for the design, planning, or construction of a second wing. The committee notes that Russia has consistently refused to agree to transparency measures that would allow the United States to verify that the fissile material stored at the facility in Mayak, Russia, is from dismantled nuclear weapons and reiterates its view that the Department should continue to seek an agreement with Russia on this issue.

Nuclear Weapons Storage Security in Russia

The budget request contained $56.0 million for nuclear weapons storage security in Russia, a 38 percent decrease from the fiscal year 2001 appropriated level of $89.7 million. The committee recommends the budget request, but reiterates the need for the Secretary of Defense to seek an agreement with Russia allowing appropriate U.S. access to nuclear weapons storage sites for which CTR assistance is provided.

Nuclear Weapons Transportation Security

The budget request contained $9.5 million for nuclear weapons transportation security in Russia, a 32 percent decrease from the fiscal year 2001 appropriated level of $14.0 million. The committee recommends the budget request. The committee notes that these costs were previously paid by Russia and again urges the Department to seek an agreement that would once again shift the burden of financial responsibility for this activity back to Russia.

Other Assessments and Administrative Support

The budget request contained $13.2 million for other program support, including management and administrative costs, project development, and audits and examinations, a slight increase over the fiscal year 2001 appropriated level of $13.0 million. The committee recommends the budget request.

The committee notes that a portion of these funds has traditionally been applied to new initiatives in the concept development stage. The committee understands that Russia has proposed various initiatives for CTR consideration, including initiatives involving conventional weapons or delivery platforms. The committee believes that the statutory language of section 1303 of Public Law 106-398, which prohibits the use of CTR funds for conventional elimination purposes – including, for example, general purpose submarines – should be strictly adhered to and that CTR funds should not be expended on concept development studies designed to assess the viability of elimination projects specifically prohibited under the statutory prohibition.

Weapons of Mass Destruction Infrastructure Elimination in Kazakhstan

The budget request contained $6.0 million for weapons of mass destruction infrastructure elimination activities in Kazakhstan. This would include funding for activities related to the elimination of facilities used to support the deployment and

operation of weapons of mass destruction, including infrastructure at former bomber bases. The committee recommends the budget request.

Weapons of Mass Destruction Infrastructure Elimination in Ukraine

The budget request contained $6.0 million for weapons of mass destruction infrastructure elimination activities in Ukraine. This would include funding for activities related to the elimination of facilities used to support the deployment and operation of weapons of mass destruction, including facilities for storage and maintenance of nuclear weapons. The committee recommends the budget request.

LEGISLATIVE PROVISIONS

Section 1301—Specification of Cooperative Threat Reduction Program and Funds

This section would specify the kinds of programs to be funded under this title and would make fiscal year 2002 Cooperative Threat Reduction (CTR) funds available for obligation for three years.

Section 1302—Funding Allocations

This section would allocate fiscal year 2002 funding for various CTR purposes and activities.

Section 1303—Prohibition Against Use of Funds Until Submission of Reports

This section would prohibit the obligation or expenditure of fiscal year 2002 CTR funds until 30 days after reports required by section 1308 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) are submitted.

Section 1304—Report on Use of Revenue Generated by Activities Carried Out Under Cooperative Threat Reduction Programs

This section would require the Secretary of Defense to submit a report describing plans to monitor the use of revenue generated by CTR activities in Russia and Ukraine.

Section 1305—Prohibition Against Use of Funds for Second Wing of Fissile Material Storage Facility

This section would prohibit the use of CTR funds for the design, planning, or construction of a second wing for the fissile material storage facility in Mayak, Russia.

Section 1306—Prohibition on Use of Funds for Construction or Refurbishment of Fossil Fuel Energy Plants

This section would prohibit the use of CTR funds for construction or refurbishment of fossil fuel energy plants in Russia.

Section 1307—Reports on Activities and Assistance Under Cooperative Threat Reduction Programs

This section would amend section 1308 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) to modify the report on activities and assistance under CTR programs in order to provide for more complete and effective oversight of the CTR program.

Section 1308—Report on Responsibility for Carrying Out Cooperative Threat Reduction Programs

This section would require the Secretary of Defense to submit a report containing an assessment of CTR projects currently under the auspices of DOD and describing options for transferring responsibility for CTR projects to other agencies, as appropriate.

Section 1309—Chemical Weapons Destruction

This section would modify the existing prohibition on the use of CTR funds for construction of a chemical weapons destruction facility in Russia by requiring the Secretary of Defense to certify that Russia has met various requirements prior to the obligation or expenditure of funds for this activity.

TITLE XIV—DEFENSE SPACE REORGANIZATION

OVERVIEW

The committee commends the efforts of the Commission to Assess United States National Security Space Management and Organization, and has reviewed the contents of the report to Congress as required by section 1623 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65). The committee believes that many of the recommendations contained in the commission report are significant and should be considered for implementation. The committee believes, therefore, that the President and the Secretary of Defense should have specific discretionary authority to impose new organizational and programmatic arrangements with regard to space matters.

LEGISLATIVE PROVISIONS

Section 1401—Short Title

This section would refer to this title as the "Defense Space Reorganization Act of 2001."

Section 1402—Authority to Establish Position of Under Secretary of Defense for Space, Intelligence, and Information

This section would authorize the President, through December 31, 2003, to establish the position of Under Secretary of Defense for Space, Intelligence, and Information with specific duties as prescribed by the Secretary of Defense.

Section 1403—Authority to Designate Under Secretary of the Air Force as Acquisition Executive for Space of the Department of Defense

This section would authorize the Secretary of Defense to designate the Under Secretary of the Air Force as the acquisition executive for all space-related programs in the Department of Defense.

Section 1404—Major Force Program Category for Space Programs

This section would authorize the Secretary of Defense to create a major force program category for space under section 221 of title 10, United States Code.

Section 1405—Comptroller General Assessment of Implementation of Recommendations of Space Commission

This section would require the Comptroller General of the United States to assess the actions taken by the Secretary of Defense to implement the recommendations of the Commission to Assess United States National Security Space Management and Organization and report to Congress by February 15 in both 2002 and 2003.

Section 1406—Commander of Air Force Space Command

This section would authorize the Secretary of Defense to require that the officer serving as commander of Air Force Space Command not serve simultaneously as commander of United States Space Command or as commander of the United States element of the North American Air Defense Command.

Section 1407—Authority to Establish Separate Career Field in the Air Force for Space

This section would authorize the Secretary of the Air Force to establish a separate career field for officers in space doctrine, space operations, and management of space systems for the Air Force.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

PURPOSE

The purpose of Division B is to provide military construction authorizations and related authority in support of the military departments during fiscal year 2002. As approved by the committee, Division B would authorize appropriations in the amount of $10,324,712,000 for construction in support of the active forces, reserve components, defense agencies for fiscal year 2002.

MILITARY CONSTRUCTION OVERVIEW

The Department of Defense requested authorization of appropriations of $5,904,795,000 for fiscal year 2002 for military construction, including $532,200,000 for activities associated with base closure and realignment, and $4,066,517,000 for family housing construction and support. The committee recommends $6,359,343,000 for military construction, including $532,200,000 for activities associated with base closure and realignment, and $3,965,369,000 for family housing construction and support for fiscal year 2002.

The committee remains concerned about the condition of the Nation's military installations and facilities and their effect on military readiness. The committee is pleased, however, that the Administration's fiscal year 2002 budget request contained a 13 percent increase from the program enacted by Congress for fiscal year 2001 and contained a 24.5 percent increase in the amount requested by the previous Administration for fiscal year 2001. The committee is encouraged that the fiscal year 2002 budget request would begin to reverse the trend of underfunding critical military infrastructure and expects it to represent sustained investment rather than a momentary spike. The committee recommends an increase in new budget authority for these programs of $353,400,000.

In an effort to continue to improve the quality of life for military personnel and their families, the committee reiterates its support for the authorities provided in subchapter IV, chapter 169 of title 10, United States Code. The Military Housing Privatization Initiative remains a central component of the ultimate resolution of the military housing crisis. The committee recommends permanent authority for this program.

A tabular summary of the authorizations provided in Division B for fiscal year 2002 follows:

[INSERT STATE TABLE HERE]

TITLE XXI—ARMY

SUMMARY

The budget request contained $1,760,541,000 for Army military construction and $1,400,533,000 for family housing for fiscal year 2002. The committee recommends authorization of $1,686,601,000 for military construction and $1,321,357,000 for family housing for fiscal year 2002.

ITEMS OF SPECIAL INTEREST

Planning and Design

The committee recommends that, within authorized amounts for planning and design, the Secretary of the Army complete planning and design activities for the following projects: $225,000 for a training center at Tobyhanna Army Depot, Pennsylvania.

LEGISLATIVE PROVISIONS

Section 2101—Authorized Army Construction and Land Acquisition Projects

This section contains the list of authorized Army construction projects for fiscal year 2002. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

Section 2102—Family Housing

This section would authorize new construction and planning and design of family housing units for the Army for fiscal year 2002.

Section 2103—Improvements to Military Family Housing Units

This section would authorize improvements to existing units of family housing for fiscal year 2002.

Section 2104—Authorization of Appropriations, Army

This section would authorize specific appropriations for each line item contained in the Army's budget for fiscal year 2002. This section also provides an overall limit on the amount the Army may spend on military construction projects.

Section 2105—Modification of Authority to Carry Out Certain Fiscal Year 2001 Project

This section would amend the table in section 2101 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) to provide for an increase in the amounts authorized for military construction at Fort Leonard Wood, Missouri, at Fort Drum, New York, and at Fort Hood Texas.

TITLE XXII—NAVY

SUMMARY

The budget request contained $1,071,408,000 for Navy military construction and $1,222,495,000 for family housing for fiscal year 2002. The committee recommends authorization of $1,159,654,000 for military construction and $1,233,351,000 for family housing for fiscal year 2002.

ITEMS OF SPECIAL INTEREST

Improvements to Military Family Housing

The committee recommends that, within authorized amounts for improvements to military family housing and facilities, the Secretary of the Navy execute the following projects: $11,840,000 for Whole-site Revitalization (69 units) at Pacific Missile Range Facility Barking Sands, Hawaii, and $6,940,000 for Whole House Revitalization (124 units) at Westover Air Reserve Base, Massachusetts.

Planning and Design

The committee recommends that, within authorized amounts for planning and design, the Secretary of the Navy complete planning and design activities for the following project: $420,000 for an undersea network centric laboratory at Naval Underwater Systems Newport, Rhode Island.

LEGISLATIVE PROVISIONS

Section 2201—Authorized Navy Construction and Land Acquisition Projects

This section contains the list of authorized Navy construction projects for fiscal year 2002. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

Section 2202—Family Housing

This section would authorize new construction and planning and design of family housing units for the Navy for fiscal year 2002.

Section 2203—Improvements to Military Family Housing Units

This section would authorize improvements to existing units of family housing for fiscal year 2002.

Section 2204—Authorization of Appropriations, Navy

This section would authorize specific appropriations for each line item in the Navy's budget for fiscal year 2002. This section also provides an overall limit on the amount the Navy may spend on military construction projects.

Section 2205—Modification of Authority to Carry Out Fiscal Year 2000 Project

This section would amend the table in section 2201 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106-65) to provide for an increase in the amounts authorized for military construction at Camp H.M. Smith, Hawaii

TITLE XXIII—AIR FORCE

SUMMARY

The budget request contained $1,068,250,000 for Air Force military construction and $1,387,358,000 for family housing for fiscal year 2002. The committee recommends authorization of $1,171,504,000 for military construction and $1,354,530,000 for family housing for fiscal year 2002.

ITEMS OF SPECIAL INTEREST

Improvements to Military Family Housing

The committee recommends that, within authorized amounts for improvements to military family housing and facilities, the Secretary of the Air Force execute the following project: $18,000,000 for Whole Neighborhood Revitalization (164 units) at Whiteman Air Force Base, Missouri.

LEGISLATIVE PROVISIONS

Section 2301—Authorized Air Force Construction and Land Acquisition Projects

This section contains the list of authorized Air Force construction projects for fiscal year 2002. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

Section 2302—Family Housing

This section would authorize new construction and planning and design of family housing units for the Air Force for fiscal year 2002.

Section 2303—Improvements to Military Family Housing Units

This section would authorize improvements to existing units of family housing for fiscal year 2002.

Section 2304—Authorization of Appropriations, Air Force

This section would authorize specific appropriations for each line item in the Air Force's budget for fiscal year 2002. This section also would provide an overall limit on the amount the Air Force may spend on military construction projects.

Section 2305—Modification of Authority to Carry Out Certain Fiscal Year 2001 Project

This section would amend the table in section 2301 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) to provide for an increase in the amounts authorized for military construction at McGuire Air Force Base, New Jersey.

TITLE XXIV—DEFENSE AGENCIES

SUMMARY

The budget request contained $694,558,000 for defense agencies military construction and $250,000, for family housing construction for fiscal year 2002. The committee recommends authorization of $838,957,000 for military construction and $250,000 for family housing for fiscal year 2002.

LEGISLATIVE PROVISIONS

Section 2401—Authorized Defense Agencies Construction and Land Acquisition Projects

This section contains the list of authorized defense agencies construction projects for fiscal year 2002. The authorized amounts are listed on an installation-by-installation basis. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

Section 2402—Energy Conservation Projects

This section would authorize the Secretary of Defense to carry out energy conservation projects

Section 2403—Authorization Of Appropriations, Defense Agencies

This section would authorize specific appropriations for each line item in the Defense Agencies' budget for fiscal year 2002. This section also would provide an overall limit on the amount the Defense Agencies may spend on military construction projects.

Section 2404—Modification of Authority to Carry Out Fiscal Year 2001 Project

This section would amend the table in section 2401 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) to provide for an increase in the amounts authorized for construction at Marine Corps Base, Camp Pendleton, California.

Section 2405—Modification of Authority to Carry Out Fiscal Year 2000 Project

This section would amend the table in section 2401 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106-65) to provide for an increase in the amounts authorized for construction at Naval Air Station, Whidbey Island, Washington.

Section 2406—Modification of Authority to Carry Out Fiscal Year 1999 Project

This section would amend the table in section 2401 of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 105-261) to provide for an increase in the amounts authorized for military construction projects to support chemical weapons and munitions destruction at Aberdeen Proving Ground, Maryland.

Section 2407—Modification of Authority to Carry Out Fiscal Year 1995 Project

This section would amend the table in section 2401 of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337), as amended to provide for an increase in the amounts authorized for military construction projects to support chemical weapons and munitions destruction at Pine Bluff Arsenal, Arkansas.

Section 2408—Prohibition on Expenditures to Develop Forward Operating Location on Aruba for United States Southern Command Counter-Drug Detection and Monitoring Flights

This section would prohibit funds appropriated in chapter 3 of title III of the Emergency Supplemental Act, 2000 (Public Law 106-246) to be used by the Secretary of Defense to develop any forward operating location of the island of Aruba.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

SUMMARY

The budget request contained $162,600,000 for the NATO infrastructure fund (NATO Security Investment Program) for fiscal year 2002. The committee recommends $162,600,000 for the NATO infrastructure fund for fiscal year 2002.

LEGISLATIVE PROVISIONS

Section 2501—Authorized NATO Construction and Land Acquisition Projects

This section would authorize the Secretary of Defense to make contributions to the North Atlantic Treaty Organization security investment program in an amount equal to the sum of the amount specifically authorized in section 2502 of this bill and the amount of recoupment due to the United States for construction previously financed by the United States.

Section 2502—Authorization of Appropriations, NATO

This section would authorize appropriations of $162,600,000 as the U.S. contribution to the NATO security investment program.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

SUMMARY

The budget request contained $615,238,000 for fiscal year 2002 for guard and reserve facilities. The committee recommends authorization for fiscal year 2002 of $807,827,000 to be distributed as follows:

Army National Guard	$ 304,915,000
Air National Guard	197,472,000
Army Reserve	173,017,000
Naval and Marine Corps Reserve.....	53,291,000
Air Force Reserve	79,132,000
Total	$ 807,827,000

ITEMS OF SPECIAL INTEREST

Planning and Design, Air National Guard

The committee recommends that, within authorized amounts for planning and design, the Secretary of the Air Force execute the following project: $1,331,000 for a joint headquarters building at McEntire Air National Guard Base, South Carolina.

Unspecified Minor Construction, Army National Guard

The committee recommends that, within authorized amounts for unspecified minor construction, the Secretary of the Army execute the following project: $500,000 for security improvements at Johnstown Airport, Pennsylvania.

LEGISLATIVE PROVISIONS

Section 2601—Authorized Guard and Reserve Construction and Land Acquisition Projects

This section would authorize appropriations for military construction for the guard and reserve by service component for fiscal year 2002. The state list contained in this report is intended to be the binding list of the specific projects authorized at each location.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

LEGISLATIVE PROVISIONS

Section 2701—Expiration of Authorizations and Amounts Required to be Specified by Law

This section would provide that authorizations for military construction projects, repair of real property, land acquisition, family housing projects and facilities, contributions to the North Atlantic Treaty Organization infrastructure program, and guard and reserve projects will expire on October 1, 2004 or the date of enactment of an Act authorizing funds for military construction for fiscal year 2005, whichever is later. This expiration would not apply to authorizations for which appropriated funds have been obligated before October 1, 2004 or the date of enactment of an Act authorizing funds for these projects, whichever is later.

Section 2702—Extensions of Authorizations of Certain Fiscal Year 1999 Projects

This section would provide for selected extension of certain fiscal year 1998 military construction authorizations until October 1, 2001, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 2003, whichever is later.

Section 2703—Extension of Authorizations of Certain Fiscal Year 1998 Projects

This section would provide for selected extension of certain fiscal year 1998 military construction authorizations until October 1, 2002, or the date of the enactment of the Act authorizing funds for military construction for fiscal year 2003, whichever is later.

Section 2704—Effective Date

This section would provide that Titles XXI, XXII, XXIII, XXIV, and XXVI of this bill shall take effect on October 1, 2001, or the date of the enactment of this Act, whichever is later.

TITLE XXVIII—GENERAL PROVISIONS

LEGISLATIVE PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

Section 2801—Increase in Certain Unspecified Minor Military Construction Project Thresholds

This section would amend section 2805 of title 10, United States Code, to increase the threshold for notice and wait requirements for unspecified minor construction from $500,000 to $750,000.

Section 2802—Exclusion of Unforeseen Environmental Hazard Remediation From Limitation on Authorized Cost Variations

This section would amend section 2853 of title 10, United States Code, to exclude legally required remediation of certain environmental hazards from limitations on authorized cost variations.

Section 2803—Repeal of Annual Reporting Requirement on Military Construction and Military Family Housing Activities

This section would amend section 2861 of title 10, United States Code, to repeal the annual reporting requirement on military construction and military family housing activities.

Section 2804—Permanent Authorization for Alternative Authority for Acquisition and Improvement of Military Housing

This section would amend section 2885 of title 10, United States Code, to make permanent the authorities contained in subchapter 169 of title 10, United States Code.

Subtitle B—Real Property and Facilities Administration

Section 2811—Use of Military Installations for Certain Recreational Activities

This section would amend section 2671 of title 10, United States Code, to permit certain recreation activities on military installations. This section would provide flexibility to military installation commanders to manage resources without adhering to State law, when necessary, if determined to be in interest of public safety.

Section 2812—Base Efficiency Project at Brooks Air Force Base, Texas

This section would amend section 136 of the Military Construction Appropriations Act, 2001 (division A of Public Law 106-246) to authorize the Secretary

of the Air Force to provide environmental indemnification to the San Antonio community and other persons. No indemnification may be provided unless the person or entity making the claim provides certain documentation. This section would authorize the Secretary to settle or defend a claim if it is determined that the Department of Defense may be required to make indemnification payments.

Subtitle C—Defense Base Closure and Realignment

Section 2821—Lease Back of Base Closure Property

This section would amend section 204 of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526) and section 2905 of the Defense Base Closure and Realignment Act of 1990 (Part A of Title XXIX of Public Law 101-510) to authorize the secretary concerned to transfer real property at a closed or realigned military installation to the redevelopment authority for the installation if the redevelopment authority agrees, directly upon transfer, to lease one or more portions of the property transferred to the secretary or to the head of another department or agency of the Federal Government. Such leases shall not exceed 50 years and may not require rental payments by the United States. This section would permit the use of the leased property by the same or another department or agency of the Federal Government if the original department concerned ceases requiring the use of the lease.

Subtitle D—Land Conveyances Generally

Part I—Army Conveyances

Section 2831—Transfer of Jurisdiction, Rock Island Arsenal, Illinois

This section would amend section 2832 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) by authorizing the Secretary of the Army to transfer a parcel of real property approximately .513 acres to the City. As consideration for the transfer, the City would convey to the Secretary, a parcel of real property approximately .063 acres to construct a new access ramp for the Rock Island Arsenal, Illinois.

Section 2832—Modification of Land Conveyance, Fort Dix, New Jersey

This section would amend section 2835 of the Military Construction Authorization Act for Fiscal Year 1998 (division B of Public Law 105-85) to authorize the exchange between the Borough of Wrightstown and the New Hanover Board of Education, without the consent of the Secretary, of all or any portion of the property conveyed so long as the property continues to be used for economic or educational purposes.

Section 2833—Lease Authority, Fort Derussy, Hawaii

This section would authorize the Secretary of the Army to enter into a lease with the City of Honolulu, Hawaii, for the purpose of making available to the City a parcel of real property for the construction of a parking facility.

Section 2834—Land Exchange and Consolidation, Fort Lewis, Washington

This section would authorize the Secretary of the Army to convey two parcels of real property, with improvements, consisting of approximately 138 acres at Fort Lewis, Washington, to the Nisqually Tribe. As consideration for the exchange, the Tribe shall acquire from Thurston County, Washington, several parcels of real property consisting of approximately 416 acres and convey fee title to the Secretary. This section would also authorize the Secretary to convey to the Bonneville Power Administration a right-of-way to permit the Administration to use the real property at Fort Lewis as a route for the Grand Coulee-Olympia and Olympia-White River electrical transmission lines. The cost of any survey shall be borne by the recipient of the property.

Section 2835—Land Conveyance, Whittier-Anchorage Pipeline Tank Farm, Anchorage, Alaska

This section would authorize the Secretary of the Army to convey, without consideration, two adjoining parcels of real property, including improvements, of approximately 48 acres and known as the Whittier-Anchorage Pipeline Tank Farm, to the Port of Anchorage, an entity of the Municipality of Anchorage, Alaska. The cost of any survey shall be borne by the recipient of the real property.

Part II—Navy Conveyances

Section 2841—Transfer of Jurisdiction, Centerville Beach Naval Station, Humboldt County, California

This section would authorize the Secretary of the Navy to transfer, without reimbursement, to the administrative jurisdiction of the Secretary of the Interior the real property with improvements consisting of the closed Centerville Beach Naval Station, Humboldt County, California, for the purpose of permitting the Secretary of the Interior to manage the real property as open space or for other public purposes. The cost of any survey necessary for the transfer would be borne by the Secretary of the Interior.

Section 2842—Land Conveyance, Naval Weapons Industrial Reserve Plant, Toledo, Ohio

This section would authorize the Secretary of the Navy to convey, without consideration, a parcel of real property, consisting of approximately 29 acres comprising the Naval Weapons Industrial Reserve Plant, Toledo, Ohio, to the Toledo-Lucas County Port Authority. Until the property is conveyed, the Secretary may lease the real property,

together with any improvements, facilities, equipment, fixtures, and other personal property, to the Port Authority in exchange for security services, and maintenance services provided by the Port Authority. The conveyance and any lease shall be subject to certain specified conditions. The cost of any survey shall be borne by the Port Authority.

Section 2843—Modification of Authority for Conveyance of Naval Computer and Telecommunications Station, Cutler, Maine

This section would amend section 2853 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) by inserting "any or" before "all right" in order to permit the Department of the Navy to convey parcels of the real property to recently identified federal entities.

Section 2844—Modification of Land Conveyance, Former United States Marine Corps Air Station, Eagle Mountain, Texas

This section would amend section 5 of Public Law 85-258, to permit the Texas Military Facilities Commission to use funds acquired through the leasing of Eagle Mountain Lake National Guard Training Site for other Texas National Guard facilities.

Section 2845—Land Transfer and Conveyance, Naval Security Group Activity, Winter Harbor, Maine

This section would authorize the Secretary of the Navy to transfer, without consideration, a parcel of real property, including improvements, of approximately 26 acres to the Secretary of the Interior. The transfer would occur concurrent with the reversion of administrative jurisdiction of a parcel of real property consisting of approximately 71 acres from the Secretary of the Navy to the Secretary of the Interior as authorized by Public Law 80-260. This section would authorize the Secretary of the Navy to convey, without consideration, any of the parcels of real property, including improvements, of approximately 485 acres and comprising the former facilities of the Naval Security Group Activity, Winter Harbor, Maine to the State of Maine, any subdivision of the State of Maine, or any tax-supported agency of the State of Maine. The Secretary of the Navy would transfer, without consideration, certain personal property associated with such real property. The Secretary of the Navy would maintain any real property until the earlier of the date of conveyance or September 30, 2003. The Secretary of the Navy may lease such parcels to certain persons or entities. The Secretary of the Navy may require each recipient of real property to reimburse the Secretary for certain costs. The cost of any survey shall be borne by the recipient or the real property.

Part III—Air Force Conveyances

Section 2851—Water Rights Conveyance, Andersen Air Force Base, Guam

This section would authorize the Secretary of the Air Force to convey water rights related to the Air Force properties Andy South, also known as the Andersen Administrative Annex, Marianas Bonis Base Command, and Andersen Water Supply Annex, also known as the Tumon Water Well or the Tumon Maui Well, located on Guam. The Secretary may exercise authority under certain specified conditions. This section would authorize the Secretary to require that the United States have the primary right to all water produced from Any South and Anderson Water Supply Annex until a replacement water system is in working condition satisfactory to the Secretary. The Secretary may authorize the conveyee of the water system to sell to public or private entities such water from Andersen Air Force Base as the Secretary determines to be excess to the needs of the United States.

Section 2852—Reexamination of Land Conveyance, Lowry Air Force Base, Colorado

This section would direct the Secretary of the Air Force to reevaluate the terms and conditions of the pending negotiated sale agreement at Lowry Air Force Base, Colorado, with the Lowry Redevelopment Authority for certain real property in light of changed circumstances regarding the property. The reexamination shall determine whether changed circumstances warrant a reduction in the amount of consideration otherwise required under the agreement or other modifications to the agreement.

Subtitle E—Other Matters

Section 2861—Transfer of Jurisdiction for Development of Armed Forces Recreational Facility, Park City, Utah

This section would authorize the Secretary Interior to transfer, without reimbursement, the administrative jurisdiction of a parcel of real property, including improvements, consisting of approximately 35 acres located in Park City, Utah and designated as parcel 3 by the Bureau of Land Management to the Secretary of the Air Force. The transfer would be completed no later than one year after the date of the enactment of this Act. This section would authorize the Secretary of the Air Force to use the real property as the location for an armed forces recreational facility to be developed using non-appropriated funds. The Secretary of the Air Force may return the transferred property to the administrative jurisdiction of the Secretary of the Interior upon certifying that development of the recreational facility would not be in the best interest of the United States. In lieu of developing the recreational facility, the Secretary of the Air Force may convey or lease the property to certain entities under certain specific alternative development authority. The cost of any survey shall be borne by the Secretary of the Air Force.

Section 2862—Selection of Site for United States Air Force Memorial and Related Land Transfers for the Improvement of Arlington Cemetery, Virginia

This section would require the Secretary of Defense to offer, within 60 days after the date of the enactment of this Act, to the Air Force Memorial Foundation, an option to use, without reimbursement, up to three acres of the Arlington Naval Annex as the site within which the Foundation will construct the Air Force Memorial. Within 90 days after the date on which the Secretary of Defense makes the offer, the Foundation shall provide written notice to the Secretary of the decision of the Foundation to accept or decline the offer. If the Foundation accepts the offer, the Foundation shall relinquish all claims to the previously approved location of the memorial. If the Foundation declines the offer, the Foundation may resume its efforts to construct the memorial on the Arlington Ridge tract from the farthest point of progress. Not later than two years after the date on which the Foundation accepts the offer, and has made sufficient funds available to construct the memorial, the Secretary, in coordination with the Foundation, shall remove all structures and prepare the Arlington Naval Annex for use to permit construction and access of the memorial. Upon removal of structures and preparation of the property for use, the Secretary of Defense shall permit the Foundation to commence construction. This section would authorize the Secretary of Defense exclusive authority in all matters relating to the approval of the siting, design, and construction of the memorial. Within 30 days after the date of enactment of this Act, the Secretary of the Interior shall transfer, without reimbursement, to the Secretary of the Army administrative jurisdiction over the Arlington Ridge tract. This section would amend section 2902 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106-65) to prohibit consideration of the Arlington Naval Annex property as a possible site for a national military museum.

Section 2863—Management of the Presidio of San Francisco

This section would amend the Omnibus Parks and Public Lands Management Act of 1996 (Public Law 104-333) to authorize the Trust to make available to lease certain housing units to persons designated by the Secretary of the Army, within the Presidio of San Francisco, California. The monthly amount charged by the Trust for the lease of a housing units, including utilities and municipal services, shall not exceed the monthly rate of the basic allowance for housing. This section would also increase the borrowing authority authorized by section 104 of Public Law 104-333 from $50,000,000 to $150,000,000.

Section 2864—Effect of Limitation on Construction of Roads or Highways, Marine Corps Base, Camp Pendleton, California

This section would amend section 2851 of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 105-261), as amended, to limit the effect of State law enacted after January 1, 2001, that would directly or indirectly prohibit or restrict the construction or approval of a road or highway within the easements granted under this section at Marine Corps Base, Camp Pendleton, California.

Section 2865—Establishment of World War II Memorial at Additional Location on Guam

This section would amend section 2886 of the Military Construction Authorization Act for Fiscal Year 2001 (division B of Public Law 106-398) by authorizing the establishment of an additional World War II Memorial on Federal lands near Yigo, Guam.

TITLE XXIX—FORT IRWIN MILITARY LAND WITHDRAWAL

LEGISLATIVE PROVISIONS

Section 2901—Short Title

This section would designate Title XXIX of this Act as the "Fort Irwin Military Land Withdrawal Act of 2001".

Section 2902—Withdrawal and Reservation of Lands for National Training Center

This section would authorize the transfer of approximately 110,000 acres in San Bernardino, California to the Secretary of the Army for certain specific purposes.

Section 2903—Map and Legal Description

This section would require the Secretary of the Interior to publish in the Federal Register a notice containing the legal description of the lands withdrawn and reserved by this title. This section requires the Secretary to file a map and legal description of the lands withdrawn and reserved by this title with the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives. Copies of the map and legal description shall be available at certain specific offices. The Secretary of the Army would reimburse the Secretary of the Interior for the costs incurred by implementing this section.

Section 2904—Management of Withdrawn and Reserved Lands

This section would require the Secretary of the Army, during the period of the withdrawal and reservation, to manage the lands withdrawn and reserved for the purposes specified in section 2902. This section would prohibit military use of the lands withdrawn and reserved that result in ground disturbances, as determined by the Secretary of the Army and the Secretary of the Interior until the Secretary of the Army and the Secretary of the Interior certify to Congress that there has been full compliance with respect to certain specified laws. This section would authorize the Secretary of the Army to post appropriate warning notices and take other steps as necessary to close any road, trail, or other portion of the lands withdrawn and reserved. This section would require the Secretary of the Army to prepare and implement an integrated natural resources management plan for the lands withdrawn and reserved.

Section 2905—Water Rights

This section would prohibit the establishment of a reservation in favor of the United States with respect to any water or water right on the lands withdrawn or reserved. This section would not affect any water rights acquired or reserved by the United States before the date of enactment of this Act.

Section 2906—Environmental Compliance and Environmental Response Requirements

This section would authorize the Secretary of the Army and the Secretary of the Interior to enter into such agreements concerning the environment and public health as necessary, appropriate, and in the public interest to carry out the purposes of this title. This section would also provide that nothing in this section shall be construed to alter the rights, responsibilities, and obligations of the Secretary of the Army and the Secretary of the Interior under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or any other environmental laws applicable to the lands withdrawn and reserved by this title.

Section 2907—West Mojave Coordinated Management Plan

This section would urge the Secretary of the Interior to complete the West Mojave Coordinated Management Plan not later than two years after the date of enactment of this Act. This section would require the Secretary of the Interior to consult with the Secretary of the Army and the Administrator of the National Aeronautics and Space Administration on the development of the plan.

Section 2908—Release of Wilderness Study Areas

This section would authorize that Congress finds and directs that lands withdrawn and reserved have been adequately studied for wilderness designation pursuant to the Federal Land Policy and Management Act of 1976.

Section 2909—Training Activity Separation From Utility Corridors

This section would require all military ground activity training on the lands withdrawn and reserved remain at least 500 meters from any utility system in Utility Corridor D.

Section 2910—Duration of Withdrawal and Reservation

This section would, unless determined otherwise, terminate the withdrawal and reservation made by this title 25 years after the enactment of this Act. This section would, at the time of termination of the withdrawal and reservation, require the Secretary of the Interior to publish in the Federal Register an appropriate order that would state the date upon which the lands shall be restored to the public domain and open.

Section 2911—Extension of Initial Withdrawal and Reservation

This section would require the Secretary of the Army, no later than three years before the termination date, to notify Congress and the Secretary of the Interior concerning the military needs of the Army. If the Secretary of the Army determines that there will be a continuing military need, the Secretary would file with the Secretary of the Interior, within one year after the notification, an application for extension of the

withdrawal and reservation. This section would authorize the Secretary of the Interior and the Secretary of the Army to submit to Congress a legislative proposal for the extension of the withdrawal and reservation made by this title.

Section 2912—Termination and Relinquishment

This section authorizes that if the Secretary of the Army determines within the first 22 years of the withdrawal and reservation that there is no continuing military need, the Secretary would submit to the Secretary of the Interior a notice of intent to relinquish jurisdiction over the lands. If the Secretary of the Interior accepts jurisdiction over any of the lands, the Secretary would publish in the Federal Register an appropriate order. All function under this section would be made on a parcel-by-parcel basis.

Section 2913—Delegation of Authority

This section would authorize the Secretary of the Army and the Secretary of the Interior to delegate such functions determined appropriate to carry out this title.

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AND AUTHORIZATION AND OTHER AUTHORIZATIONS

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

OVERVIEW

The budget request contained $13,355.2 million for the national security activities of the Department of Energy. Of this amount, $6,776.8 million is for the programs of the National Nuclear Security Administration and $6,578.4 million for defense environmental management and other defense activities. The committee recommends $13,355.2 million, the requested amount. The following table summarizes the budget request and the committee recommendations:

PLACEHOLDER

FOR

TABLES

Environmental and Other Defense Activities

Overview

The budget request contained $6,578.4 million for environmental and other defense activities. The committee recommends $6,635.3, an increase of $56.9 million.

Items of Special Interest

Defense Environmental Management Privatization

The budget request contained $141.5 million for Defense Environmental Management Privatization. This amount included funds for two new starts: $13.3 million for the Paducah Disposal Facility Privatization, Paducah, Kentucky; and $2.0 million for the Portsmouth Disposal Facility, Portsmouth, Ohio. Both of these projects are for nuclear waste disposal at gaseous diffusion plants leased from the Department of Energy by the United States Enrichment Corporation.

The committee notes that environmental management activities at the nation's three gaseous diffusion plants is carried out under the Uranium Enrichment Decontamination and Decommissioning Fund, which was established in 1992 to address the cleanup liabilities at those plants attributable to historical Department of Energy operations for weapons and commercial fuel production. The committee also notes that the Uranium Enrichment Decontamination and Decommissioning Fund is not budgeted within the national defense budget function. Therefore, the committee recommends no funds for these two new starts, a decrease of $15.3 million for Defense Environmental Management Privatization, since it believes they should be accomplished using the Uranium Enrichment Decontamination and Decommissioning Fund.

Hanford Site Operations, Richland, Washington

The budget request contained $500.0 million for the Waste Treatment and Immobilization Plant Construction project within the Office of River Protection, Richland, Washington. The committee recommends an increase of $20.0 million in order to meet compliance deadlines. While the budget request for this project represents an increase from fiscal year 2001, the committee is concerned that it is insufficient to meet the contractual obligations contained in the Tri-Party Agreement. The committee continues to support full funding for this project in order to insure that the federal government meets its legally binding commitment to the State of Washington and urges the Department of Energy to provide adequate funding in future years to ensure that the schedule for the River Protection projects is maintained.

The committee also supports the proposal by the Richland Operations Office to move forward with an accelerated river protection project as set forth in the Hanford Site Columbia River Corridor Cleanup Report. The committee urges the Department of Energy to focus its efforts on moving forward with a closure contract in fiscal year 2002 with a goal of completing critical work by fiscal year 2012. The committee believes that

adherence to this schedule will allow for the overall reduction in the size of the Hanford site and ultimately save the federal government hundreds of millions of dollars annually.

Plutonium Stabilization and Packaging

The budget request contained $4.0 million for Project Engineering and Design work on the 235-F Packaging and Stabilization project at the Savannah River Site, Aiken, South Carolina. The project was to design the modification of Building 235-F for the installation of stabilization furnaces and packaging equipment to stabilize and package plutonium at the Savannah River Site. The Defense Nuclear Facilities Safety Board (DNFSB) has placed a high priority on stabilizing, packaging, and safely storing these legacy materials while they await final disposition.

In mid-June 2001, the Department of Energy informed the committee that the budget request for Project Engineering and Design work on the 235-F project would not be required, because the project was being terminated due to a projected, unaffordable cost. Subsequently, the Department has decided to stabilize and package the plutonium by processing it within the FB-Line at Savannah River.

To accomplish this new project, the committee recommends the establishment of a construction line, 02-D-420, FB Line Plutonium Stabilization and Packaging, and recommends $20.0 million for the project. The committee hopes this new project will move expeditiously to complete stabilization and packaging of all plutonium at Savannah River by June 2008 in accordance with the Department's commitment to the DNFSB.

Post 2006 Completion

The budget request contained $586.0 million for post 2006 environmental cleanup activities at the Savannah River Site, Aiken, South Carolina, $116.7 million less than was enacted for fiscal year 2001. The committee is disturbed by this situation and the disruption it will cause to current cleanup schedules. Consequently, the committee recommends $667.0 million, an increase of $81.0 million, for post 2006 cleanup activities at the Savannah River Site.

National Nuclear Security Administration

Overview

The budget request contained $6,776.8 million for the National Nuclear Security Administration for fiscal year 2002. The committee recommends $6,859.9 million, an increase of $83.1 million.

Items of Special Interest

Budget Structure of the National Nuclear Security Administration

The committee notes that section 3253 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), as amended by section

3154 of the National Defense Authorization Act of 2001 (Public Law 106-398), requires the Administrator of the National Nuclear Security Administration to submit to Congress each year, at or about the time of the Department of Energy's budget submission to Congress, a future years nuclear security program. The future years program shall cover the fiscal year for which the budget is submitted and at least the four succeeding years and shall specify proposed budget authority and describe in detail how the funds will be used to support the mission of the NNSA. The committee observes that it has still not received the future years nuclear security program that was to have been submitted with the fiscal year 2002 budget request, although it understands that such a document has been prepared. The committee expects to receive this document not later than the submission date of the fiscal year 2003 budget request.

Computer Security

The committee recommends $448.9 million, the budget request, for Safeguards and Security. The authorization includes $30.0 million for the Integrated Cyber Security Initiative (ICSI) program, which when combined with the base program, doubles funding for cyber security over the fiscal year 2001 level. At the same time, the committee notes the Administrator's concern that the current budget does not allow the National Nuclear Security Administration to address the long-term solutions set forth in the ICSI plan submitted to Congress in March 2001. The committee understands the need to prioritize requirements, but given events of the past several years, is highly sensitized to computer security issues, and intends to closely monitor this topic in future budget cycles.

Critical Weapons Components

The committee understands that certain materials and components are absolutely critical to the functioning of nuclear weapons, that these items have little or no application outside the nuclear weapons complex, and that it is therefore incumbent upon the Department of Energy to take all steps necessary to ensure their future availability in sufficient quantity and quality to meet the needs of the enduring stockpile. Of special interest are tritium, which has not been produced since 1988, and plutonium pits, which have not been manufactured since 1989. To a significant extent, the success of the National Nuclear Security Administration will hinge on its ability to solve these long-standing deficiencies.

The committee recommends $139.5 million for the tritium readiness campaign. This includes an increase of $15.0 million to support preliminary design activities and engineering development and demonstration work for the back-up technology, accelerator production of tritium (APT). The committee urges the NNSA to complete these APT activities as soon as possible to make resources available for other critical needs.

Using the primary technology, the tritium campaign appears on schedule to begin irradiation of tritium-producing rods in commercial light water reactors in fiscal year 2003 and to begin production extraction in fiscal year 2006. If the Strategic Defense Review does not lead to new reductions in the nuclear weapons stockpile, the committee notes that this schedule may lead to a one-year draw down in the five-year tritium

reserve. However, the committee believes replenishment of this reserve can be made up in future production.

Production and certification of plutonium pits remain congressional interest items. For the pit manufacturing and certification campaign, the committee recommends the budget request of $128.5 million, including $122.5 million for W88 pit manufacturing and certification, $4.0 million to begin the task of understanding manufacturing and certification requirements for other stockpile warheads, and $2.0 million to support pre-conceptual design activities in support of a modern pit facility.

The committee understands that only one W88 warhead surveillance pit remains for destructive testing purposes but notes good progress toward establishing a limited manufacturing capability at Los Alamos National Laboratory, with production of certifiable pits scheduled to begin in fiscal year 2003.

In contrast, W88 pit certification has slipped from fiscal year 2007 to fiscal year 2009, with no commitment to meeting the latter date. The committee understands both the difficulty of certifying a pit with extremely high confidence in the absence of nuclear testing, as well as the potential national security consequences of a failure in this area. The committee is concerned that the budget request woefully under funds this important activity and urges the NNSA to place higher priority on pit certification in future budget submissions.

Finally, the committee notes that it still has not received the report required by the conference report accompanying the Energy and Water Development Appropriations Act for Fiscal Year 2001 (H. Rept. 106-907), which contains current project schedules and cost estimates for production and certification of W88 pits. The committee understands that the report is complete and requests its expeditious submission.

Defense Nuclear Counterintelligence Budget

The budget request contained $46.4 million for the Department of Energy's counterintelligence activities. The committee notes that section 3232 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65) established the Office of Defense Nuclear Counterintelligence within the National Nuclear Security Administration (NNSA). The committee also notes that section 3251 of Public Law 106-65 required that the budget request for offices of the NNSA be set forth separately from other elements of the Department. The committee expects that the Department will comply with section 3251 of Public Law 106-65 in the future and that budget requests for the NNSA's Office of Defense Nuclear Counterintelligence will be set forth separately from the requests for the Department's Office of Counterintelligence.

Directed Stockpile Work

Of the various activities performed by the National Nuclear Security Administration, directed stockpile work has arguably the most immediate impact on maintaining the safety, reliability, and performance of the enduring nuclear weapons stockpile. The committee recommends the budget request of $1,043.8 million for this important effort.

The committee notes the continuing progress of the W87 Peacekeeper intercontinental ballistic missile warhead life extension program, the first major retrofit of a nuclear warhead in a decade. The committee further notes that preparatory activities leading up the to the refurbishment of the B61 gravity bomb are on schedule for a first production unit in fiscal year 2004.

The committee is somewhat concerned, however, that the budget request does not support the scope and schedule of refurbishment activities on the W76 submarine launched ballistic missile warhead and the W80 cruise missile warhead that were agreed in the Nuclear Weapons Council in fiscal year 2000. The committee expects to be apprised of the Administration's preferred path forward as the results of the ongoing Strategic Defense Review are finalized.

Facilities and Infrastructure

The committee notes that almost half of the structures in the nuclear weapons complex are more than 50 years old and understands the magnitude of the problem to revitalize the complex as currently sized. The committee is aware of the Department of Energy's ongoing assessment and planning activities to address this problem but, given the total funding requirement, is concerned that the Department is not yet prepared to efficiently execute this infrastructure revitalization effort. The committee directs the Administrator of the Nuclear National Security Administration to provide a semi-annual report to Congress on the status of the facilities and infrastructure program. The report should include the current priority list of proposed facilities and infrastructure projects, including cost and schedule requirements. For each site, the report should include: a current 10-year site plan that demonstrates the reconfiguration of its facilities and infrastructure to meet its missions and to address its long-term operational costs and return on investment; the current budget for all facilities and infrastructure funding in this program as well as all funding for maintenance and infrastructure upgrades funded through other parts of the budget; and the current status of each facilities and infrastructure project compared to the original baseline cost, schedule, and scope.

The committee recommends $50.6 million to establish a new program line for infrastructure maintenance and re-capitalization. In order to ensure the future operational readiness of the weapons complex, the committee directs that these funds should be used to begin to the revitalization of the Pantex and Y12 plants in the amounts of $40.0 million and $10.6 million, respectively.

International Nuclear Safety

The committee is aware that the International Nuclear Safety program is designed to improve the safety of the Chornobyl-generation, Russian-designed nuclear reactors located in the countries of the former Soviet Union. The program is funded by the U.S. Department's of Energy and State with contributions by European countries located in proximity to the states of the former Soviet Union.

The committee believes that it would be more appropriate for the International Nuclear Safety program to be funded as a foreign assistance effort by the Department of State. Consequently, the committee recommends that the funding responsibility for the

International Nuclear Safety program be assumed by the Department of State in the budget for fiscal year 2003. If Department of State officials require Department of Energy technical assistance, such assistance should be provided as "work for others" and funded by the Department of State.

Initiatives for Proliferation Prevention and the Nuclear Cities Initiative

The budget request contained $22.1 million for the Initiatives for Proliferation Prevention (IPP) and $6.6 million for the Nuclear Cities Initiatives (NCI). The objective of each of these programs is to provide gainful employment in the commercial sector for former Russian nuclear weapons scientists, engineers, and technicians to avert the risk of these scientists accepting employment offers by nuclear programs of countries of proliferation concern. NCI is also designed to assist the Russian Ministry of Atomic Energy (MINATOM) in the restructuring and closure of portions of the Russian nuclear complex through local economic development.

In May 2001, the General Accounting Office (GAO) reported on these programs and found that the NCI program insufficiently reviewed potential projects for commercial viability and sustainability. GAO reported that too often the NCI programs were directed to community development and infrastructure improvement instead of economic development designed to employ former nuclear scientists. Conversely, GAO reports that the IPP program has a strengthened project review and selection process that focuses on the commercialization of projects and job creation. GAO recommended that since IPP and NCI share a common goal and, in many cases, are implementing similar types of projects, the National Nuclear Security Administration should consider consolidating them into one effort. The committee agrees with this recommendation and directs such consolidation in section 3133.

In addition, the committee is concerned that, according to GAO, only 30 percent of the NCI funds have been spent for projects and activities in Russia and that two-thirds of NCI funds were spent at the Department's national laboratories. Of that amount, 34 percent paid for labor at the laboratories, and 41 percent was spent on overhead costs. The committee believes that the Administrator of the NNSA should work to reduce the portion of funds spent on overhead at the national laboratories for these nonproliferation activities and transfer that funding to the projects in Russia that the programs are designed to support.

National Ignition Facility

The budget request contained $467.9 million for the Inertial Confinement Fusion and High Yield campaign: $222.9 million for operations and maintenance (O&M) and $245.0 million for National Ignition Facility (NIF) construction (96-D-111).

The committee recommends the budget request for NIF construction and $232.9 million for O&M, an increase of $10.0 million, to be used to compensate for funding shortfalls in the NIF demonstration program, which supports risk reduction and technology development activities. The committee notes significant improvements in NIF program oversight, management, and planning but is concerned about the remaining

technical challenges the program faces. The committee expects to be expeditiously informed of any further schedule delays or cost overruns.

Although NIF provides exciting opportunities in basic and applied research for a broader user community, the committee believes that its primary focus must be meeting the requirements of the Stockpile Stewardship Program to guarantee the safety, reliability, and performance of the nuclear weapons stockpile, and that it should be managed accordingly.

National Nuclear Security Administration's Planning, Programming, and Budgeting System

The committee notes that several independent observers have criticized the lack of a unified planning, programming, and budgeting process within the nuclear weapons complex. The committee further notes that the Administrator of the National Nuclear Security Administration has pledged to implement such a system and to begin developing multiyear budgets and program plans. However, the committee is concerned that the Administrator has delayed his target date for implementing such a system until the fiscal year 2004 budget cycle and urges him to take steps necessary to ensure that there are no further delays in implementing this system.

National Nuclear Security Administration's Reorganization Plan

The committee notes that section 3153 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) required the Administrator for Nuclear Security to submit by May 1, 2001, a plan for assigning roles and responsibilities among the National Nuclear Security Administration's headquarters and field units. The report should describe any downsizing, consolidations, or eliminations of headquarters and field elements needed to enhance the Administration's efficiency. The committee observes that independent reviewers have criticized the defense nuclear complex's fragmented lines of authority, confused roles and responsibilities, and reliance on a large federal workforce to oversee its contractors.

The committee notes that on May 3, 2001, the Administrator submitted an "initial" report outlining plans to realign the Administration's headquarters units into programmatic and support components and to transfer responsibility for the field elements to a newly-created support component. The committee is concerned that the report did not: (1) define field element roles and responsibilities; (2) describe in detail how field elements would interact with realigned headquarters units; or (3) describe potential consolidations or eliminations, as called for by section 3153 of Public Law 106-398. The committee is also concerned that the new organization would not be demonstrably flatter than the Administration's current structure and that it might create new sources of confusion by requiring field elements to report to a support office while overseeing projects for a program office. Consequently, the committee urges the Administrator to comply fully with section 3153 of Public Law 106-398 and submit, as soon as possible, a detailed plan for redefining and streamlining the Administration's entire organization.

Naval Reactors Program

The committee recommends the budget request of $688.0 million for the Naval Reactors program. The committee notes that the Navy currently operates 102 nuclear reactors, nearly identical to the number of U.S. commercial power generating reactors, and that over 40 percent of major combatants rely on nuclear propulsion. The committee continues to be impressed by the professional execution of the Naval Reactors program, as well as its remarkable safety record and overall value to the nation.

Recruitment and Retention

The committee is acutely aware of the problem of recruiting and retaining a properly skilled work force that the National Nuclear Security Administration faces in both the contractor and the federal work forces. The complex is losing talent at a steady rate through the retirement of senior scientists, engineers, and technicians with underground test experience, as well as through the separation of mid-career professionals leaving for other opportunities. In addition, the Report of the US Commission on National Security/21st Century (known commonly as the Hart-Rudman Report) recently "…found broad consensus that the [national] labs are no longer competitive in attracting and keeping new scientific talent", citing a combination of factors that include lack of a compelling post Cold War sense of mission, the negative impact on morale of recent highly public controversies, and superior private sector opportunities. The committee strongly advises the Department of Energy to make retention a top priority.

In part, the recruitment problem stems from the dwindling pool of new university graduates trained in disciplines relevant to stockpile stewardship that also meet security clearance requirements for positions of great trust. The committee strongly supports programs at our nation's universities that endeavor to reverse the decline of U.S. leadership in a number critical science and engineering fields, including high energy density physics, plasma physics, high field physics, the science of extreme ultraviolet/soft x-ray light sources, pulsed power engineering, and inertial confinement fusion research. University programs in these areas support, in a cost effective manner, the research and training of our national laboratories' future stockpile stewards. However, the committee believes that the Department should pursue innovative approaches to recruitment, such as offering graduate scholarships in critical science and engineering disciplines in exchange for a commitment to a period of national service, as suggested in the Hart-Rudman Report.

LEGISLATIVE PROVISIONS

Subtitle A—National Security Programs Authorizations

Section 3101—National Nuclear Security Administration

This section would authorize funds for the National Nuclear Security Administration for fiscal year 2002.

Section 3102—Defense Environmental Restoration and Waste Management

This section would authorize funds for environmental restoration and waste management activities of the Department of Energy for fiscal year 2002.

Section 3103—Other Defense Activities

This section would authorize funds for other defense activities of the Department of Energy for fiscal year 2002.

Section 3104—Defense Environmental Management Privatization

This section would authorize funds for defense environmental management privatization activities of the Department of Energy for fiscal year 2002.

Section 3105—Defense Nuclear Waste Disposal

This section would authorize funds for defense nuclear waste disposal activities of the Department of Energy for fiscal year 2002.

Subtitle B—Recurring General Provisions

Section 3121—Reprogramming

This section would prohibit the reprogramming of funds in excess of the amount authorized for the program until the Secretary of Energy has notified the congressional defense committees and a period of 30 days has elapsed after the date on which the notification is received.

Section 3122—Limits on General Plant Projects

This section would limit the initiation of general plant projects if the current estimated cost for any project exceeds $5.0 million and would require the Secretary of Energy to notify the congressional defense committees in the event the estimated cost of any project exceeds $5.0 million and the reasons for the cost variation.

Section 3123—Limits on Construction Projects

This section would permit the initiation and continuation of any construction project only if the estimated cost for the project does not exceed 125 percent of the higher of: (1) the amount authorized for the project; or (2) the most recent total estimated cost presented to Congress as justification for such project. To exceed this limit, the Secretary of Energy must report in detail the reason therefore to the congressional defense committees and the report must be before the committees for 30 legislative days. This

section would also specify that the 125 percent limitation would not apply to projects estimated to cost under $5.0 million.

Section 3124—Fund Transfer Authority

This section would authorize the Secretary of Energy to transfer funds to other agencies of the government for performance of work for which the funds were authorized and appropriated. The provision would permit the merger of such funds with the funds made available to the agency to which they are transferred.

Section 3125—Authority for Conceptual and Construction Design

This section would require the Secretary of Energy to certify that a conceptual design for a construction project has been completed prior to requesting funding for that project, except in the case of emergencies.

Section 3126—Authority for Emergency Planning, Design and Construction Activities

This section would authorize the Secretary of Energy to perform planning and design for construction activities utilizing available funds for any Department of Energy national security program construction project whenever the Secretary determines that the design must proceed expeditiously to protect the public health and safety, to meet the needs of national defense, or to protect property.

Section 3127—Funds Available for All National Security Programs of the Department of Energy

This section would authorize, subject to section 3121 of this Act, amounts appropriated for management and support activities and for general plant projects to be made available for use in connection with all national security programs of the Department of Energy.

Section 3128—Availability of Funds

This section would allow funds authorized for the various activities of the National Nuclear Security Administration and environmental management activities of the Department of Energy to remain available until expended, except for program direction funds, which would remain available until the end of fiscal year 2003.

Section 3129—Transfers of Defense Environmental Management Funds at Field Offices of the Department of Energy

This section would provide the manager of each field office of the Department of Energy with limited authority to transfer defense environmental management funds from

a program or project under the jurisdiction of the office to another such program or project.

Section 3130—Transfers of Weapons Activities Funds at National Security Laboratories and Nuclear Weapons Production Facilities

This section would provide the head of each national security laboratory and each nuclear weapons production facility with limited authority to transfer weapons activities funds from a program under the jurisdiction of the national security laboratory or production facility to another such program of the national security laboratory or production facility.

Subtitle C—Program Authorizations, Restrictions, and Limitations

Section 3131—Termination Date of Office of River Protection, Richland, Washington

This section would extend the statutory termination date of the Office of River Protection, Richland Washington, from September 30, 2004, to the later of September 30, 2010, or upon the determination that continuation of the Office is no longer necessary to carry out the Department's responsibilities under the Hanford Federal Facility Agreement and Consent Order entered into among the Department of Energy, the Environmental Protection Agency, and the State of Washington Department of Ecology.

Section 3132—Organizational Modifications for National Nuclear Security Administration

This section would establish, within the National Nuclear Security Administration, a Principal Deputy Administrator who would be appointed by the President with the advice and consent of the Senate to perform such duties as the Administrator of the National Nuclear Security Administration may prescribe and act for the Administrator when the Administrator is disabled or the office of the Administrator is vacant. This section would also eliminate: (1) a statutory requirement that the heads of the national security laboratories and nuclear weapons production facilities report to the Administration's Deputy Administrator for Defense Programs; and (2) a duplicative statutory prohibition on the ability of non-Administration employees of the Department to serve concurrently in the Administration.

Section 3133—Consolidation of Nuclear Cities Initiative Program with Initiatives for Proliferation Prevention Program

This section would require the Administrator for Nuclear Security to consolidate the Nuclear Cities Initiative program with the Initiatives for Proliferation Prevention program not later than July 1, 2002, as described elsewhere in this report.

Section 3134—Disposition of Surplus Defense Plutonium at Savannah River Site, Aiken, South Carolina

This section would require the Secretary of Energy to consult with the Governor of South Carolina on any decisions or plans regarding the disposition of surplus defense plutonium at the Savannah River Site and to submit a plan to Congress by February 1, 2002, for the disposal of surplus defense plutonium currently located at the site, as well as for defense plutonium that may be shipped there in the future. The plan shall review each option considered for such disposal, identify the preferred option, and state the cost of construction and operation of the facilities required by the Department's Record of Decision dated January 14, 1997. The plan shall also specify a schedule for the expeditious construction of such facilities and the means by which all such plutonium will be removed from the Savannah River Site. This section would further require the Secretary to modify the design of the Mixed Oxide Fuel Fabrication facility to provide immobilization capability if the Secretary determines that construction of the Plutonium Immobilization facility at the Savannah River site is not feasible. If the plan is not submitted by February 1, 2002, the Secretary would be prohibited from shipping plutonium to the Savannah River Site from that date forward until the plan is submitted.

Section 3135—Support for Public Education in the Vicinity of Los Alamos National Laboratory, New Mexico

This section would authorize the Secretary of Energy to pay $5.0 million to the Los Alamos National Laboratory Foundation and an $8.0 million extension of the contract between the Department of Energy and the Los Alamos Public Schools. For fiscal year 2003, the section would authorize the Secretary of Energy to take similar actions subject to the availability of appropriations.

The section would also require the Secretary to submit to the congressional defense committees, no later than March 1, 2002, an evaluation of the need for continued payments beyond fiscal year 2003.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

LEGISLATIVE PROVISIONS

Section 3201—Authorization

This section would authorize $18.5 million for the Defense Nuclear Facilities Safety Board for fiscal year 2002.

TITLE XXXIII—NATIONAL DEFENSE STOCKPILE

LEGISLATIVE PROVISIONS

Section 3301—Definitions

This section would provide the definitions used in this title.

Section 3302—Authorized Uses Of Stockpile Funds

This section would authorize $65.2 million from the National Defense Stockpile Transaction Fund for the operation and maintenance of the National Defense Stockpile for fiscal year 2002. The provision would also permit the use of additional funds for extraordinary or emergency conditions 45 days after a notification to Congress

Section 3303—Disposal of Excess Materials from the National Defense Stockpile

This section would provide authorization for the Department of Defense to dispose of materials in the National Defense Stockpile that are no longer needed for national security purposes.

Section 3304—Expedited Implementation of Authority to Dispose of Cobalt From National Defense Stockpile

This section would amend section 3305(a)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85) to permit the sale of cobalt from the National Defense Stockpile during fiscal year 2002.

TITLE XXXIV—NAVAL PETROLEUM RESERVES

LEGISLATIVE PROVISIONS

Section 3401—Authorization of Appropriations

This section would authorize $17.4 million for fiscal year 2002 for the operation of the Naval Petroleum and Oil Shale Reserves.

TITLE XXXV—MARITIME ADMINISTRATION

ITEMS OF SPECIAL INTEREST

Merchant Marine Academy

The budget request contained $47.8 million for the U.S. Merchant Marine Academy (USMMA). The committee remains concerned that health and safety hazards to the cadets and staff continue due to the appalling condition of the physical plant and infrastructure at the institution. The budget request included $13.0 million for needed capital improvements. This funding level will begin to buy down the backlog of deferred maintenance and facilities replacement. The committee urges the Maritime Administration to pursue aggressively funding levels that will insure that the physical plant at the Academy is brought up to safe and appropriate commercial standards as quickly as practicable.

Ship Scrapping

The budget request contained $10.0 million for the disposal of three obsolete vessels. Section 3502 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) required the Administrator of the Maritime Administration to dispose of all vessels in the National Defense Fleet that are not assigned to the Ready Reserve Force or otherwise designated for a specific purpose by September 30, 2006. The committee understands that the Maritime Administration will need to scrap over 30 vessels per year to meet the goal of scrapping 140 vessels by the statutorily imposed deadline. The cost to accomplish this goal will exceed $350.0 million based on current estimates. While $10.0 million may be sufficient to develop an initial disposal program in fiscal year 2002, the committee notes that substantial additional resources must be provided in future years to meet the deadlines. The committee strongly urges the Maritime Administration to present funding levels in the next fiscal years for this program that are more appropriate to the task facing the agency. The committee notes that the Navy has had a ship disposal program since 1999 and has made a number of refinements in that program that enhance efficiency and at the same time protect health, safety, and the environment. The committee expects the Maritime Administration to administer its ship disposal program in a way that obtains the best value to the government while providing the same level of protection for health, safety, and the environment as the Navy program. Finally, the committee expects that there will be no discrimination among domestic scrapping facilities and that domestic scrapping facilities are selected based on criteria that will result the scrapping of vessels at the least cost to the government, in a timely way, and in a manner that provides the requisite level of protection for health, safety, and the environment.

Title XI Loan Guarantee Program

The budget request contained $3.9 million to fund administrative expenses associated with the management of the title XI loan guarantee program. The budget

request contained no funds for costs, as defined in section 502 of the Federal Credit Reform Act of 1990 (Public Law 93-344). The committee recommends $103.9 million for the Title XI program, an increase of $100.0 million above the budget request.

Transfer of the Maritime Security Program to the Department of Defense

The committee notes the proposal of the administration to transfer the funding and management of the Maritime Security Program from the Department of Transportation to the Department of Defense. The committee has not received sufficient justification to transfer a program that by all accounts is managed effectively and efficiently at the Department of Transportation, nor has the committee received any information that would suggest that DOD operational requirements necessitate a transfer. In addition, the committee has not been presented with any evidence that such a transfer would result in cost savings. The committee is therefore not recommending a transfer of the Maritime Security Program to the Department of Defense's National Defense Sealift Fund. To reflect this decision, the committee has transferred $98.7 million from the National Defense Sealift Fund (budget function 051) to the Maritime Administration within the Department of Transportation (budget function 054).

LEGISLATIVE PROVISIONS

Section 3501—Authorization of Appropriations for Fiscal Year 2002

This section would authorize a total of $203.0 million for fiscal year 2002, an increase of $100 million above the budget request, for the Maritime Administration. Of the funds authorized, $89.0 million would be for operations and training programs, $100.0 million would be for the costs as defined in section 502 of the Federal Credit Reform Act of 1990 (Public Law 93-344), of loan guarantees authorized by Title XI of the Merchant Marine Act, 1936, as amended, $3.9 million would be for administrative expenses related to providing these loan guarantees, and $10.0 million would be for the disposal of obsolete ships in the National Defense Reserve Fleet.

Section 3502—Define "War Risks" to Vessels to Include Confiscation, Expropriation, Nationalization, and Deprivation of the Vessels

This section would clarify and expand the authority of the Maritime Administration to issue war risk insurance coverage for losses from hostile acts including confiscation, expropriation, nationalization, and deprivation. As a result of several recent seizures, commercially available insurance has become unreasonably expensive, particularly as it relates to salvage ships. Without insurance, private salvage operators under contract to the Navy are unable to fulfill their obligations. This change also expands the coverage to circumstances that might arguably not fall within the context of a traditionally defined "war risk."

Section 3503—Holding Obligor's Cash as Collateral Under Title XI of Merchant Marine Act, 1936

This section would amend Title XI of the Merchant Marine Act, 1936, as amended by establishing a new section that will allow the Maritime Administration to hold and invest cash collateral derived from Title XI proceeds in the U.S. Treasury. It will further relieve obligors and the Maritime Administration from spending substantial time and money associated with negotiating depository agreements and preparing legal opinions in Title XI transactions.

EXPLANATION OF THE COMMITTEE AMENDMENTS

The committee adopted an amendment in the nature of a substitute during the consideration of H.R. 2586. The title of the bill is amended to reflect the amendment to the text of the bill. The remainder of the report discusses the bill, as amended.

PURPOSE

The bill would – (1) Authorize appropriations for fiscal year 2002 for procurement and for research, development, test and evaluation (RDT&E); (2) Authorize appropriations for fiscal year 2002 for operation and maintenance (O&M) and for working capital funds; (3) Authorize for fiscal year 2002: (a) the personnel strength for each active duty component of the military departments; (b) the personnel strength for the Selected Reserve for each reserve component of the armed forces; (c) the military training student loads for each of the active and reserve components of the military departments; (4) Modify various elements of compensation for military personnel and impose certain requirements and limitations on personnel actions in the defense establishment; (5) Authorize appropriations for fiscal year 2002 for military construction and family housing; (6) Authorize appropriations for fiscal year 2002 for the Department of Energy national security programs; (7) Modify provisions related to the National Defense Stockpile; and (8) Authorize appropriations for fiscal year 2002 for the Maritime Administration.

RELATIONSHIP OF AUTHORIZATION TO APPROPRIATIONS

The bill does not generally provide budget authority. The bill authorizes appropriations. Subsequent appropriation acts provide budget authority. The bill addresses the following categories in the Department of Defense budget: procurement; research, development, test and evaluation; operation and maintenance; working capital funds, military personnel; and military construction and family housing. The bill also addresses Department of Energy National Security Programs and the Maritime Administration.

Active duty and reserve personnel strengths authorized in this bill and legislation affecting compensation for military personnel determine the remaining appropriation requirements of the Department of Defense. However, this bill does not provide authorization of specific dollar amounts for personnel.

SUMMARY OF AUTHORIZATION IN THE BILL

The President requested budget authority of $343.3 billion for the national defense budget function for fiscal year 2002. Of this amount, the President requested $328.0 billion for the Department of Defense (including $10.0 billion for military construction and family housing) and $13.8 billion for Department of Energy national security programs and the Defense Nuclear Facilities Safety Board.

The committee recommends an overall level of $343.2 billion in budget authority. This amount is consistent with the discretionary defense spending limitations imposed by the

Balanced Budget Act of 1997 and it represents an increase of approximately $33.3 billion from the amount authorized for appropriation by the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398).

SUMMARY TABLE OF AUTHORIZATIONS

The following table provides a summary of the amounts requested and that would be authorized for appropriation in the bill (in the column labeled "Budget Authority Implication of Committee Recommendation") and the committee's estimate of how the committee's recommendations relate to the budget totals for the national defense function. For purposes of estimating the budget authority implications of committee action, the table reflects the numbers contained in the President's budget for proposals not in the committee's legislative jurisdiction.

(INSERT FY 2002 BUDGET SUMMARY TABLES)

RATIONALE FOR THE COMMITTEE BILL

To "provide for the common defense" is one of the most important responsibilities vested in the federal government. Article I, section 8, of the Constitution grants Congress the power "to raise and support armies" and "to provide and maintain a navy," in order to provide for the common defense. It is a solemn responsibility Congress must exercise with diligence, wisdom, and foresight.

The National Defense Authorization Act for Fiscal Year 2002 continues the process of rebuilding America's defenses and restoring the health of the military. The policies, programs, and priorities it supports are intended to ensure continued U.S. military preeminence for decades to come and to provide America's men and women in uniform with the training and tools necessary to deal successfully with the security challenges of the future.

The committee bill would authorize $343.3 billion for defense during fiscal year 2002 – matching the President's amended budget request and marking the most significant increase to the defense budget since fiscal year 1986. Restoring the health of America's military will take years of work. Secretary of Defense Donald Rumsfeld, in testimony before the committee on June 28, 2001, noted that a one year increase in spending "does not get us well. The underinvestment went on far too long, the gap is too great, and there is no way it can be fixed in a year or, in my view, even in six."

In the committee's view, significant increases in defense spending are long overdue. The committee is pleased with the new Administration's recognition that defense spending in the post-Cold War era has fallen too far too fast and applauds the Administration's commitment to reverse this trend. The U.S. military for too long has been living off the defense investments made in the 1980s. Military equipment is being utilized beyond its service life, weapons systems are becoming costlier to maintain, and military readiness has declined virtually across the board. The U.S. military has been called on to do more with less, deploying with increasing frequency around the globe. Morale and quality of life have suffered. This is the unfortunate legacy of years of underfunding.

This year, the challenge facing the Administration and Congress is to ensure that the most immediate modernization, readiness, and personnel needs are met, while preparing to transition the armed forces into a more capable force prepared to meet emerging threats.

The Strategic Defense Review and U.S. National Military Strategy

The committee supports the efforts of the Department of Defense (DOD) to assess defense requirements in light of the potential and emerging threats to U.S. interests expected to materialize over the next decade and beyond. For the past several months, the Department of Defense has been conducting an extensive and multifaceted review of U.S. national military strategy. Secretary of Defense Donald Rumsfeld formed more than a dozen Task Forces to review the assumptions and strategic underpinnings of U.S. defense policy. Separate Task Forces were established on Strategy, Transformation, Acquisition Reform, Quality of Life, Nuclear Forces, Conventional Forces, Intelligence and Space, National Missile Defense, and a

variety of other issues. The underlying premise of these reviews was that resources and force levels should flow from strategy, not the other way around.

The results of the DOD strategy review will be incorporated into the next Quadrennial Defense Review (QDR), scheduled to be completed by September 30, 2001. The results of the QDR will, in turn, be factored into the Administration's defense budget request for fiscal year 2003. The committee expects that the 2001 QDR will be strategy-based and not budget-driven. In the meantime, U.S. military strategy continues to be guided by the tenets outlined in the 1997 QDR. The 1997 QDR, building upon its predecessor, the 1993 Bottom-Up Review, postulated that the sizing and composition of U.S. military forces should be based on the requirement to fight two nearly simultaneous major theater wars. This force-sizing construct has been called into question by the Administration.

The Administration has indicated that the two major theater war construct may need to be replaced with a different force sizing metric. Although Secretary Rumsfeld has cautioned that no final decision has been made, he has also noted that DOD is "looking carefully at an alternative." That alternative would be to replace the traditional "threat-based" military strategy with one that is "capability-based" and designed to deal with the kinds of asymmetric threats that might emerge in the future.

The committee believes that the two major theater war standard has served as a useful planning tool and is concerned that its abandonment could be viewed as an attempt to scale back U.S. military strategy to conform to budgetary realities. Such an approach would be ill-advised. Jettisoning the two major theater war construct without an effective alternative would lead to acceptance of a greater than prudent level of risk. Indeed, Secretary Rumsfeld has stated that "you don't tear down what is unless you have something better…." The committee expects to work closely with the Administration in the coming year to ensure that any changes to U.S. military strategy are based on sound strategic principles and do not result in increased risk to U.S. national security.

Although Department of Defense officials have emphasized the need for the U.S. armed forces to transform themselves into a more capable force able to successfully confront the more difficult challenges in the future, the Department's budget request for fiscal year 2002 is not a "transformation" budget. At minimum, it properly addresses many of the deficiencies that plague existing forces without laying the groundwork for significant structural changes. In his testimony before the committee on June 28, 2001, Secretary of Defense Rumsfeld stated that even a budget of nearly $350 million "would just be holding where we are" and "would not make a significant contribution to transformation."

As the Department of Defense wrestles with options for transforming the U.S. military in the long-term, the committee's approach this year has been guided by an effort to develop a defense budget that is more responsive to the post-Cold War threats faced by the United States and commensurate with America's global responsibilities – and, in so doing, to ensure that U.S. forces can successfully execute their missions at the lowest possible level of risk.

The Administration's Defense Budget Request

The President's defense budget request for fiscal year 2002 reflects the most significant real increase in defense funding since the mid-1980s. Nevertheless, despite the increases

proposed by the Administration this year, serious problems continue to exist in readiness, modernization, and quality of life. The previous Administration significantly underfunded the defense budget and overcommitted U.S. military forces to a variety of peacekeeping and humanitarian missions. The result was a high operating tempo, degraded morale, aging equipment, reduced training, and decaying infrastructure. General Henry Shelton, Chairman of the Joint Chiefs of Staff, testified before the committee on June 28, 2001, that since 1995 there has been "a 133 percent increase in the number of military personnel committed to joint operations. These are real-world events, not exercises, and we are doing it with nine percent fewer people."

Although the fiscal year 2002 defense budget request reflects nearly a $33 billion increase over the fiscal year 2001 level, significant shortfalls remain unaddressed. In particular, the service chiefs have identified more than $32 billion in critical unfunded requirements in fiscal year 2002, roughly twice the amount they identified last year. These shortfalls were not addressed in the fiscal year 2001 supplemental appropriations bill recently passed by the Congress and signed by the President. Moreover, the Army is the smallest it has been since 1950, the Navy has shrunk to 317 ships – more than 40 percent fewer than a decade ago and the smallest fleet since 1933, and the average age of the Air Force's aircraft is 22 years.

With this in mind, the committee has sought to address in this year's budget the most serious aspects of the shortfalls in readiness, modernization, and quality of life.

Restoring the Bond of Trust with Our Men and Women in Uniform

Ensuring a decent quality of life for military personnel and their families remains one of the most important national defense priorities. America's military is only as good as the people who serve in it. Recruiting and retaining top-notch personnel remains vital to ensuring that the U.S. armed forces are the best in the world.

With the efforts of Congress over the past six years, the quality of living for U.S. military personnel and their families has improved, and recruiting and retention trends have improved. Nevertheless, meeting the challenge of recruiting and retaining sufficient numbers of high quality personnel remains difficult, and the troublesome trend of the continued departure of many of the best and brightest mid-career enlisted and officer personnel continues.

Continuing its effort to improve quality of life and ensure adequate military pay and bonuses, the committee recommends the largest single-year increase in military personnel funding since 1985 – a total increase of $6.9 billion over the fiscal year 2001 level. The committee bill also would fund the largest military pay raise since 1982, thereby fully supporting the President's proposal to add $1.0 billion to military pay. This pay raise provides five to six percent across-the-board pay raises for all military personnel, as well as targeted pay increases for mid-career service members that range above 10 percent. In addition, the bill would boost military special pay and enhance incentives to join the Reserve Officers Training Corps (ROTC). Moreover, the committee bill would improve the recruiting and retention efforts of the services and would provide for enlistment and re-enlistment bonuses. The committee bill also contains the increases for military housing contained in the budget request. Further, the committee bill recommends an additional effort: innovative programs to reduce the significant out-of-pocket costs experienced by military personnel as a result of permanent change of station moves.

Importantly, the committee bill satisfies $95 million of the service chiefs' unfunded personnel requirements.

The committee bill also would increase funding for defense medical programs of over $6 billion. With this authorization, the committee bill would provide the funding needed this coming fiscal year to implement fully the new TRICARE For Life program enacted last year.

These actions follow up on the efforts of Congress last year to reform the military health care system and compensation practices. The quality of life improvements contained in the committee bill this year represent the most significant step toward making a real improvement in military quality of life in nearly two decades. However, this is just one step forward, and real progress in this area will require additional actions over the next several years.

Enhancing Readiness

Restoring military readiness remains a key priority for the committee, as U.S. military readiness is essential to securing America's future as the world's sole superpower. Over the past six years, Congress has led the effort to identify and reverse the declining state of military readiness. Today, there is bipartisan agreement that U.S. military readiness has declined due to an increased pace of operations combined with inadequate funding and escalating maintenance costs of aging equipment. The committee bill would make real progress toward reversing this decline by providing significant increases to key operations, maintenance, and training accounts.

Despite the increases in the Administration's fiscal year 2002 defense budget request, readiness remains a serious concern. Existing readiness problems include a shortage of spare parts, aging equipment, decaying infrastructure, growing equipment and facilities' backlogs, insufficient training, and personnel shortages. In the past, essential modernization was deferred to provide for near-term readiness requirements. In addition, maintaining the readiness of "first-to-fight" forces has led to the diversion of resources from other operational support units, including strategic airlift, intelligence, surveillance and reconnaissance, combat service support units, and training bases. As General Henry Shelton, Chairman of the Joint Chiefs of Staff, testified before the committee on June 28, 2001, "The bottom line is, I do not believe that we will be able to sustain our long-term readiness under these conditions."

Secretary of the Army, Thomas White, testifying before the committee on July 18, 2001, stated, "After a decade of underfunding and overworking our force, we are clearly in a hole, and getting out will require a significant investment." Secretary of the Air Force James Roche and Air Force Chief of Staff General Michael Ryan, testified before the committee on July 11, 2001, that "overall Air Force readiness is lower than any time since June 1987." The Chief of Naval Operations, Admiral Vern Clark, testified on July 12, 2001, "The challenge of sustaining our current readiness while investing in key future capabilities remains a very difficult balancing act…. [T]his is an area where we do not meet the goals and the targets that we need in this budget." Despite this challenge, Admiral Clark stated, "I believe this is the best readiness budget that we have seen in at least a decade."

The committee bill seeks to improve both the near-term and long-term readiness of U.S. military forces by addressing critical readiness priorities. Specifically, the committee bill would increase key readiness accounts by $7.5 billion above the fiscal year 2001 level. Unfortunately,

the decision to halt combined arms naval training on the island of Vieques, Puerto Rico, beginning in 2003 will negatively impact the readiness of the armed forces. The committee bill would ensure that live-fire training could continue on the island until such time as an alternative site is found that would provide for at least an equivalent level of training.

Modernizing and Equipping the Force of the Future

Despite the end of the Cold War, the U.S. military has not fully adapted to meet the new challenges of the post-Cold War environment. For the United States to ensure that U.S. service members retain the technological edge on the battlefields of tomorrow – thereby saving lives and winning wars – the U.S. military must ensure that it has the weapons, equipment, and strategies to successfully meet future challenges.

While the exact path for transforming the military to meet these future challenges is not yet clear, modernizing the force with new technologies and advanced capabilities to fight and win future conflicts is vital. Until this path is clear, the transformation effort must take place on two fronts – maintaining the current force through a steady procurement program and developing revolutionary technologies through an aggressive research and development program.

The committee notes that today's military is continuing to live off the investment in equipment made decades ago. In his testimony before the committee on June 28, 2001, Secretary Rumsfeld stated, "We have been living off the substantial investments of the 1970s and 1980s."

Unfortunately, the Administration's request for procurement programs was the weakest aspect in an otherwise strong defense budget. Secretary White, in testimony before the committee on July 18, 2001, stated that "there will continue to be shortfalls in a number of critical areas such as modernization and recapitalization of our current force." Secretary of the Navy, Gordon England, testifying on July 12, 2001, stated, "What this increase does not do, however, is adequately address our infrastructure and procurement shortfalls."

In effect, the fiscal year 2002 amended defense budget request for procurement would place modernization efforts on hold, pending completion of DOD's strategic review. Instead, the committee bill would provide $62 billion ($442.1 million more than the President's request) to procure weapons, ammunition, and equipment, while careful reprioritization of the budget enabled the committee to meet $253.4 million of the service chiefs' unfunded requirements. The resulting procurement budget will slow the erosion of the force while laying the foundation for transformation into the future military force.

By contrast, the Administration's research and development (R&D) budget represents the first significant increase in the past decade and the first time in six years that the requested amount for R&D was greater than the amount provided by Congress in the previous year. This significant level of support for R&D programs will likely ensure rapid progress in developing innovative technologies, deploying ballistic missile defenses, and testing and evaluating transformation programs. Therefore, the committee bill would provide $47.7 billion ($228.5 million more than the President's request and $6.7 billion more than the fiscal year 2001 level) for research and development programs, including funds for ballistic missile defense programs.

Defending Americans From Ballistic Missile Threats

Today, Americans at home and abroad are within striking range of thousands of ballistic missile warheads. The risk of accidental or unauthorized launch of ballistic missiles remains real, and the proliferation of missile technology has allowed nations like North Korea to develop and test ballistic missiles capable of reaching U.S. soil.

Furthermore, American military forces and allies around the world have no effective defense against the ballistic missile threat. Over 100,000 U.S. troops in South Korea and Japan live under the threat of ballistic missile attack, as do American forward-based air and naval forces in Northeast Asia, the Mediterranean, and the Persian Gulf. Even vital U.S. allies including South Korea, Japan, and Taiwan face known ballistic missile threats and have no effective defense.

Unfortunately, ballistic missiles and weapons of mass destruction technology are proliferating faster than the U.S. ability to defend against them. Secretary Rumsfeld, in testimony before the committee on June 28, 2001, warned against underestimating the threat posed by ballistic missiles and the weapons they carry. "We would be making a terrible mistake to not be attentive to the spread of weapons of mass destruction and the ability to deliver them," he stated. Deputy Secretary of Defense Paul Wolfowitz, testifying before the committee on July 19, 2001, explained the reason other states seek ballistic missile capabilities: "To those who wonder why so many of the regimes hostile to the United States – many of them desperately poor – are investing such enormous sums of money to acquire ballistic missiles, I suggest this possible answer: They know we don't have any defenses."

Ten years after 28 U.S. service personnel lost their lives as a result of a single Iraqi Scud missile attack during the Persian Gulf War, Americans remain vulnerable to ballistic missile threats. For this reason, the committee supports efforts to accelerate research, development, and deployment of effective ballistic missile defenses.

The committee believes that America's total vulnerability to ballistic missiles must end. Unfortunately, missile defense programs have never received the level of support and funding necessary to support such an important mission. As a result, the committee bill would support the Administration's request for a significant increase in funding for ballistic missile defense programs as the first step toward the day when all Americans are protected against ballistic missile attack. The committee endorses the President's approach to ballistic missile defense, and is encouraged that the proposed missile defense program includes plans for a layered defense system and realistic testing, and explores a full range of technologies. As such, the committee endorses the Administration's missile defense program, with modest adjustments, and recommends $8.2 billion, $2.9 billion more than the fiscal year 2001 level, for the continued development of ballistic missile defenses.

The Committee Bill: A Significant Step Forward on the Path Toward Ensuring U.S. National Security

The National Defense Authorization Act for Fiscal Year 2002 represents a significant step forward in the committee's efforts to ensure that U.S. national security is protected and that the U.S. armed forces are second-to-none. It contains significant improvements in personnel, readiness, and modernization designed to keep America's military on the cutting edge of

technology and able to defeat any potential military challenge. This bill accomplishes much, but much more remains to be done.

Modernizing and maintaining today's military forces – and transforming them to meet future challenges – will require a serious and sustained commitment of resources. The committee understands that in the current prolonged period of peace, additional investments in national defense are seen by some as unnecessary. However, the cost of keeping the peace is always less than the cost of failing to do so. Clearly, defense increases are not only affordable but also essential if the United States is to remain a superpower able to promote and protect its global interests.

HEARINGS

Committee consideration of the National Defense Authorization Act for Fiscal Year 2002 results from hearings that began on March 22, 2001 and that were completed on July 18, 2001. The full committee conducted 7 sessions. In addition, a total of 20 sessions were conducted by five different subcommittees and two panels of the committee on various titles of the bill.

FISCAL DATA

Pursuant to clause 3(d) Rule XIII of the Rules of the House of Representatives, the committee attempted to ascertain annual outlays resulting from the bill during fiscal year 2002 and the following four years. The results of such efforts are reflected in the cost estimate prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974, which is included in this report pursuant to clause 3(c)(3)

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the House of Representatives, the cost estimate prepared by the Congressional Budget Office and submitted pursuant to section 402 of the Congressional Budget Act of 1974 is as follows:

August 22, 2001.

HON. BOB STUMP,
CHAIRMAN, COMMITTEE ON ARMED SERVICES, HOUSE OF REPRESENTATIVES,
WASHINGTON, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2586, the National Defense Authorization Act for Fiscal Year 2002.

The CBO staff contact is Kent Christensen, who can be reached at 226-2840. If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

DAN L. CRIPPEN

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

SUMMARY: H.R. 2586 would authorize appropriations totaling $343 billion for fiscal year 2002 for the military functions of the Department of Defense (DoD) and the Department of Energy. It also would prescribe personnel strengths for each active duty and selected reserve component of the U.S. armed forces. CBO estimates that appropriation of the authorized amounts for 2002 would result in additional outlays of $338 billion over the 2002-2006 period.

The bill also contains provisions that would raise the costs of discretionary defense programs over the 2003-2006 period. CBO estimates that those provisions would require appropriations of $9 billion over those four years.

The bill contains provisions that would reduce direct spending, primarily through revised payment rates for some services offered under the Tricare for Life program and certain asset sales. We estimate that the direct spending savings resulting from provisions of H.R. 2586 would total $384 million over the 2002-2006 period and $355 million over the 2002-2011 period. Those totals include estimated net receipts from asset sales of $44 million over the next five years and $20 million over 10 years. Because it would affect direct spending, the bill would be subject to pay-as-you-go procedures.

The bill contains several intergovernmental mandates as defined by the Unfunded Mandates Reform Act (UMRA). CBO estimates, however, that the costs of complying with those mandates would not be significant and would not exceed the threshold as specified in UMRA. The bill also contains provisions that affect DoD's Tricare long-term care program and would increase costs in state Medicaid programs. The remaining provisions of the bill are either excluded under Section 4 of UMRA, which excludes from the application of that act any legislative provisions that are necessary for the national security, or contain no mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2586 is shown in Table 1. Most of the costs of this legislation fall within budget function 050 (national defense).

TABLE 1. BUDGETARY IMPACT OF H.R. 2586, THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2002

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Defense Programs						
Budget Authority [a]	316,051	0	0	0	0	0
Estimated Outlays	301,602	107,667	36,099	13,839	6,256	3,308
Proposed Changes						
Estimated Authorization Level	0	342,945	0	0	0	0
Estimated Outlays	0	226,158	77,322	23,645	8,199	3,000

Spending Under H.R. 2586 for Defense Programs						
Estimated Authorization Level[a]	316,051	342,945	0	0	0	0
Estimated Outlays	301,602	333,825	113,421	37,484	14,455	6,308
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES)						
Estimated Budget Authority	0	9	-320	-4	-9	1
Estimated Outlays	0	4	-340	-12	6	2
ASSET SALES[b]						
Estimated Budget Authority	0	-22	-32	-16	-5	31
Estimated Outlays	0	-22	-32	-16	-5	31

NOTE: This table excludes estimated authorizations of appropriations for years after 2002. (Those additional authorizations are shown in Table 3.)

The 2001 level is the amount appropriated for programs authorized by the bill.

Asset sale receipts are a credit against direct spending.

BASIS OF ESTIMATE

Spending Subject to Appropriation

The bill would authorize appropriations totaling $343 billion in 2002 (see Table 2). Most of those costs would fall within budget function 050 (national defense). H.R. 2586 also would authorize appropriations of $100 million for the Presidio Trust Fund (function 300—natural resources and environment), $99 million for the Maritime Administration (function 400—transportation), $71 million for the Armed Forces Retirement Home (function 600—income security), and $17 million for the Naval Petroleum Reserves (function 270—energy).

The estimate assumes that the amounts authorized for 2002 will be appropriated near the start of fiscal year 2002. Outlays are estimated based on historical spending patterns.

The bill also contains provisions that would affect various costs, mostly for personnel, that would be covered by the fiscal year 2002 authorization and by authorizations in future years. Table 3 contains estimates of those amounts. In addition to the costs covered by the authorizations in the bill for 2002, these provisions would raise estimated costs by $9 billion over the 2003-2006 period. The following sections describe the provisions identified in Table 3 and provide information about CBO's cost estimates for those provisions.

Multiyear Procurement. In most cases, purchases of weapon systems are authorized annually, and as a result, DoD negotiates a separate contract for each annual purchase. In a small number of cases, the law permits multiyear procurement; that is, it allows DoD to enter into a contract to buy specified annual quantities of a system for up to five years. In those cases, DoD can negotiate lower prices because its commitment to purchase the weapons gives the contractor an incentive to find more economical ways to manufacture the weapon, including cost-saving investments. Funding would continue to

be provided on an annual basis for these multiyear contracts, but potential termination costs would be covered by an initial appropriation.

Section 111 would authorize DoD to extend the authorization of multiyear procurement for the Family of Medium Tactical Vehicles by one year through 2002, if the department determines that it is necessary to do so to prevent a break in production of the vehicles. Currently, these vehicles are purchased under a multiyear contract administered by the Army covering a four-year period ending in 2001. The contract allows for an option year in 2002 leading to a new multiyear contract. CBO estimates that the savings from buying the vehicles under the extension would have little or no budgetary impact because the Army assumed that the vehicles planned for purchase in 2002 would be bought at prices similar to prices under the existing multiyear contract.

TABLE 2. SPECIFIC AUTHORIZATIONS IN H.R. 2586

	By Fiscal Year, in Millions of Dollars				
Category	2002	2003	2004	2005	2006
Military Personnel					
Authorization Level	82,224	0	0	0	0
Estimated Outlays	76,995	4,605	164	82	0
Operation and Maintenance					
Authorization Level	124,357	0	0	0	0
Estimated Outlays	93,200	24,264	4,041	1,679	501
Procurement					
Authorization Level	62,036	0	0	0	0
Estimated Outlays	16,208	22,452	13,333	5,013	1,988
Research, Development, Test, and Evaluation					
Authorization Level	47,660	0	0	0	0
Estimated Outlays	25,441	17,990	3,138	674	189
Military Construction and Family Housing					
Authorization Level	10,325	0	0	0	0
Estimated Outlays	2,624	3,987	2,303	776	334
Atomic Energy Defense Activities					
Authorization Level	13,514	0	0	0	0
Estimated Outlays	9,162	3,643	709	0	0
Other Accounts					
Authorization Level	2,746	0	0	0	0
Estimated Outlays	2,173	433	77	35	8

General Transfer Authority					
Authorization Level	0	0	0	0	0
Estimated Outlays	280	-60	-120	-60	-20
Total					
Authorization Level [a]	342,862	0	0	0	0
Estimated Outlays	226,083	77,314	23,645	8,199	3,000

These amounts comprise nearly all of the proposed changes for authorizations shown in Table 1; they do not include the estimated authorization of $83 million for the Coast Guard Reserve, which is shown in Table 3.

TABLE 3. ESTIMATED AUTHORIZATIONS OF APPROPRIATIONS FOR SELECTED PROVISIONS IN H.R. 2586

	By Fiscal Year, in Millions of Dollars				
Category	2002	2003	2004	2005	2006
MULTIYEAR PROCUREMENT					
C-17 Aircraft	0	-117	-293	-272	-252
FORCE STRUCTURE					
DoD Military Endstrengths	230	475	490	504	519
Coast Guard Reserve Endstrengths	83	0	0	0	0
Grade Structure	31	68	84	95	97
18-Month Enlistment Pilot	0	0	12	12	12
COMPENSATION AND BENEFITS (DoD)					
Military Pay Raises	1,026	1,420	1,490	1,558	1,624
Expiring Bonuses and Allowances	616	478	277	171	114
Travel and Transportation Allowances	51	274	351	359	367
Increase Incentive Pay and Bonuses	70	99	103	109	115
Housing Allowances	0	27	36	38	39
New Officer Accession Bonus	18	18	18	20	20
Subsistence Allowances	6	15	8	3	0
Uniform Allowances	4	4	4	4	4
Education and Training	1	6	8	10	13
Other Compensation Provisions	-25	8	3	8	7
DEFENSE HEALTH PROGRAM					
Payment Rates	-144	-90	0	0	0
Long-Term Care Rules	-44	0	0	0	0
Non-Availability Statements	0	0	10	10	10
Other Provisions	8	5	6	6	6

OTHER PROVISIONS					
Limitations on Workforce Reviews	-11	-11	-11	1	105
Service Contracting Reform	15	26	33	27	24
National Guard Challenge Program	0	9	11	13	15
War Medals	0	4	4	5	5
Acquisition Workforce Reduction	-25	-236	-246	-256	-266
Asbestos Differential Pay	-110	-110	-110	-110	-110
Civilian Wage Board Schedule	3	10	10	11	11
Strategic Forces	-20	-70	-140	-200	-220
TOTAL ESTIMATED AUTHORIZATIONS					
Estimated Authorization Level	1,783	2,312	2,159	2,126	2,260

NOTE: For every item in this table except the authorization for the Coast Guard, the 2002 levels are included in the amounts specifically authorized to be appropriated in the bill. Those amounts are shown in Table 2. Amounts shown in this table for 2003 through 2006 are not included in Table 1.

Section 122 would authorize DoD to enter into a new multiyear procurement contract (or extend the current multiyear contract) to buy up to 60 additional C-17 aircraft if the Secretary of Defense certifies to the Congressional defense committees, before the enactment of this bill, that it is in the interest of the department to proceed with follow-on multiyear procurement of the C-17. Under the current multiyear contract, the Air Force will buy 15 aircraft in 2002 and another 8 aircraft in 2003. Assuming the Secretary certifies that it is in the interest of the department to proceed with follow-on multiyear procurement of up to 60 additional C-17s, CBO estimates that savings from buying 60 additional C-17s under this contract arrangement would total $934 million or an average of about $250 million a year over the 2003-2006 period. Funding requirements would total just under $8.3 billion instead of the almost $9.2 billion needed under annual contracts. This estimate assumes that the Air Force would purchase the 60 additional aircraft starting in 2003 at a rate of 15 a year.

Force Structure. The bill contains various sections that affect endstrength, personnel grade structure, and periods of enlistment.

Military Endstrength. The bill would authorize active and reserve endstrengths for 2002 and would raise the minimum endstrength authorization in permanent law. The authorized endstrengths for active-duty personnel and personnel in the selected reserve would total about 1,387,000 and 865,000, respectively. Of those selected reservists, about 66,000 would serve on active duty in support of the reserves. The bill would specifically authorize appropriations of $82.2 billion for the discretionary costs of military pay and allowances in 2002. The authorized endstrength represents a net increase of 3,152 servicemembers that would boost costs for salaries and other expenses by $230 million in the first year and about $500 million annually in subsequent years, compared to the authorized strengths for 2001.

The bill also would authorize an endstrength of 8,000 in 2002 for the Coast Guard Reserve. This authorization would cost about $83 million and would fall under budget function 400 (transportation).

Grade Structure. Sections 415, 423, 503, and 504 would increase the number of service-members in certain grades. Section 415 would change the grade structure of active-duty personnel in support of the reserves and section 423 would increase the number of Air Force officers in the grade of major. Section 503 would reduce the time-in-grade required for promotion to captain in the Army, Air Force, and Marine Corps, and lieutenant in the Navy when service staffing needs require. Under section 504, the number of servicemembers in pay grade E-8 in the Navy, the Marine Corps, and the Air Force would increase. These changes would not increase the overall endstrength, but would result in more promotions to these ranks. CBO estimates these provisions would cost $31 million in 2002, rising to about $100 million by 2006.

18-Month Enlistment Pilot Program. Section 589 would create a pilot program for 18-month enlistments. CBO estimates that implementing this section would cost $36 million over the 2004-2006 period because of the increased recruitment and training activities needed to accommodate the higher military personnel turnover rate and maintain endstrength levels. CBO estimates that implementing this section would increase turnover by approximately 1,000 positions in the 2004-2006 period, and that the cost to recruit and train these troops would be about $34,000 per person.

Compensation and Benefits. H.R. 2586 contains several provisions that would affect military compensation and benefits.

Military Pay Raises. Section 601 would raise basic pay by 5 percent across-the-board and authorize additional targeted pay raises, ranging from 1 percent to 10 percent, for individuals with specific ranks and years of service at a total cost of about $3.1 billion in 2002. Because the pay raises would be above those projected under current law, CBO estimates that the incremental costs associated with the larger pay raise would be about $1 billion in 2002 and total $7.1 billion over the 2002-2006 period.

Expiring Bonuses and Allowances. Several sections would extend DoD's authority to pay certain bonuses and allowances to current personnel. Under current law, most of these authorities are scheduled to expire in December 2001, or three months into fiscal year 2002. The bill would extend these authorities through December 2002. CBO estimates that the costs of these extensions would be as follows:

Payment of reenlistment bonuses for active-duty personnel would cost $327 million in 2002 and $174 million in 2003; enlistment bonuses for active-duty personnel would cost $91 million in 2002 and $140 million in 2003;

Various bonuses for the Selected and Ready Reserve would cost $64 million in 2002 and $73 million in 2003;

Special payments for aviators and nuclear-qualified personnel would cost $52 million in 2002 and $55 million in 2003;

Retention bonuses for officers and enlisted members with critical skills would cost $23 million in 2002 and cost $13 million in 2003;

Authorities to make special payments to nurse officer candidates, registered nurses, and nurse anesthetists would cost $7 million in 2002 and $2 million in 2003;

Accession bonuses for dental officers would have no cost in 2002 and cost $1 million in 2003. (This provision authorizes a three-month extension of the current authority which expires on September 30, 2002); and

Extension of transition authorities for active and reserve members, including temporary early retirement authority, special separation benefit, voluntary separation

incentive, and certain other contingent benefits would cost $52 million in 2002, and $20 million in 2003.

Most of these changes would result in additional, smaller costs in subsequent years because payments are made in installments.

Travel and Transportation Allowances. Sections 631 through 637 would affect travel and transportation allowances by expanding eligibility or increasing benefits. CBO estimates that the cost of these changes would be as follows:

Setting minimum per diem rates equal to the standard rates established for federal civilian travel would have no cost in 2002, but would cost $142 million in 2003 and $731 million over the 2003-2006 period;

Increasing the maximum daily payment rate from $110 to $180 for temporary subsistence allowances and expanding eligibility to officers would cost $45 million in 2002 and $287 million over the 2002-2006 period;

Increasing the maximum weight allowances for junior enlisted members would have no cost in 2002, but would cost $20 million in 2003 and $98 million over the 2003-2006 period;

Raising the pet quarantine fee reimbursement from $275 to $675 would cost $1 million in 2002 and $5 million over the 2002-2006 period;

Authorizing dislocation allowances (DLA) for married servicemembers without dependents where the spouse is a member of the military, would have no cost in 2002, but would cost $3 million in 2003. Expanding eligibility to receive DLA to members moving to their first duty station would have no cost in 2002, but would cost $39 million in 2003. Authorizing a $500 allowance to compensate members who must move for government convenience (e.g., because of privatization or renovation) would cost $5 million in 2002. CBO estimates that combined these three provisions would cost $280 million over the 2002-2006 period.

In total, these provisions affecting travel and transportation allowances would cost $51 million in 2002 and $1.4 billion over the 2002-2006 period. Those provisions with no cost in 2002 reflect an effective date of January 1, 2003.

Increases in Incentive Pay and Bonuses. Sections 539, 616, and 617 would expand eligibility for bonuses and increase pay for personnel with special skills. Section 539 would expand the population eligible to receive stipends under the Health Professional Stipend Program to include medical and dental school students. Assuming the number of participants would increase gradually, at about 5 percent a year, CBO estimates section 539 would cost less than $500,000 in 2002 and $7 million over the 2002-2006 period.

Under section 616, certain reservists on inactive-duty training would be entitled to a full month of aviation career incentive pay for performing flying duty. Under current law, reservists receive aviation career incentive pay based on a daily rate for only the days they perform flying duty. Section 617 would raise the maximum pay rates for servicemembers performing submarine duty. CBO estimates these pay increases, effective January 1, 2002, would cost $70 million in 2002 and $489 million over the 2002-2006 period. Together, these increases in incentive pay and bonuses would cost $70 million in 2002 and $496 million over the 2002-2006 period.

Housing Allowances. Section 604 would expand eligibility to receive the basic allowance for housing (BAH) to junior enlisted members in grades E-3 and below who

are on leave or traveling between permanent duty stations. Currently, only members in grades E-4 and above are eligible to receive BAH under these conditions. Using DoD's estimate of enlisted accessions, and adjusting for losses during training, CBO expects that about 175,000 enlisted members in grades E-3 and below would be eligible to receive BAH while traveling between permanent duty stations. Assuming members would, on average, be between duty stations for ten days, and applying the BAH rates for members with and without dependents, CBO estimates the average cost per member with and without dependents would be about $210 and $180, respectively. Based on an effective date of January 1, 2003, CBO estimates expanding eligibility to these servicemembers would have no cost in 2002, but would cost $27 million in 2003 and $140 million over the 2003-2006 period.

New Officer Accession Bonus. Section 620 would authorize a new accession bonus for officers. The amount of the bonus, limited to $100,000, could be paid in a lump sum or installments. Based on information from DoD, CBO expects that the Air Force and the Navy would use this authority starting in 2002, and that the provision would cost $18 million in 2002 and $94 million over the 2002-2006 period.

Subsistence Allowances. Section 603 would extend the current authority to provide an additional subsistence payment when rations-in-kind are not available. DoD plans to prescribe this incremental subsistence allowance until payments may be fully offset by the annual increases in basic allowance for subsistence (BAS). CBO estimates that under DoD's plan, additional subsistence payments would end in 2005. This section also would delay the termination of BAS transition authority by three months, making termination effective on January 1, 2002, and saving an estimated $15 million in 2002. CBO estimates the combined effects of implementing these provisions would cost $6 million in 2002 and $32 million over the 2002-2006 period, assuming appropriation of the necessary amounts.

Uniform Allowances. Section 605 would loosen restrictions on eligibility of officers to receive an additional $200 clothing allowance by doubling the cap on the dollar amount a member may receive in an initial clothing allowance over the prior two years. Under current law, officers are ineligible to receive the additional allowance if they have received more than $200 in an initial clothing allowance during the past two years. Raising the cap would increase the number of officers eligible for the additional $200 allowance. CBO estimates that implementing this provision would cost $4 million in 2002 and $20 million over the 2002-2006 period, subject to appropriation of the necessary amounts. Because this provision would have an effective date of October 1, 2000, section 605 would authorize retroactive payments of this additional $200 allowance and would thus increase direct spending. Those costs are discussed later in this estimate under the heading of "Direct Spending."

Education and Training. Section 529 would direct the National Defense University (NDU) to continue its concept validation test of joint professional military education for the reserves and to conduct a pilot program in 2003. The scope of the pilot program is undefined, but based on information from NDU, CBO estimates the program will eventually involve about 500 students at a cost of $10,500 per student per year. CBO expects that most of the costs in 2003 would be associated with program startup. CBO estimates minimal cost in 2002 because the validation program would still be

ongoing. Overall, CBO estimates that this section would cost $23 million over the 2002-2006 period.

Section 538 would remove the cap on the number of Junior Reserve Officers' Training Corps (JROTC) units. The services plan to have 3,185 units in 2002, less than the current cap of 3,500 units. Based on recent growth rates, CBO expects the number of units would exceed 3,500 in 2005. CBO estimates implementing section 538 would increase JROTC costs by $2 million in 2005, rising to $5 million in 2006.

Under section 535, servicemembers on regular active-duty status could participate in the Senior Reserve Officers Training Corps (ROTC). Under current law, participation in Senior ROTC is limited to members of the reserves. Based on information from the military services, CBO expects that the Air Force and the Army would implement this new authority. Because the Air Force indicates that it would provide the same benefits to active-duty Senior ROTC participants as are paid to those in the Airman Education and Commissioning Program, CBO estimates no cost impact for the Air Force. The Army indicates, however, that it would not pay tuition or provide stipends or scholarships for about 200 active-duty Senior ROTC participants. Because the Army would save the expense of Officer Candidate School or ROTC scholarships and stipends for members who would receive officer training under this section, CBO estimates savings of $1 million in 2002 and $9 million over the 2002-2006 period. CBO expects that these members would use Montgomery GI Bill (MGIB) benefits to fund their education. Therefore, this provision would increase direct spending. Those costs are discussed later in this estimate under the heading of "Direct Spending."

Section 533 would increase the number of international students authorized to be admitted to the service academies and would eliminate the restrictions on full tuition waivers. CBO estimates that this section would cost $17 million over the 2002-2006 period. Removing the restrictions on tuition waivers would allow about 70 additional international students to receive full tuition assistance each year. This figure includes students admitted because of the higher number of international slots made available under this section, as well as slots that are currently receiving only partial tuition assistance. The current cost of tuition for an international student is about $62,000 a year, and the annual cost of implementing this section would be about $4 million.

Other Compensation Provisions. Section 619 would allow servicemembers electing to receive the 15-year career status bonus to have this bonus paid in installments. Currently this $30,000 bonus is offered as a lump-sum payment. CBO assumes that about 10 percent of those electing to receive the bonus would, on average, choose to receive two payments of $15,000 spread over two years. Because these decisions would shift some payments from one year into the next, CBO estimates section 619 would save $30 million in 2002 and about $25 million over the 2002-2006 period. The somewhat lower total savings over the five-year period reflects small costs in some years that result from the estimated yearly change in the number of servicemembers with 15 years of service.

Section 507 would allow an active-duty servicemember who is being separated from the armed services because of a physical disability to have his separation pay based on the rank to which he would have been promoted had he not been separated. Based on current pay tables and information from DoD, about 17 percent of such members would have been approved for promotion and, under section 507, would be entitled to a 17

percent pay increase in separation pay. CBO estimates implementing section 507 would increase separation pay by about 3 percent or $5 million a year.

Defense Health Program. Title VII contains several provisions that would affect DoD health care and benefits. Tricare is the name of DoD's health care program and the spending under Tricare for beneficiaries under age 65 is subject to appropriation. Spending under Tricare for beneficiaries age 65 and over, often called Tricare for Life (TFL), is subject to appropriation in 2002, but beginning in 2003 this spending will be paid out of a trust fund and will not be subject to appropriation.

Payment Rates. Under current law, DoD has the regulatory authority to set maximum allowable rates for medical services to limit how much the Tricare program pays to health care providers. Although DoD has set maximum rates for many services, it has not yet set rates for hospital outpatient diagnostic services, including clinical lab work and radiation services, and long-term care services such as skilled nursing and home health care services. As a result, Tricare currently pays 75 percent of billed charges for these services. DoD has started the regulatory process to establish maximum rates for the services listed here and estimates it will take upwards of two years to implement the changes by regulation.

Section 701 would require DoD to implement these rates by January 1, 2002. Under this provision, DoD would be able to lower its costs for both hospital outpatient and long-term care services over the 2002-2003 period before the regulations would have been implemented. These savings would affect spending subject to appropriation as well as direct spending for retirees of the other uniformed services in 2002 and 2003 and the TFL trust fund that starts operation in 2003. CBO estimates that the total savings in spending subject to appropriation for hospital outpatient and long-term care services would be about $230 million over the 2002-2003 period, assuming appropriations are reduced by the estimated amounts. Section 701 would affect two different programs: Tricare (under 65) and Tricare for Life. Those two effects are discussed below.

By lowering payment rates for hospital outpatient diagnostic services, DoD would be able to reduce spending on its beneficiaries under age 65. (This portion of the provision would not affect beneficiaries age 65 and over because Medicare is first payer for these services and TFL would only be responsible for the Medicare deductible and copayments.) Using data from DoD, CBO estimates that making payment rates for hospital outpatient diagnostic services equivalent to Medicare rates would lower Tricare spending for these services by about 30 percent. CBO estimates that lowering the payment rates for hospital outpatient services would save about $150 million over the 2002-2003 period, assuming appropriations are reduced by the estimated amounts.

Under section 701, DoD also would lower the rates paid for skilled nursing and home health care. This change would primarily affect the TFL program since beneficiaries under age 65 do not use much long-term care (DoD spent only $10 million on long-term care for those under 65 in 2000). Savings arise because Tricare's skilled nursing benefit has no time limit while Medicare's benefit expires after 100 days. The change in payment rates would have no impact on Tricare for the first 100 days because Tricare would only be liable for the deductibles and copayments charged under Medicare. However, this provision would lower the amount that Tricare would pay for those beneficiaries who need more than 100 days of skilled nursing care. Additionally, Tricare would reduce its costs for providing skilled nursing and home health care to those

beneficiaries who use these services without a prior hospital stay and are thus not Medicare-eligible.

CBO estimates the savings to Tricare would initially be low because the Tricare for Life program does not actually begin operation until the start of fiscal year 2002 and CBO expects that it will take about a year before all beneficiaries take full advantage of the program. CBO estimates that lowering payment rates for skilled nursing and home health care would save DoD about $80 million in 2002, assuming appropriations are reduced by the estimated amounts. (There also would be direct spending savings of about $7 million over the 2002-2003 period for the other uniformed services, and about $215 million in 2003 for DoD when the trust fund begins operation. CBO's estimates of those savings is discussed below under the heading of "Direct Spending.")

Long-Term Care Rules. Tricare does not currently require a hospital stay prior to using long-term care services such as skilled nursing and home health care. Requiring prior hospitalizations would reduce the number of beneficiaries who use long-term care. DoD has started the regulatory process to require such prior hospitalizations and expects to complete the process by the start of fiscal year 2004.

Section 704 would require DoD to structure the Tricare long-term care program to resemble Medicare, which requires prior hospitalization before being eligible for skilled nursing and home health care. Under section 704, DoD would be required to implement this provision on October 1, 2001. Requiring prior hospitalization under Tricare's long-term care program would reduce the benefit for those beneficiaries that would otherwise have used long-term care and would save DoD the cost of providing this care over the 2002-2003 period before the DoD's the new long-term care rules would have gone into effect under DoD's plan. CBO estimates that some of those beneficiaries would likely be able to get a prior hospitalization before seeking care. In those instances, Medicare would become the first payer while a few beneficiaries would end up using Medicaid. Thus the savings to DoD would be partially offset by increased costs to both Medicare and Medicaid (discussed below).

Using data from DoD and the Agency for Healthcare Research and Quality, CBO estimates that about 3,500 beneficiaries, who would have used skilled nursing without a hospital stay, would be affected by these new rules along with about 24,000 beneficiaries who would have used home health care. CBO estimates that some of those beneficiaries would pay for the long-term care through Medicare or Medicaid, while others would pay the costs themselves, use other insurance, or do without the long-term care. For those beneficiaries who would be covered by Medicare, DoD would not save the full cost because Tricare would be liable for all deductibles and copayments. Taking this information into account, CBO estimates that, under section 704, Tricare spending would be reduced by about $40 million in 2002, assuming appropriations are reduced by the estimated amounts. (There would also be direct spending savings of about $120 million for both the trust fund and the other uniformed services in 2003 and Medicare and Medicaid costs in both 2002 and 2003.)

Non-Availability Statements. Under current law, users of military health care have the option of enrolling in Tricare Prime, an HMO-like plan that centers its provision of services around military treatment facilities. Users who do not enroll in Tricare Prime have the option of using Tricare Extra, a preferred provider network, or Tricare Standard, a traditional fee-for-service insurance plan. Beneficiaries who live within 40 miles of a

military hospital must get a statement from the hospital that it cannot provide the requested care before the beneficiary may use Tricare Standard or Extra. Absent that statement, Tricare does not have to pay for the care received at a nonmilitary facility.

Section 702 would prohibit the requirement of such statements beginning sometime in fiscal year 2004 (two years after the enactment of this bill), unless the Secretary of Defense certifies that they are still needed for each medical procedure. Based on information from DoD, CBO expects that the Secretary of Defense would certify that these statements are necessary in most cases, although not in all cases. For those cases where a statement would no longer be necessary, CBO estimates that this provision would cost about $10 million in 2004 and $30 million over the 2004-2006 period, assuming appropriation of the estimated amounts.

Other Defense Health Care Provisions. H.R. 2586 also contains two proposals that would cost relatively little over the 2002-2006 period. CBO estimates that implementing these two additional health care provisions would cost $8 million in 2002 and $31 million over the 2002-2006 period.

Section 705 would allow DoD to reimburse the parent or guardian of minors for travel costs associated with the minor receiving care at a military treatment facility more than 100 miles away from the minor's home. CBO estimates that this proposal would cost about $5 million a year.

Section 588 would allow government agencies to pay the employee's share of the insurance premium paid under the Federal Employee Health Benefits program, if the employee is involuntarily called to active duty for a contingency operation. It also would allow the agencies to reimburse past premium payments for employees called up after December 8, 1995. CBO estimates that this provision would cost about $3 million in 2002 (primarily for reimbursements), less than $500,000 in 2003, and $1 million a year beginning in 2004.

Limitations on Workforce Reviews. Section 331 would limit the ability of DoD to conduct outsourcing studies to only 3,053 civilian positions in fiscal year 2002. CBO estimates that this section would cost about $70 million over the 2002-2006 period, assuming appropriation of the necessary amounts.

DoD currently plans to conduct outsourcing studies on approximately 13,000 civilian positions in 2002. Under section 331, DoD would review 10,000 fewer positions than planned. Based on information from the General Accounting Office (GAO) and DoD, CBO estimates that each outsourcing study takes three years to accomplish and costs approximately $3,500 per position studied. CBO estimates that reducing the number of positions reviewed in 2002 would result in a savings of approximately $34 million over the 2002-2004 period. CBO also estimates that an additional $51 million would be saved in 2005 because the department would not have to pay the involuntary separation costs associated with the workforce reductions resulting from the reviews. CBO estimates that separation costs would average $5,200 for each position studied. While actual separation costs range between $20,000 to $25,000 for each position, the average cost per position studied considers the fact that only half of the civilian positions reviewed would result in job eliminations, and that many of the civilians whose jobs were eliminated would be transferred to other positions within the department.

The costs associated with section 331 would result from DoD having to reduce future savings estimates for the years 2005 and beyond. Based on information from DoD

and GAO, CBO estimates that recurring savings would be approximately $10,500 for each position studied. CBO estimates that, under it's current plan, DoD would begin to realize savings from outsourcing studies begun in 2002 in the second half of 2005 and that the annual savings under DoD's current plan would be approximately $140 million in 2006 and every year thereafter. Under the proposed limits in this provision, CBO estimates that DoD would realize savings of only $33 million in 2006 and thereafter. The reduction in savings for the 2005-2006 period would be approximately $155 million.

Service Contracting Reform. Subtitle G of title III would extend workforce review studies to new requirements and work previously outsourced to the private sector. CBO estimates that implementing these sections would cost approximately $125 million over the 2002-2006 period.

Section 383 would require workforce studies on all new requirements not previously performed by DoD or contractor personnel that result in contracts greater than $1 million. Based on information from DoD, CBO estimates that this provision would affect approximately 10,000 contractor positions each year and that the cost to review each position would be approximately $3,500. Because the requirements of this provision would be phased in over a four-year period so that only 30 percent of the requirement would need to be met by 2005, CBO estimates that implementing this provision would cost $20 million over the 2002-2006 period.

Section 385 would require DoD to subject an equivalent number of contractor positions to workforce reviews for each civilian position review planned. Based on information from DoD and GAO, CBO estimates that DoD would study approximately 34,000 contractor positions at a cost of $105 million over the 2002-2006 period.

CBO estimates no significant savings as a result of these reviews. Although some evidence suggests that subjecting contractors to competition could reduce costs in some instances, most estimated savings from workforce reviews are due to reductions of government personnel and overhead. It is also uncertain as to what extent government organizations could organize themselves to formally compete for work currently performed by the private sector.

National Guard Challenge Program. Section 587 would eliminate the spending cap on the National Guard Challenge Program beginning in fiscal year 2003, and would also increase the federal contributions to state programs from 60 percent to 75 percent. CBO estimates that implementing this section would cost $48 million over the 2003-2006 period. CBO estimates that increasing the federal contributions to 75 percent would increase the annual cost for each space by about $1,000. Applying this cost to the 6,600 spaces in the program and allowing program costs to increase with inflation would result in an average annual cost for the program of about $10 million over the 2003-2006 period.

War Medals. Sections 546 and 547 would establish two new service medals. Section 546 would create a Korea Defense service medal for those servicemembers who served in the Republic of Korea or the adjacent waters at any time during the period beginning July 28, 1954, and ending at a time to be determined by the Secretary of Defense. CBO expects that on average about 200,000 medals would be awarded each year. Section 547 would authorize a Cold War service medal for members who served on active duty between September 2, 1945, and December 26, 1991. CBO estimates that about 500,000 eligible members, or their survivors, would apply each year. CBO

estimates that these provisions would have no cost in 2002, but would cost $18 million over the 2003-2006 period. CBO estimates no cost in 2002 to account for the delay in designing and minting these medals, and processing applications.

Reductions in Defense Acquisition Workforce. Section 901 would limit the size of the defense acquisition workforce by requiring a reduction of at least 13,000 military and civilian personnel during fiscal year 2002. Because the total number of military personnel is determined by endstrength requirements, CBO assumes that the provision would lead to their transfer to other activities rather than separation from the services. Separations of civilian personnel, who comprise about 80 percent of the acquisition workforce, would account for the remaining reductions. Because these civilian reductions would exceed those expected under current law, CBO estimates savings of $25 million in 2002, $236 million in 2003, and $1 billion over the 2002-2006 period. Savings would be relatively small during the first year because the cost of separation payments would offset most of the initial savings in salaries.

Asbestos Differential Pay. Under section 1108, federal wage-grade employees would be subject to the same standards as general schedule employees when determining eligibility for environmental differential pay (EDP), based on exposure to asbestos. Under current law, general schedule employees are entitled to 8 percent hazard differential pay if they are exposed to asbestos that exceeds the Occupational Safety and Health Administration (OSHA) permissible exposure limits. The current EDP standard for wage-grade employees entitles them to the same 8 percent of pay, but does not set an objective measure for determining the level of asbestos exposure necessary to qualify for EDP. In several instances where wage-grade employees have sought back pay for EDP, arbitrators found in favor of the employees when asbestos levels were below those consistent with OSHA standards. Based on information from DoD on prior and pending arbitration rulings, CBO expects that implementing section 1108 would reduce the amount of back pay federal agencies would be required to pay for EDP based on asbestos exposure. Assuming these cases would be handled administratively, CBO estimates establishing OSHA standards for asbestos EDP would save $110 million in 2002 and $550 million over the 2002-2006 period, assuming appropriations are reduced by the estimated amounts.

DoD Civilian Wage-Grade Schedule. Section 1110 would establish the same guidelines for determining the pay schedule for DoD wage-grade employees as those in place, under current law, for non-DoD wage-grade employees when there are an insufficient number of comparable positions in the local private industry to generate the wage schedule. Under current law, DoD may only consider local private-industry rates when constructing the wage schedules for various wage areas across the country. This section would instruct DoD to consider private-industry rates in both the local area and a similar wage area, with more comparable private-sector positions. Based on information from the Office of Personnel Management, CBO estimates that section 1110 would increase the wages of DoD wage-grade employees in certain wage areas and would cost $3 million in 2002 and $45 million over the 2002-2006 period, assuming appropriation of the estimated amounts. The lower cost in the first year reflects CBO's assumption that the adjustments to the wage schedules would occur at the same time of year that the wage schedule would normally be adjusted.

Strategic Forces. Section 1044 would repeal subparagraph (D) of section 1302(a)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85), as amended by section 1501(a) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), to allow DoD to initiate actions to retire or dismantle the Peacekeeper intercontinental ballistic missile force. CBO estimates that the provision would save about $600 million over the 2002-2006 period. Those savings would come from eliminating the cost to operate the missiles starting immediately in 2002, eventually saving about $200 million a year. These savings would be partially offset by the costs of removing the missiles and warheads from the silos and the costs of monitoring the silos. CBO assumes that the retirement process would take about three years and that the missiles would be completely retired by the end of 2004. CBO estimates missile retirement costs would total about $100 million over the 2002-2004 period.

Military Housing Privatization Initiative (MHPI). Section 2804 would permanently extend special authorities to finance the construction and renovation of military family housing. Those authorities, which expire on December 31, 2004, allow DoD to use direct loans, loan guarantees, long-term leases, rental guarantees, barter, direct government investment, and other financial arrangements to encourage private-sector participation in building military housing. Funding for those activities derives from the Family Housing Improvement Fund and consists of appropriations to the fund, transfers from other accounts, receipts from property sales and rents, returns on any capital, and other income from operations or transactions connected with the program. Currently the amounts in the fund are available to acquire housing using the various techniques mentioned above, but the total value of budget authority for all contracts and investments undertaken is limited to $1 billion.

Based on how the Office of Management and Budget (OMB) has treated recent use of the authority, CBO does not estimate any budgetary impact from extending the authorities. (This bill authorizes the appropriation of $2 million to the fund for fiscal year 2002, and that amount is included in the budget estimates.) However, CBO believes that OMB's current accounting for MHPI initiatives is at odds with government-wide standards for recording obligations and outlays. Those standards call for different treatments depending on the character of the transaction. The OMB accounting treats certain initiatives primarily as credit transactions that have relatively little cost in terms of recorded obligations and outlays. In contrast, CBO considers those initiatives as having the characteristics of lease-purchases, which call for recording higher levels of up-front obligations and outlays. The Administration's approach will allow DoD to obligate significantly more federal resources than the $1 billion limitation for such projects.

Management of the Presidio of San Francisco. Section 2863 would increase from $50 million to $150 million the amount that the Presidio Trust may borrow, subject to appropriation, from the U.S. Treasury. Based on recent spending patterns of the Trust (which is a wholly owned government corporation that manages the Presidio in California), CBO estimates that this money would be borrowed and spent slowly over the next five years.

Direct Spending

The bill contains provisions that would reduce direct spending, primarily through revision to payments rates for certain defense health care program services and certain asset sales from the National Defense Stockpile. The bill also contains a few provisions with small direct spending costs. On balance, CBO estimates that enacting H.R. 2586 would result in net savings in direct spending totaling $384 million over the 2002-2006 period.

TABLE 4. ESTIMATED DIRECT SPENDING FROM HEALTH CARE AND OTHER PROVISIONS IN H.R. 2586

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES)					
Section 535 - Active-Duty Participation in Senior ROTC					
Estimated Budget Authority	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Section 605 - Retroactive Uniform Allowances					
Estimated Budget Authority	3	0	0	0	0
Estimated Outlays	3	0	0	0	0
Medical Care Trust Fund					
Section 701 - Payment Rates					
Estimated Budget Authority	-2	-220	0	0	0
Estimated Outlays	-2	-220	0	0	0
Section 704 - Long-Term Care Rules					
Estimated Budget Authority	21	-47	0	0	0
Estimated Outlays	21	-47	0	0	0
Section 811- Recovery Audits					
Estimated Budget Authority	-11	-55	-6	-10	0
Estimated Outlays	-16	-75	-14	5	1
Section 2845 - Land Conveyance of Navy Property in Maine					
Estimated Budget Authority	0	1	1	0	0
Estimated Outlays	0	1	1	0	0
Subtotal					
Estimated Budget Authority	9	-320	-4	-9	1
Estimated Outlays	4	-340	-12	6	2
ASSET SALES[a]					
National Defense Stockpile - New Sales					
Estimated Budget Authority	-2	-2	-2	-2	-2
Estimated Outlays	-2	-2	-2	-2	-2

National Defense Stockpile - Accelerated Cobalt Sales					
Estimate Budget Authority	-20	-30	-14	-3	33
Estimated Outlays	-20	-30	-14	-3	33
Subtotal					
Estimated Budget Authority	-22	-32	-16	-5	31
Estimated Outlays	-22	-32	-16	-5	31
TOTAL CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	-13	-352	-20	-14	32
Estimated Outlays	-18	-372	-28	1	33

- Asset sale receipts are a credit against direct spending.

Active-Duty Participation in Senior ROTC. Section 535 would allow servicemembers to participate in the Senior Reserve Officers Training Corps (ROTC) while on regular active-duty status. Under current law, participation in Senior ROTC is limited to members of the reserves. Based on information from the military services, the Army would allow about 200 active-duty enlisted members a year to enroll in college under this program. While the Army would not pay for their education, these members would continue to receive pay and benefits during their college career. CBO expects that these members would use Montgomery GI Bill benefits to fund their education. Under current law, CBO assumes that half of these members would not use their MGIB benefits. Therefore, CBO estimates that section 535 would increase MGIB outlays by $1 million a year, starting in 2002.

Retroactive Uniform Allowances. Section 605 would authorize retroactive payments of an additional $200 clothing allowance for certain officers who were ineligible during fiscal year 2001 because they had received more than $200 in an initial uniform allowance over the prior two-year period. CBO estimates that these retroactive payments would cost $3 million in 2002.

Medical Care Trust Fund. Sections 701 and 704 would change the way DoD administers long-term care and the way it pays for that care under the Tricare for Life program. DoD has the regulatory authority to make the changes that are directed in these sections but thinks it will take upwards of two years to implement the changes by regulation. Section 701 would require that the changes be implemented by January 1, 2002, and section 704 would take effect on October 1, 2001. Accordingly, DoD would save money over the roughly two-year period before the regulations would have been implemented. The Tricare for Life program will begin on October 1, 2001, but the trust fund will not begin operation until one year later, so only the savings to DoD in fiscal year 2003 would be considered direct spending savings. There also would be some minor savings in 2002 for retirees of the other uniformed services.

Payment Rates. Under current regulations, the Tricare for Life program will pay all deductibles and copayments associated with Medicare's skilled nursing benefit and

will pay for skilled nursing care in excess of the Medicare benefit (100 days). Additionally, Tricare will pay for skilled nursing and home health care even if the beneficiary does not have a prior hospital admission. (Tricare will pay 75 percent of billed charges, with no maximum charge, until the beneficiary has paid $3,000 in out-of-pocket costs and then will pay 100 percent of billed charges after that point.) Section 701 would require DoD to set maximum allowable charges for skilled nursing and home health care, which would lower its cost of providing long-term care. CBO estimates that implementing new charges based on Medicare rates would lower what DoD pays for skilled nursing and home health care by about 30 percent. Under section 701, CBO estimates that direct spending from the trust fund for DoD retirees would decline by about $215 million in 2003. (The discretionary savings for 2002 are discussed earlier in the "Spending Subject to Appropriation" section under the heading of "Defense Health Program.")

The Tricare for Life program also covers retired members of the Coast Guard and retired uniformed members of the Public Health Service and the National Oceanic and Atmospheric Administration. Health care spending for these retirees is considered direct spending. Under section 701, CBO estimates that the other uniformed services would save about $2 million in 2002 and $5 million in 2003.

Long-Term Care Rules. Under current law, Medicare will not pay for skilled nursing and home health care unless the beneficiary has been hospitalized before receiving that care. Tricare, on the other hand, will pay for long-term care without a prior hospitalization. For those cases, Tricare becomes the primary insurance because Medicare will not pay. Section 704 would require DoD to structure its long-term care benefit to resemble Medicare's, which requires prior hospitalization. Implementing this provision would lower DoD's costs because fewer beneficiaries would be eligible for skilled nursing and home health care. CBO estimates that under section 704, direct spending from the trust fund would decline by about $120 million in 2003. CBO also estimates that, under section 704, the other uniformed services would save less than $500,000 in 2002 and about $1 million in 2003. (There would also be discretionary savings of about $40 million, as discussed earlier.)

The Tricare for Life program would be able to lower costs by shifting many of those costs to their beneficiaries and other government programs, primarily Medicare. CBO estimates that about 50 percent of individuals who would have used long-term care without a prior hospital stay would be able to qualify under the Medicare rules (about 1,600 for skilled nursing and about 12,000 for home health care). CBO further estimates that the average cost of skilled nursing is about $250 a day, and for home health care about $2,300 for 60 days of care, which is the Medicare benefit. Accordingly, CBO estimates that under section 704 direct spending for Medicare benefits would increase by $20 million in 2002 and $70 million in 2003. In addition, a few beneficiaries would eventually become eligible for Medicaid, which also provides long-term care benefits. CBO estimates that Medicaid costs under section 704 would be $1 million in 2002 and $3 million in 2003.

Recovery Audits. Subtitle B of title VIII would require federal agencies to conduct specialized audits of those accounts that purchase at least $500 million of goods and services from the private sector. The goal of these audits would be to find and recover sums erroneously paid to private vendors. The legislation also would allow

agencies to retain and spend some of the funds recovered under certain conditions. Recovered funds that still would be available for obligation could be spent on the original purposes of those funds, and 25 percent of all other funds could be spent on management improvement projects.

CBO estimates that implementing this program would reduce net direct spending by about $100 million over the 2002-2006 period, by increasing the federal government's recovery of erroneous payments made in prior years. For this estimate, we assume that most agencies would audit at least three years of such payments. Implementing the bill could yield additional savings from payments made after 2001, but such savings would depend on future appropriations. In addition, CBO estimates that the Office of Management and Budget would spend less than $500,000 a year to oversee and report on the bill's implementation, subject to be availability of appropriated funds. The savings from this legislation fall within multiple budget functions.

CBO expects that the requirement to audit payments would apply to about $60 billion in annual payments. This total excludes those accounts that we expect to be audited under current law and those that OMB would probably exempt from the bill's requirements, including accounts that fund research, testing, and procurement of military weapons, finance federal law enforcement activities, and involve medical records. On average, CBO assumes the federal government would recover about 0.1 percent of the $60 billion audited, or $60 million a year. That rate takes into account the difficulty in collecting overpayments that are more than one year old and the likelihood that federal agencies will settle for less than full payment on some of these debts.

CBO estimates that agencies would spend about 45 percent of recovered funds, which is our estimate of the maximum that could be spent under this provision. First, we assume that agencies would spend all of the recovered funds that still would be available for obligation (i.e., funds that were provided under multiyear obligation authority). In addition, we assume that agencies would spend the allowed 25 percent of all other recovered funds (i.e., those recoveries for which the original obligation authority has expired). Based on the obligation authority provided in appropriations for fiscal year 2001, and accounting for certain exclusions that would be allowed under the bill, CBO estimates that agencies could spend at most about 45 percent of recovered funds.

Land Conveyance and Other Property Transactions. Titles XXVIII and XXIX would authorize a variety of property transactions involving both large and small parcels of land.

The bill would result in direct spending by authorizing a conveyance that would reduce offsetting receipts collected by the federal government. Under section 2845, the Navy would be authorized to convey 485 acres of property to the state of Maine or other governmental jurisdictions. Under current law, however, the Navy will declare that property excess to its needs and transfer it to the General Services Administration (GSA) for disposal. Under normal procedures, GSA sells property not needed by other federal agencies or by non-federal entities in need of property for public-use purposes such as parks or educational facilities. Information from GSA indicates that portions of the land will likely be sold under current law after the entire parcel is screened for other uses in 2002. As a result, CBO estimates that the conveyance in the bill would result in forgone receipts totaling about $1 million in 2003 and $1 million in 2004.

Section 2861 would direct the Secretary of the Interior to transfer administrative jurisdiction over 35 acres of federal lands in Park City, Utah, to the Secretary of the Air Force, for purposes of building a recreational facility. Title XXIX also would direct the Secretary of the Interior to transfer administrative jurisdiction over approximately 110,000 acres of federal lands in San Bernardino County, California, to the Secretary of the Army. Based on information from the Department of the Interior (DOI), CBO estimates that those transfers would not significantly affect the federal budget. According to DOI, the lands currently generate no significant receipts, and the agency does not expect the lands to generate significant receipts over the next 10 years.

CBO estimates that other provisions would not result in significant costs to the federal government because they would either authorize DoD to exchange one piece of property for another or would authorize DoD to convey land that under current law is likely to be given away.

Concurrent Receipt. Upon passage of qualifying, offsetting legislation, section 641 would allow total or partial concurrent payment of retirement annuities together with veterans' disability compensation to retirees from the military, the Coast Guard, the Public Health Service, and the National Oceanic and Atmospheric Administration who have service-connected disabilities. The provision also would discontinue special compensation for certain severely disabled uniformed services retirees.

Under current law, disabled veterans who are retired from the uniformed services cannot receive both full retirement annuities and disability compensation from the Department of Veterans Affairs. Because of this prohibition on concurrent receipt, such veterans forgo a portion of their retirement annuity equal to the nontaxable veterans' benefit.

Section 641 would become effective only upon passage of legislation that would fully offset its costs in each of the first 10 fiscal years after passage of the offsetting legislation. If qualifying, offsetting legislation were enacted in 2001, CBO estimates that implementing this section in 2002 would increase direct spending for retirement payments and veterans’ disability compensation by about $3 billion in 2002, $17 billion over the 2002-2006 period, and $41 billion over the 2002-2011 period. Because those effects are contingent upon subsequent legislation, they are not included in Table 4.

In addition, the military retirement system is financed in part by an annual payment from appropriated funds to the military retirement trust fund, based on an estimate of the system's accruing liabilities. If section 641 were implemented, the yearly contribution to the military retirement trust fund (an outlay in budget function 050) would increase to reflect the added liability from the expected increase in annuities to future retirees. CBO estimates that implementing this provision would increase such payments by about $1 billion in 2002, and $6 billion over the 2002-2006 period, assuming appropriation of the necessary amounts.

Other Provisions. The following provisions would have an insignificant budgetary impact on direct spending:

Section 505 would allow officers, whose mandatory retirement has been deferred for medical reasons, to further postpone their retirement for up to 30 days.

Section 512 would allow the Service Secretaries to hold special selection boards to consider reserve officers from below the promotion zone who, through error, were either not considered for promotion or were passed over on or after October 1, 1996.

Under current law, special selection boards may only consider members who were in or above the promotion zone. Because members would be entitled to back pay if they receive retroactive promotions, enacting this provision would increase direct spending. CBO expects the number of retroactive promotions to be small and we estimate that outlays would increase by less than $500,000 a year.

Section 514 would allow disability retirement for reservists whose disability was incurred or aggravated while remaining overnight before inactive-duty training, or between successive periods of such training. Currently, reservists are only covered during overnight stays for such periods if they are outside reasonable commuting distance of their residences.

Section 515 would reduce the time-in-grade requirement for certain reserve officers who are retired because of a non-service-connected disability. In order to retire at a given grade, they would have to have served six months in that grade, rather than the three years required under current law.

Section 528 would allow the National Defense University (NDU) to collect and spend tuition receipts for up to 10 civilian students from the private sector at any one time. Currently, NDU accepts about 3 civilian students a year, on average, and their tuition is paid to the Treasury. CBO estimates this section would result in a negligible loss of receipts to the Treasury.

Section 542 would require the military to review the records of certain Jewish American and Hispanic American war veterans to determine if any of these veterans should be awarded the Medal of Honor. A $600 a month pension is available to living Medal of Honor recipients. Based on similar reviews in the past, CBO estimates that a small number of awards would be presented (many posthumously), resulting in an increase in direct spending of less than $500,000 a year.

Section 574 would allow DoD to accept voluntary legal services as a way to provide legal help to DoD beneficiaries. Although the service is voluntary, in the event of a legal malpractice suit the government would be liable for any claims against the legal volunteer. Payment of those claims is considered direct spending, but CBO estimates that this provision would cost less than $500,000 each year.

Section 713 would establish a pilot program to allow certain hospitals to provide trauma and other medical care to individuals who are not currently eligible for care at military treatment facilities. The hospital would bill the individuals based on private rates and would have the authority to spend the receipts collected without the requirement for annual appropriations. Based on information provided by DoD, CBO estimates that the department would collect and spend less than $500,000 a year.

Section 1104 would provide greater pension portability for certain civilian employees who have been employed by a Nonappropriated Fund Instrumentality (NAFI) and then become federal workers or vice versa. The provision would make it easier for workers who move between a NAFI employer and the civil service to transfer any accrued service credits from one retirement system to another. Based on information from DoD indicating relatively few workers would be affected by this provision, CBO estimates that section 1104 would change direct spending by less than $500,000 a year.

Asset Sales

The bill would authorize DoD to sell certain materials contained in the National Defense Stockpile that are obsolete or excess to stockpile requirements. CBO estimates that DoD would be able to sell the materials authorized for disposal and achieve receipts totaling about $2 million in 2002, $10 million over the 2002-2006 period, and $20 million over the 2002-2011 period.

The bill also would accelerate by one year the disposal of cobalt that was previously authorized for sale in the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). The 1998 bill authorized the sale of all remaining cobalt starting in 2003. The sales of cobalt authorized for disposal under earlier bills are projected to be completed this year. This bill would allow all remaining cobalt to be sold starting in 2002, thus avoiding a one-year gap in sales. CBO estimates that DoD would be able to expedite that disposal without impacting current market prices, resulting in more receipts from asset sales over the next five years but no net budgetary impact over the 2002-2011 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending that are subject to pay-as-you-go procedures are shown in Table 5. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

TABLE 5. ESTIMATED IMPACT OF H.R. 2586 ON DIRECT SPENDING AND RECEIPTS

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	0	-18	-372	-28	1	33	33	-1	-1	-1	-1
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Section 4 of UMRA excludes from the application of that act any legislative provisions that are necessary for the national security. Many of the provisions in this bill would fall under that exclusion.

Other sections of HR 2586 contain several intergovernmental mandates, including two preemptions of state law. None of the mandates would impose significant costs; therefore, the threshold established by UMRA ($56 million for intergovernmental mandates in 2001, adjusted annually for inflation) would not be exceeded. The bill also would provide for several land conveyances between the federal government and state, local, and tribal governments and includes provisions that would protect those governments from unnecessary cleanup costs should an environmental hazard be discovered on that land.

A provision in title 5 (Military Personnel Policy) would require public secondary schools to provide military recruiters with access to students and to student information in the same manner that such access and information is provided to employers and institutions of higher education. The requirement to provide access and information to the military would be a mandate as defined by UMRA. Because this information is already provided to other parties, the costs of complying with this mandate would be minimal.

The two preemptions in this bill deal with land management. Section 2811 (Use of Military Installations for Certain Recreational Activities) would amend current law to allow the Secretary of Defense to waive compliance with state or territorial fish and game laws at a military installation or facility if the Secretary determines that those laws could result in undesirable consequences for public safety or adverse effects on morale. Under current law, the Secretary must require each military installation or facility under the jurisdiction of any military department to adhere to the appropriate fish and game laws. Such a preemption of state law would be a mandate. However, the costs of complying with this mandate would be minimal, since the states would not be required to take any specific action or spend any money to comply.

Section 2864 (Effect of Limitation on Construction of Roads or Highways, Marine Corps Base, Camp Pendleton, California) would preempt any California state law passed after January 1, 2001, that directly or indirectly prohibits or restricts the construction or approval of a road or highway within an easement granted by the Secretary of the Navy on the Camp Pendleton Marine Corps Base. The costs of complying with this mandate also would be minimal since the state would not be required to take any specific action or spend any money to comply.

Finally, the changes to DoD's Tricare long-term care program would result in additional Medicaid costs to states of about $1 million in 2002 and over $2 million in 2003. Because states have sufficient flexibility in the Medicaid program to alter their programmatic and financial responsibilities, these additional costs would not result from intergovernmental mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On May 22, 2001, CBO prepared a cost estimate for S. 170 and H.R. 303, identical bills titled the Retired Pay Restoration Act of 2001. S. 170 and H.R. 303 would provide identical benefits to those specified in Section 641 of H.R. 2586. If section 641 is implemented by October 1, 2001, the costs would be identical to those estimate for S. 170 and H.R. 303. As noted above, however, the provisions of section 641 cannot be implemented until additional legislation is enacted (to offset the section's costs). S. 170 and H.R. 303 do not contain such a contingency requirement.

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Estimate Approved By:

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COMMITTEE COST ESTIMATE

Pursuant to clause 3(d) of rule XIII of the Rules of the House of Representatives, the committee generally concurs with the estimates as contained in the report of the Congressional Budget Office.

OVERSIGHT FINDINGS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, this legislation results from hearings and other oversight activities conducted by the committee pursuant to clause 2(b)(1) of rule X.

With respect to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this legislation does not include any new spending or credit authority, nor does it provide for any increase or decrease in tax revenues or expenditures. The bill does, however, authorize appropriations. Other fiscal features of this legislation are addressed in the estimate prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Reform and Oversight pertaining to the subject matter of H.R. 2586.

GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, this legislation would address several general and outcome-related performance goals and objectives. The general goal and objective of this legislation is to improve the quality of life for military personnel and their families, military readiness, the modernization and eventual transformation of the armed forces, to enhance the development of ballistic missile defenses, and to improve the condition of military housing and facilities.

With respect to the outcome-related goal of improving the quality of life for military personnel and their families, the objective of this legislation is to:

(1) ensure the largest military pay raise since fiscal year 1982 that would provide every service member, after pay table adjustments contained in this legislation, with a pay raise between 5 and 10 percent effective on January 1, 2002;
(2) reduce out-of-pocket housing costs for military personnel to less than 12 percent;
(3) reduce the financial burden of permanent-change-of-station moves on families by providing increased reimbursement of temporary lodging and subsistence expenses;

(4) eliminate unfair provisions in current law that cause military retirees eligible for veteran's disability compensation to have their military retired pay reduced; and
(5) satisfy $95 million of the unfunded personnel requirements identified by the service chiefs.

With respect to the outcome-related goal of improving military readiness, the objective of this legislation is to:

(1) increase funding for key readiness accounts by $7.5 billion above the fiscal year 2001 level; and
(2) improve readiness through recruitment and retention by boosting military special pays, enhancing incentives for individuals to join Reserve Officer Training Corps programs, and extending numerous enlistment and reenlistment bonuses.

With respect to the outcome-related goal of improving the modernization and eventual transformation of the armed forces and enhancing the development of ballistic missile defenses, the objective of this legislation is to:

(1) increase funding for military procurement accounts by $442.1 million;
(2) satisfy more than $250 million of the unfunded procurement requirements identified by the service chiefs;
(3) increase funding for military research and development accounts by $228.5 above the budget request, for a total increase of $6.7 billion above the fiscal year 2001 level; and
(4) support the approach of the President's ballistic missile defense program and to increase funding for ballistic missile defense programs by $2.9 billion above the fiscal year 2001 level.

With respect to the outcome-related goal of improving military housing and facilities, the objective of this legislation is to:

(1) increase funding for military construction and military family housing programs by $1.8 billion more than the fiscal year 2001 level; and
(2) make permanent the authority provided by current law to privatize military housing.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Rule XIII, clause 3 (d)(1) of the Rules of the House of Representatives, the committee finds the authority for this legislation in Article I, Section 8 of the United States Constitution.

STATEMENT OF FEDERAL MANDATES

Pursuant to section 423 of Public Law 104-4, this legislation contains no federal mandates with respect to state, local, and tribal governments, nor with respect to the private sector. Similarly, the bill provides no federal intergovernmental mandates.

RECORD VOTES

In accordance with clause 3(b) of rule XIII of the Rules of the House of Representatives, record and voice votes were taken with respect to the committee's consideration of H.R. 2586. The record of these votes is attached to this report.

The committee ordered H.R. 2586 reported to the House with a favorable recommendation by a vote of 58-1, a quorum being present.

[GPO – PLEASE SHOOT ROLL CALL VOTES HERE]

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FISCAL DATA

Pursuant to clause 3(d) Rule XIII of the Rules of the House of Representatives, the committee attempted to ascertain annual outlays resulting from the bill during fiscal year 2002 and the following four years. The results of such efforts are reflected in the cost estimate prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974, which is included in this report pursuant to clause 3(c)(3)

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the House of Representatives, the cost estimate prepared by the Congressional Budget Office and submitted pursuant to section 402 of the Congressional Budget Act of 1974 is as follows:

August 22, 2001.

HON. BOB STUMP,
CHAIRMAN, COMMITTEE ON ARMED SERVICES, HOUSE OF REPRESENTATIVES,
WASHINGTON, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2586, the National Defense Authorization Act for Fiscal Year 2002.

The CBO staff contact is Kent Christensen, who can be reached at 226-2840. If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Dan L. Crippen

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

SUMMARY: H.R. 2586 would authorize appropriations totaling $343 billion for fiscal year 2002 for the military functions of the Department of Defense (DoD) and the Department of Energy. It also would prescribe personnel strengths for each active duty and selected reserve component of the U.S. armed forces. CBO estimates that appropriation of the authorized amounts for 2002 would result in additional outlays of $338 billion over the 2002-2006 period.

The bill also contains provisions that would raise the costs of discretionary defense programs over the 2003-2006 period. CBO estimates that those provisions would require appropriations of $9 billion over those four years.

The bill contains provisions that would reduce direct spending, primarily through revised payment rates for some services offered under the Tricare for Life program and certain asset sales. We estimate that the direct spending savings resulting from provisions of H.R. 2586 would total $384 million over the 2002-2006 period and $355 million over the 2002-2011 period. Those totals include estimated net receipts from asset sales of $44 million over the

next five years and $20 million over 10 years. Because it would affect direct spending, the bill would be subject to pay-as-you-go procedures.

The bill contains several intergovernmental mandates as defined by the Unfunded Mandates Reform Act (UMRA). CBO estimates, however, that the costs of complying with those mandates would not be significant and would not exceed the threshold as specified in UMRA. The bill also contains provisions that affect DoD's Tricare long-term care program and would increase costs in state Medicaid programs. The remaining provisions of the bill are either excluded under Section 4 of UMRA, which excludes from the application of that act any legislative provisions that are necessary for the national security, or contain no mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2586 is shown in Table 1. Most of the costs of this legislation fall within budget function 050 (national defense).

TABLE 1. BUDGETARY IMPACT OF H.R. 2586, THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2002

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Defense Programs						
Budget Authority [a]	316,051	0	0	0	0	0
Estimated Outlays	301,602	107,667	36,099	13,839	6,256	3,308
Proposed Changes						
Estimated Authorization Level	0	342,945	0	0	0	0
Estimated Outlays	0	226,158	77,322	23,645	8,199	3,000
Spending Under H.R. 2586 for Defense Programs						
Estimated Authorization Level[a]	316,051	342,945	0	0	0	0
Estimated Outlays	301,602	333,825	113,421	37,484	14,455	6,308
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES)						
Estimated Budget Authority	0	9	-320	-4	-9	1
Estimated Outlays	0	4	-340	-12	6	2
ASSET SALES[b]						
Estimated Budget Authority	0	-22	-32	-16	-5	31
Estimated Outlays	0	-22	-32	-16	-5	31

NOTE: This table excludes estimated authorizations of appropriations for years after 2002. (Those additional authorizations are shown in

Table 3.)

The 2001 level is the amount appropriated for programs authorized by the bill.

Asset sale receipts are a credit against direct spending.

BASIS OF ESTIMATE

Spending Subject to Appropriation

The bill would authorize appropriations totaling $343 billion in 2002 (see Table 2). Most of those costs would fall within budget function 050 (national defense). H.R. 2586 also would authorize appropriations of $100 million for the Presidio Trust Fund (function 300—natural resources and environment), $99 million for the Maritime Administration (function 400—transportation), $71 million for the Armed Forces Retirement Home (function 600—income security), and $17 million for the Naval Petroleum Reserves (function 270—energy).

The estimate assumes that the amounts authorized for 2002 will be appropriated near the start of fiscal year 2002. Outlays are estimated based on historical spending patterns.

The bill also contains provisions that would affect various costs, mostly for personnel, that would be covered by the fiscal year 2002 authorization and by authorizations in future years. Table 3 contains estimates of those amounts. In addition to the costs covered by the authorizations in the bill for 2002, these provisions would raise estimated costs by $9 billion over the 2003-2006 period. The following sections describe the provisions identified in Table 3 and provide information about CBO's cost estimates for those provisions.

Multiyear Procurement. In most cases, purchases of weapon systems are authorized annually, and as a result, DoD negotiates a separate contract for each annual purchase. In a small number of cases, the law permits multiyear procurement; that is, it allows DoD to enter into a contract to buy specified annual quantities of a system for up to five years. In those cases, DoD can negotiate lower prices because its commitment to purchase the weapons gives the contractor an incentive to find more economical ways to manufacture the weapon, including cost-saving investments. Funding would continue to be provided on an annual basis for these multiyear contracts, but potential termination costs would be covered by an initial appropriation.

Section 111 would authorize DoD to extend the authorization of multiyear procurement for the Family of Medium Tactical Vehicles by one year through 2002, if the department determines that it is necessary to do so to prevent a break in production of the vehicles. Currently, these vehicles are purchased under a multiyear contract administered by the Army covering a four-year period ending in 2001. The contract allows for an option year in 2002 leading to a new multiyear contract. CBO estimates that the savings from buying the vehicles under the extension would have little or no budgetary impact because the Army assumed that the vehicles planned for purchase in 2002 would be bought at prices similar to prices under the existing multiyear contract.

TABLE 2. SPECIFIC AUTHORIZATIONS IN H.R. 2586

Category	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
Military Personnel					
Authorization Level	82,224	0	0	0	0
Estimated Outlays	76,995	4,605	164	82	0
Operation and Maintenance					
Authorization Level	124,357	0	0	0	0
Estimated Outlays	93,200	24,264	4,041	1,679	501
Procurement					
Authorization Level	62,036	0	0	0	0
Estimated Outlays	16,208	22,452	13,333	5,013	1,988
Research, Development, Test, and Evaluation					
Authorization Level	47,660	0	0	0	0
Estimated Outlays	25,441	17,990	3,138	674	189
Military Construction and Family Housing					
Authorization Level	10,325	0	0	0	0
Estimated Outlays	2,624	3,987	2,303	776	334
Atomic Energy Defense Activities					
Authorization Level	13,514	0	0	0	0
Estimated Outlays	9,162	3,643	709	0	0
Other Accounts					
Authorization Level	2,746	0	0	0	0
Estimated Outlays	2,173	433	77	35	8
General Transfer Authority					
Authorization Level	0	0	0	0	0
Estimated Outlays	280	-60	-120	-60	-20
Total					
Authorization Level [a]	342,862	0	0	0	0
Estimated Outlays	226,083	77,314	23,645	8,199	3,000

These amounts comprise nearly all of the proposed changes for authorizations shown in Table 1; they do not include the estimated authorization of $83 million for the Coast Guard Reserve, which is shown in Table 3.

TABLE 3. ESTIMATED AUTHORIZATIONS OF APPROPRIATIONS FOR SELECTED PROVISIONS IN H.R. 2586

Category	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
MULTIYEAR PROCUREMENT					
C-17 Aircraft	0	-117	-293	-272	-252
FORCE STRUCTURE					
DoD Military Endstrengths	230	475	490	504	519
Coast Guard Reserve Endstrengths	83	0	0	0	0
Grade Structure	31	68	84	95	97
18-Month Enlistment Pilot	0	0	12	12	12
COMPENSATION AND BENEFITS (DoD)					
Military Pay Raises	1,026	1,420	1,490	1,558	1,624
Expiring Bonuses and Allowances	616	478	277	171	114
Travel and Transportation Allowances	51	274	351	359	367
Increase Incentive Pay and Bonuses	70	99	103	109	115
Housing Allowances	0	27	36	38	39
New Officer Accession Bonus	18	18	18	20	20
Subsistence Allowances	6	15	8	3	0
Uniform Allowances	4	4	4	4	4
Education and Training	1	6	8	10	13
Other Compensation Provisions	-25	8	3	8	7
DEFENSE HEALTH PROGRAM					
Payment Rates	-144	-90	0	0	0
Long-Term Care Rules	-44	0	0	0	0
Non-Availability Statements	0	0	10	10	10
Other Provisions	8	5	6	6	6
OTHER PROVISIONS					
Limitations on Workforce Reviews	-11	-11	-11	1	105
Service Contracting Reform	15	26	33	27	24
National Guard Challenge Program	0	9	11	13	15
War Medals	0	4	4	5	5
Acquisition Workforce Reduction	-25	-236	-246	-256	-266
Asbestos Differential Pay	-110	-110	-110	-110	-110
Civilian Wage Board Schedule	3	10	10	11	11
Strategic Forces	-20	-70	-140	-200	-220
TOTAL ESTIMATED AUTHORIZATIONS					
Estimated Authorization Level	1,783	2,312	2,159	2,126	2,260

NOTE: For every item in this table except the authorization for the Coast Guard, the 2002 levels are included in the amounts specifically

authorized to be appropriated in the bill. Those amounts are shown in Table 2. Amounts shown in this table for 2003 through 2006 are not included in Table 1.

Section 122 would authorize DoD to enter into a new multiyear procurement contract (or extend the current multiyear contract) to buy up to 60 additional C-17 aircraft if the Secretary of Defense certifies to the Congressional defense committees, before the enactment of this bill, that it is in the interest of the department to proceed with follow-on multiyear procurement of the C-17. Under the current multiyear contract, the Air Force will buy 15 aircraft in 2002 and another 8 aircraft in 2003. Assuming the Secretary certifies that it is in the interest of the department to proceed with follow-on multiyear procurement of up to 60 additional C-17s, CBO estimates that savings from buying 60 additional C-17s under this contract arrangement would total $934 million or an average of about $250 million a year over the 2003-2006 period. Funding requirements would total just under $8.3 billion instead of the almost $9.2 billion needed under annual contracts. This estimate assumes that the Air Force would purchase the 60 additional aircraft starting in 2003 at a rate of 15 a year.

Force Structure. The bill contains various sections that affect endstrength, personnel grade structure, and periods of enlistment.

Military Endstrength. The bill would authorize active and reserve endstrengths for 2002 and would raise the minimum endstrength authorization in permanent law. The authorized endstrengths for active-duty personnel and personnel in the selected reserve would total about 1,387,000 and 865,000, respectively. Of those selected reservists, about 66,000 would serve on active duty in support of the reserves. The bill would specifically authorize appropriations of $82.2 billion for the discretionary costs of military pay and allowances in 2002. The authorized endstrength represents a net increase of 3,152 servicemembers that would boost costs for salaries and other expenses by $230 million in the first year and about $500 million annually in subsequent years, compared to the authorized strengths for 2001.

The bill also would authorize an endstrength of 8,000 in 2002 for the Coast Guard Reserve. This authorization would cost about $83 million and would fall under budget function 400 (transportation).

Grade Structure. Sections 415, 423, 503, and 504 would increase the number of service-members in certain grades. Section 415 would change the grade structure of active-duty personnel in support of the reserves and section 423 would increase the number of Air Force officers in the grade of major. Section 503 would reduce the time-in-grade required for promotion to captain in the Army, Air Force, and Marine Corps, and lieutenant in the Navy when service staffing needs require. Under section 504, the number of servicemembers in pay grade E-8 in the Navy, the Marine Corps, and the Air Force would increase. These changes would not increase the overall endstrength, but would result in more promotions to these ranks. CBO estimates these provisions would cost $31 million in 2002, rising to about $100 million by 2006.

18-Month Enlistment Pilot Program. Section 589 would create a pilot program for 18-month enlistments. CBO estimates that implementing this section would cost $36 million over the 2004-2006 period because of the increased recruitment and training activities needed to accommodate the higher military personnel turnover rate and maintain endstrength levels. CBO estimates that implementing this section would increase turnover by approximately 1,000

positions in the 2004-2006 period, and that the cost to recruit and train these troops would be about $34,000 per person.

Compensation and Benefits. H.R. 2586 contains several provisions that would affect military compensation and benefits.

Military Pay Raises. Section 601 would raise basic pay by 5 percent across-the-board and authorize additional targeted pay raises, ranging from 1 percent to 10 percent, for individuals with specific ranks and years of service at a total cost of about $3.1 billion in 2002. Because the pay raises would be above those projected under current law, CBO estimates that the incremental costs associated with the larger pay raise would be about $1 billion in 2002 and total $7.1 billion over the 2002-2006 period.

Expiring Bonuses and Allowances. Several sections would extend DoD's authority to pay certain bonuses and allowances to current personnel. Under current law, most of these authorities are scheduled to expire in December 2001, or three months into fiscal year 2002. The bill would extend these authorities through December 2002. CBO estimates that the costs of these extensions would be as follows:

Payment of reenlistment bonuses for active-duty personnel would cost $327 million in 2002 and $174 million in 2003; enlistment bonuses for active-duty personnel would cost $91 million in 2002 and $140 million in 2003;

Various bonuses for the Selected and Ready Reserve would cost $64 million in 2002 and $73 million in 2003;

Special payments for aviators and nuclear-qualified personnel would cost $52 million in 2002 and $55 million in 2003;

Retention bonuses for officers and enlisted members with critical skills would cost $23 million in 2002 and cost $13 million in 2003;

Authorities to make special payments to nurse officer candidates, registered nurses, and nurse anesthetists would cost $7 million in 2002 and $2 million in 2003;

Accession bonuses for dental officers would have no cost in 2002 and cost $1 million in 2003. (This provision authorizes a three-month extension of the current authority which expires on September 30, 2002); and

Extension of transition authorities for active and reserve members, including temporary early retirement authority, special separation benefit, voluntary separation incentive, and certain other contingent benefits would cost $52 million in 2002, and $20 million in 2003.

Most of these changes would result in additional, smaller costs in subsequent years because payments are made in installments.

Travel and Transportation Allowances. Sections 631 through 637 would affect travel and transportation allowances by expanding eligibility or increasing benefits. CBO estimates that the cost of these changes would be as follows:

Setting minimum per diem rates equal to the standard rates established for federal civilian travel would have no cost in 2002, but would cost $142 million in 2003 and $731 million over the 2003-2006 period;

Increasing the maximum daily payment rate from $110 to $180 for temporary subsistence allowances and expanding eligibility to officers would cost $45 million in 2002 and $287 million over the 2002-2006 period;

Increasing the maximum weight allowances for junior enlisted members would have no cost in 2002, but would cost $20 million in 2003 and $98 million over the 2003-2006 period;

Raising the pet quarantine fee reimbursement from $275 to $675 would cost $1 million in 2002 and $5 million over the 2002-2006 period;

Authorizing dislocation allowances (DLA) for married servicemembers without dependents where the spouse is a member of the military, would have no cost in 2002, but would cost $3 million in 2003. Expanding eligibility to receive DLA to members moving to their first duty station would have no cost in 2002, but would cost $39 million in 2003. Authorizing a $500 allowance to compensate members who must move for government convenience (e.g., because of privatization or renovation) would cost $5 million in 2002. CBO estimates that combined these three provisions would cost $280 million over the 2002-2006 period.

In total, these provisions affecting travel and transportation allowances would cost $51 million in 2002 and $1.4 billion over the 2002-2006 period. Those provisions with no cost in 2002 reflect an effective date of January 1, 2003.

Increases in Incentive Pay and Bonuses. Sections 539, 616, and 617 would expand eligibility for bonuses and increase pay for personnel with special skills. Section 539 would expand the population eligible to receive stipends under the Health Professional Stipend Program to include medical and dental school students. Assuming the number of participants would increase gradually, at about 5 percent a year, CBO estimates section 539 would cost less than $500,000 in 2002 and $7 million over the 2002-2006 period.

Under section 616, certain reservists on inactive-duty training would be entitled to a full month of aviation career incentive pay for performing flying duty. Under current law, reservists receive aviation career incentive pay based on a daily rate for only the days they perform flying duty. Section 617 would raise the maximum pay rates for servicemembers performing submarine duty. CBO estimates these pay increases, effective January 1, 2002, would cost $70 million in 2002 and $489 million over the 2002-2006 period. Together, these increases in incentive pay and bonuses would cost $70 million in 2002 and $496 million over the 2002-2006 period.

Housing Allowances. Section 604 would expand eligibility to receive the basic allowance for housing (BAH) to junior enlisted members in grades E-3 and below who are on leave or traveling between permanent duty stations. Currently, only members in grades E-4 and above are eligible to receive BAH under these conditions. Using DoD's estimate of enlisted accessions, and adjusting for losses during training, CBO expects that about 175,000 enlisted members in grades E-3 and below would be eligible to receive BAH while traveling between permanent duty stations. Assuming members would, on average, be between duty stations for ten days, and applying the BAH rates for members with and without dependents, CBO estimates the average cost per member with and without dependents would be about $210 and $180, respectively. Based on an effective date of January 1, 2003, CBO estimates expanding eligibility to these servicemembers would have no cost in 2002, but would cost $27 million in 2003 and $140 million over the 2003-2006 period.

New Officer Accession Bonus. Section 620 would authorize a new accession bonus for officers. The amount of the bonus, limited to $100,000, could be paid in a lump sum or installments. Based on information from DoD, CBO expects that the Air Force and the Navy

would use this authority starting in 2002, and that the provision would cost $18 million in 2002 and $94 million over the 2002-2006 period.

Subsistence Allowances. Section 603 would extend the current authority to provide an additional subsistence payment when rations-in-kind are not available. DoD plans to prescribe this incremental subsistence allowance until payments may be fully offset by the annual increases in basic allowance for subsistence (BAS). CBO estimates that under DoD's plan, additional subsistence payments would end in 2005. This section also would delay the termination of BAS transition authority by three months, making termination effective on January 1, 2002, and saving an estimated $15 million in 2002. CBO estimates the combined effects of implementing these provisions would cost $6 million in 2002 and $32 million over the 2002-2006 period, assuming appropriation of the necessary amounts.

Uniform Allowances. Section 605 would loosen restrictions on eligibility of officers to receive an additional $200 clothing allowance by doubling the cap on the dollar amount a member may receive in an initial clothing allowance over the prior two years. Under current law, officers are ineligible to receive the additional allowance if they have received more than $200 in an initial clothing allowance during the past two years. Raising the cap would increase the number of officers eligible for the additional $200 allowance. CBO estimates that implementing this provision would cost $4 million in 2002 and $20 million over the 2002-2006 period, subject to appropriation of the necessary amounts. Because this provision would have an effective date of October 1, 2000, section 605 would authorize retroactive payments of this additional $200 allowance and would thus increase direct spending. Those costs are discussed later in this estimate under the heading of "Direct Spending."

Education and Training. Section 529 would direct the National Defense University (NDU) to continue its concept validation test of joint professional military education for the reserves and to conduct a pilot program in 2003. The scope of the pilot program is undefined, but based on information from NDU, CBO estimates the program will eventually involve about 500 students at a cost of $10,500 per student per year. CBO expects that most of the costs in 2003 would be associated with program startup. CBO estimates minimal cost in 2002 because the validation program would still be ongoing. Overall, CBO estimates that this section would cost $23 million over the 2002-2006 period.

Section 538 would remove the cap on the number of Junior Reserve Officers' Training Corps (JROTC) units. The services plan to have 3,185 units in 2002, less than the current cap of 3,500 units. Based on recent growth rates, CBO expects the number of units would exceed 3,500 in 2005. CBO estimates implementing section 538 would increase JROTC costs by $2 million in 2005, rising to $5 million in 2006.

Under section 535, servicemembers on regular active-duty status could participate in the Senior Reserve Officers Training Corps (ROTC). Under current law, participation in Senior ROTC is limited to members of the reserves. Based on information from the military services, CBO expects that the Air Force and the Army would implement this new authority. Because the Air Force indicates that it would provide the same benefits to active-duty Senior ROTC participants as are paid to those in the Airman Education and Commissioning Program, CBO estimates no cost impact for the Air Force. The Army indicates, however, that it would not pay tuition or provide stipends or scholarships for about 200 active-duty Senior ROTC participants. Because the Army would save the expense of Officer Candidate School or ROTC scholarships

and stipends for members who would receive officer training under this section, CBO estimates savings of $1 million in 2002 and $9 million over the 2002-2006 period. CBO expects that these members would use Montgomery GI Bill (MGIB) benefits to fund their education. Therefore, this provision would increase direct spending. Those costs are discussed later in this estimate under the heading of "Direct Spending."

Section 533 would increase the number of international students authorized to be admitted to the service academies and would eliminate the restrictions on full tuition waivers. CBO estimates that this section would cost $17 million over the 2002-2006 period. Removing the restrictions on tuition waivers would allow about 70 additional international students to receive full tuition assistance each year. This figure includes students admitted because of the higher number of international slots made available under this section, as well as slots that are currently receiving only partial tuition assistance. The current cost of tuition for an international student is about $62,000 a year, and the annual cost of implementing this section would be about $4 million.

Other Compensation Provisions. Section 619 would allow servicemembers electing to receive the 15-year career status bonus to have this bonus paid in installments. Currently this $30,000 bonus is offered as a lump-sum payment. CBO assumes that about 10 percent of those electing to receive the bonus would, on average, choose to receive two payments of $15,000 spread over two years. Because these decisions would shift some payments from one year into the next, CBO estimates section 619 would save $30 million in 2002 and about $25 million over the 2002-2006 period. The somewhat lower total savings over the five-year period reflects small costs in some years that result from the estimated yearly change in the number of servicemembers with 15 years of service.

Section 507 would allow an active-duty servicemember who is being separated from the armed services because of a physical disability to have his separation pay based on the rank to which he would have been promoted had he not been separated. Based on current pay tables and information from DoD, about 17 percent of such members would have been approved for promotion and, under section 507, would be entitled to a 17 percent pay increase in separation pay. CBO estimates implementing section 507 would increase separation pay by about 3 percent or $5 million a year.

Defense Health Program. Title VII contains several provisions that would affect DoD health care and benefits. Tricare is the name of DoD's health care program and the spending under Tricare for beneficiaries under age 65 is subject to appropriation. Spending under Tricare for beneficiaries age 65 and over, often called Tricare for Life (TFL), is subject to appropriation in 2002, but beginning in 2003 this spending will be paid out of a trust fund and will not be subject to appropriation.

Payment Rates. Under current law, DoD has the regulatory authority to set maximum allowable rates for medical services to limit how much the Tricare program pays to health care providers. Although DoD has set maximum rates for many services, it has not yet set rates for hospital outpatient diagnostic services, including clinical lab work and radiation services, and long-term care services such as skilled nursing and home health care services. As a result, Tricare currently pays 75 percent of billed charges for these services. DoD has started the regulatory process to establish maximum rates for the services listed here and estimates it will take upwards of two years to implement the changes by regulation.

Section 701 would require DoD to implement these rates by January 1, 2002. Under this provision, DoD would be able to lower its costs for both hospital outpatient and long-term care services over the 2002-2003 period before the regulations would have been implemented. These savings would affect spending subject to appropriation as well as direct spending for retirees of the other uniformed services in 2002 and 2003 and the TFL trust fund that starts operation in 2003. CBO estimates that the total savings in spending subject to appropriation for hospital outpatient and long-term care services would be about $230 million over the 2002-2003 period, assuming appropriations are reduced by the estimated amounts. Section 701 would affect two different programs: Tricare (under 65) and Tricare for Life. Those two effects are discussed below.

By lowering payment rates for hospital outpatient diagnostic services, DoD would be able to reduce spending on its beneficiaries under age 65. (This portion of the provision would not affect beneficiaries age 65 and over because Medicare is first payer for these services and TFL would only be responsible for the Medicare deductible and copayments.) Using data from DoD, CBO estimates that making payment rates for hospital outpatient diagnostic services equivalent to Medicare rates would lower Tricare spending for these services by about 30 percent. CBO estimates that lowering the payment rates for hospital outpatient services would save about $150 million over the 2002-2003 period, assuming appropriations are reduced by the estimated amounts.

Under section 701, DoD also would lower the rates paid for skilled nursing and home health care. This change would primarily affect the TFL program since beneficiaries under age 65 do not use much long-term care (DoD spent only $10 million on long-term care for those under 65 in 2000). Savings arise because Tricare's skilled nursing benefit has no time limit while Medicare's benefit expires after 100 days. The change in payment rates would have no impact on Tricare for the first 100 days because Tricare would only be liable for the deductibles and copayments charged under Medicare. However, this provision would lower the amount that Tricare would pay for those beneficiaries who need more than 100 days of skilled nursing care. Additionally, Tricare would reduce its costs for providing skilled nursing and home health care to those beneficiaries who use these services without a prior hospital stay and are thus not Medicare-eligible.

CBO estimates the savings to Tricare would initially be low because the Tricare for Life program does not actually begin operation until the start of fiscal year 2002 and CBO expects that it will take about a year before all beneficiaries take full advantage of the program. CBO estimates that lowering payment rates for skilled nursing and home health care would save DoD about $80 million in 2002, assuming appropriations are reduced by the estimated amounts. (There also would be direct spending savings of about $7 million over the 2002-2003 period for the other uniformed services, and about $215 million in 2003 for DoD when the trust fund begins operation. CBO's estimates of those savings is discussed below under the heading of "Direct Spending.")

Long-Term Care Rules. Tricare does not currently require a hospital stay prior to using long-term care services such as skilled nursing and home health care. Requiring prior hospitalizations would reduce the number of beneficiaries who use long-term care. DoD has started the regulatory process to require such prior hospitalizations and expects to complete the process by the start of fiscal year 2004.

Section 704 would require DoD to structure the Tricare long-term care program to resemble Medicare, which requires prior hospitalization before being eligible for skilled nursing and home health care. Under section 704, DoD would be required to implement this provision on October 1, 2001. Requiring prior hospitalization under Tricare's long-term care program would reduce the benefit for those beneficiaries that would otherwise have used long-term care and would save DoD the cost of providing this care over the 2002-2003 period before the DoD's the new long-term care rules would have gone into effect under DoD's plan. CBO estimates that some of those beneficiaries would likely be able to get a prior hospitalization before seeking care. In those instances, Medicare would become the first payer while a few beneficiaries would end up using Medicaid. Thus the savings to DoD would be partially offset by increased costs to both Medicare and Medicaid (discussed below).

Using data from DoD and the Agency for Healthcare Research and Quality, CBO estimates that about 3,500 beneficiaries, who would have used skilled nursing without a hospital stay, would be affected by these new rules along with about 24,000 beneficiaries who would have used home health care. CBO estimates that some of those beneficiaries would pay for the long-term care through Medicare or Medicaid, while others would pay the costs themselves, use other insurance, or do without the long-term care. For those beneficiaries who would be covered by Medicare, DoD would not save the full cost because Tricare would be liable for all deductibles and copayments. Taking this information into account, CBO estimates that, under section 704, Tricare spending would be reduced by about $40 million in 2002, assuming appropriations are reduced by the estimated amounts. (There would also be direct spending savings of about $120 million for both the trust fund and the other uniformed services in 2003 and Medicare and Medicaid costs in both 2002 and 2003.)

Non-Availability Statements. Under current law, users of military health care have the option of enrolling in Tricare Prime, an HMO-like plan that centers its provision of services around military treatment facilities. Users who do not enroll in Tricare Prime have the option of using Tricare Extra, a preferred provider network, or Tricare Standard, a traditional fee-for-service insurance plan. Beneficiaries who live within 40 miles of a military hospital must get a statement from the hospital that it cannot provide the requested care before the beneficiary may use Tricare Standard or Extra. Absent that statement, Tricare does not have to pay for the care received at a nonmilitary facility.

Section 702 would prohibit the requirement of such statements beginning sometime in fiscal year 2004 (two years after the enactment of this bill), unless the Secretary of Defense certifies that they are still needed for each medical procedure. Based on information from DoD, CBO expects that the Secretary of Defense would certify that these statements are necessary in most cases, although not in all cases. For those cases where a statement would no longer be necessary, CBO estimates that this provision would cost about $10 million in 2004 and $30 million over the 2004-2006 period, assuming appropriation of the estimated amounts.

Other Defense Health Care Provisions. H.R. 2586 also contains two proposals that would cost relatively little over the 2002-2006 period. CBO estimates that implementing these two additional health care provisions would cost $8 million in 2002 and $31 million over the 2002-2006 period.

Section 705 would allow DoD to reimburse the parent or guardian of minors for travel costs associated with the minor receiving care at a military treatment facility more than 100

miles away from the minor's home. CBO estimates that this proposal would cost about $5 million a year.

Section 588 would allow government agencies to pay the employee's share of the insurance premium paid under the Federal Employee Health Benefits program, if the employee is involuntarily called to active duty for a contingency operation. It also would allow the agencies to reimburse past premium payments for employees called up after December 8, 1995. CBO estimates that this provision would cost about $3 million in 2002 (primarily for reimbursements), less than $500,000 in 2003, and $1 million a year beginning in 2004.

Limitations on Workforce Reviews. Section 331 would limit the ability of DoD to conduct outsourcing studies to only 3,053 civilian positions in fiscal year 2002. CBO estimates that this section would cost about $70 million over the 2002-2006 period, assuming appropriation of the necessary amounts.

DoD currently plans to conduct outsourcing studies on approximately 13,000 civilian positions in 2002. Under section 331, DoD would review 10,000 fewer positions than planned. Based on information from the General Accounting Office (GAO) and DoD, CBO estimates that each outsourcing study takes three years to accomplish and costs approximately $3,500 per position studied. CBO estimates that reducing the number of positions reviewed in 2002 would result in a savings of approximately $34 million over the 2002-2004 period. CBO also estimates that an additional $51 million would be saved in 2005 because the department would not have to pay the involuntary separation costs associated with the workforce reductions resulting from the reviews. CBO estimates that separation costs would average $5,200 for each position studied. While actual separation costs range between $20,000 to $25,000 for each position, the average cost per position studied considers the fact that only half of the civilian positions reviewed would result in job eliminations, and that many of the civilians whose jobs were eliminated would be transferred to other positions within the department.

The costs associated with section 331 would result from DoD having to reduce future savings estimates for the years 2005 and beyond. Based on information from DoD and GAO, CBO estimates that recurring savings would be approximately $10,500 for each position studied. CBO estimates that, under it's current plan, DoD would begin to realize savings from outsourcing studies begun in 2002 in the second half of 2005 and that the annual savings under DoD's current plan would be approximately $140 million in 2006 and every year thereafter. Under the proposed limits in this provision, CBO estimates that DoD would realize savings of only $33 million in 2006 and thereafter. The reduction in savings for the 2005-2006 period would be approximately $155 million.

Service Contracting Reform. Subtitle G of title III would extend workforce review studies to new requirements and work previously outsourced to the private sector. CBO estimates that implementing these sections would cost approximately $125 million over the 2002-2006 period.

Section 383 would require workforce studies on all new requirements not previously performed by DoD or contractor personnel that result in contracts greater than $1 million. Based on information from DoD, CBO estimates that this provision would affect approximately 10,000 contractor positions each year and that the cost to review each position would be approximately $3,500. Because the requirements of this provision would be phased in over a four-year period

so that only 30 percent of the requirement would need to be met by 2005, CBO estimates that implementing this provision would cost $20 million over the 2002-2006 period.

Section 385 would require DoD to subject an equivalent number of contractor positions to workforce reviews for each civilian position review planned. Based on information from DoD and GAO, CBO estimates that DoD would study approximately 34,000 contractor positions at a cost of $105 million over the 2002-2006 period.

CBO estimates no significant savings as a result of these reviews. Although some evidence suggests that subjecting contractors to competition could reduce costs in some instances, most estimated savings from workforce reviews are due to reductions of government personnel and overhead. It is also uncertain as to what extent government organizations could organize themselves to formally compete for work currently performed by the private sector.

National Guard Challenge Program. Section 587 would eliminate the spending cap on the National Guard Challenge Program beginning in fiscal year 2003, and would also increase the federal contributions to state programs from 60 percent to 75 percent. CBO estimates that implementing this section would cost $48 million over the 2003-2006 period. CBO estimates that increasing the federal contributions to 75 percent would increase the annual cost for each space by about $1,000. Applying this cost to the 6,600 spaces in the program and allowing program costs to increase with inflation would result in an average annual cost for the program of about $10 million over the 2003-2006 period.

War Medals. Sections 546 and 547 would establish two new service medals. Section 546 would create a Korea Defense service medal for those servicemembers who served in the Republic of Korea or the adjacent waters at any time during the period beginning July 28, 1954, and ending at a time to be determined by the Secretary of Defense. CBO expects that on average about 200,000 medals would be awarded each year. Section 547 would authorize a Cold War service medal for members who served on active duty between September 2, 1945, and December 26, 1991. CBO estimates that about 500,000 eligible members, or their survivors, would apply each year. CBO estimates that these provisions would have no cost in 2002, but would cost $18 million over the 2003-2006 period. CBO estimates no cost in 2002 to account for the delay in designing and minting these medals, and processing applications.

Reductions in Defense Acquisition Workforce. Section 901 would limit the size of the defense acquisition workforce by requiring a reduction of at least 13,000 military and civilian personnel during fiscal year 2002. Because the total number of military personnel is determined by endstrength requirements, CBO assumes that the provision would lead to their transfer to other activities rather than separation from the services. Separations of civilian personnel, who comprise about 80 percent of the acquisition workforce, would account for the remaining reductions. Because these civilian reductions would exceed those expected under current law, CBO estimates savings of $25 million in 2002, $236 million in 2003, and $1 billion over the 2002-2006 period. Savings would be relatively small during the first year because the cost of separation payments would offset most of the initial savings in salaries.

Asbestos Differential Pay. Under section 1108, federal wage-grade employees would be subject to the same standards as general schedule employees when determining eligibility for environmental differential pay (EDP), based on exposure to asbestos. Under current law, general schedule employees are entitled to 8 percent hazard differential pay if they are exposed to asbestos that exceeds the Occupational Safety and Health Administration (OSHA) permissible

exposure limits. The current EDP standard for wage-grade employees entitles them to the same 8 percent of pay, but does not set an objective measure for determining the level of asbestos exposure necessary to qualify for EDP. In several instances where wage-grade employees have sought back pay for EDP, arbitrators found in favor of the employees when asbestos levels were below those consistent with OSHA standards. Based on information from DoD on prior and pending arbitration rulings, CBO expects that implementing section 1108 would reduce the amount of back pay federal agencies would be required to pay for EDP based on asbestos exposure. Assuming these cases would be handled administratively, CBO estimates establishing OSHA standards for asbestos EDP would save $110 million in 2002 and $550 million over the 2002-2006 period, assuming appropriations are reduced by the estimated amounts.

DoD Civilian Wage-Grade Schedule. Section 1110 would establish the same guidelines for determining the pay schedule for DoD wage-grade employees as those in place, under current law, for non-DoD wage-grade employees when there are an insufficient number of comparable positions in the local private industry to generate the wage schedule. Under current law, DoD may only consider local private-industry rates when constructing the wage schedules for various wage areas across the country. This section would instruct DoD to consider private-industry rates in both the local area and a similar wage area, with more comparable private-sector positions. Based on information from the Office of Personnel Management, CBO estimates that section 1110 would increase the wages of DoD wage-grade employees in certain wage areas and would cost $3 million in 2002 and $45 million over the 2002-2006 period, assuming appropriation of the estimated amounts. The lower cost in the first year reflects CBO's assumption that the adjustments to the wage schedules would occur at the same time of year that the wage schedule would normally be adjusted.

Strategic Forces. Section 1044 would repeal subparagraph (D) of section 1302(a)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85), as amended by section 1501(a) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), to allow DoD to initiate actions to retire or dismantle the Peacekeeper intercontinental ballistic missile force. CBO estimates that the provision would save about $600 million over the 2002-2006 period. Those savings would come from eliminating the cost to operate the missiles starting immediately in 2002, eventually saving about $200 million a year. These savings would be partially offset by the costs of removing the missiles and warheads from the silos and the costs of monitoring the silos. CBO assumes that the retirement process would take about three years and that the missiles would be completely retired by the end of 2004. CBO estimates missile retirement costs would total about $100 million over the 2002-2004 period.

Military Housing Privatization Initiative (MHPI). Section 2804 would permanently extend special authorities to finance the construction and renovation of military family housing. Those authorities, which expire on December 31, 2004, allow DoD to use direct loans, loan guarantees, long-term leases, rental guarantees, barter, direct government investment, and other financial arrangements to encourage private-sector participation in building military housing. Funding for those activities derives from the Family Housing Improvement Fund and consists of appropriations to the fund, transfers from other accounts, receipts from property sales and rents, returns on any capital, and other income from operations or transactions connected with the program. Currently the amounts in the fund are available to acquire housing using the various

techniques mentioned above, but the total value of budget authority for all contracts and investments undertaken is limited to $1 billion.

Based on how the Office of Management and Budget (OMB) has treated recent use of the authority, CBO does not estimate any budgetary impact from extending the authorities. (This bill authorizes the appropriation of $2 million to the fund for fiscal year 2002, and that amount is included in the budget estimates.) However, CBO believes that OMB's current accounting for MHPI initiatives is at odds with government-wide standards for recording obligations and outlays. Those standards call for different treatments depending on the character of the transaction. The OMB accounting treats certain initiatives primarily as credit transactions that have relatively little cost in terms of recorded obligations and outlays. In contrast, CBO considers those initiatives as having the characteristics of lease-purchases, which call for recording higher levels of up-front obligations and outlays. The Administration's approach will allow DoD to obligate significantly more federal resources than the $1 billion limitation for such projects.

Management of the Presidio of San Francisco. Section 2863 would increase from $50 million to $150 million the amount that the Presidio Trust may borrow, subject to appropriation, from the U.S. Treasury. Based on recent spending patterns of the Trust (which is a wholly owned government corporation that manages the Presidio in California), CBO estimates that this money would be borrowed and spent slowly over the next five years.

Direct Spending

The bill contains provisions that would reduce direct spending, primarily through revision to payments rates for certain defense health care program services and certain asset sales from the National Defense Stockpile. The bill also contains a few provisions with small direct spending costs. On balance, CBO estimates that enacting H.R. 2586 would result in net savings in direct spending totaling $384 million over the 2002-2006 period.

TABLE 4. ESTIMATED DIRECT SPENDING FROM HEALTH CARE AND OTHER PROVISIONS IN H.R. 2586

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES)					
Section 535 - Active-Duty Participation in Senior ROTC					
Estimated Budget Authority	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Section 605 - Retroactive Uniform Allowances					
Estimated Budget Authority	3	0	0	0	0
Estimated Outlays	3	0	0	0	0
Medical Care Trust Fund					

Section 701 - Payment Rates					
Estimated Budget Authority	-2	-220	0	0	0
Estimated Outlays	-2	-220	0	0	0
Section 704 - Long-Term Care Rules					
Estimated Budget Authority	21	-47	0	0	0
Estimated Outlays	21	-47	0	0	0
Section 811- Recovery Audits					
Estimated Budget Authority	-11	-55	-6	-10	0
Estimated Outlays	-16	-75	-14	5	1
Section 2845 - Land Conveyance of Navy Property in Maine					
Estimated Budget Authority	0	1	1	0	0
Estimated Outlays	0	1	1	0	0
Subtotal					
Estimated Budget Authority	9	-320	-4	-9	1
Estimated Outlays	4	-340	-12	6	2
ASSET SALES[a]					
National Defense Stockpile - New Sales					
Estimated Budget Authority	-2	-2	-2	-2	-2
Estimated Outlays	-2	-2	-2	-2	-2
National Defense Stockpile - Accelerated Cobalt Sales					
Estimate Budget Authority	-20	-30	-14	-3	33
Estimated Outlays	-20	-30	-14	-3	33
Subtotal					
Estimated Budget Authority	-22	-32	-16	-5	31
Estimated Outlays	-22	-32	-16	-5	31
TOTAL CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	-13	-352	-20	-14	32
Estimated Outlays	-18	-372	-28	1	33

1. Asset sale receipts are a credit against direct spending.

Active-Duty Participation in Senior ROTC. Section 535 would allow servicemembers to participate in the Senior Reserve Officers Training Corps (ROTC) while on regular active-duty status. Under current law, participation in Senior ROTC is limited to members of the reserves. Based on information from the military services, the Army would allow about 200

active-duty enlisted members a year to enroll in college under this program. While the Army would not pay for their education, these members would continue to receive pay and benefits during their college career. CBO expects that these members would use Montgomery GI Bill benefits to fund their education. Under current law, CBO assumes that half of these members would not use their MGIB benefits. Therefore, CBO estimates that section 535 would increase MGIB outlays by $1 million a year, starting in 2002.

Retroactive Uniform Allowances. Section 605 would authorize retroactive payments of an additional $200 clothing allowance for certain officers who were ineligible during fiscal year 2001 because they had received more than $200 in an initial uniform allowance over the prior two-year period. CBO estimates that these retroactive payments would cost $3 million in 2002.

Medical Care Trust Fund. Sections 701 and 704 would change the way DoD administers long-term care and the way it pays for that care under the Tricare for Life program. DoD has the regulatory authority to make the changes that are directed in these sections but thinks it will take upwards of two years to implement the changes by regulation. Section 701 would require that the changes be implemented by January 1, 2002, and section 704 would take effect on October 1, 2001. Accordingly, DoD would save money over the roughly two-year period before the regulations would have been implemented. The Tricare for Life program will begin on October 1, 2001, but the trust fund will not begin operation until one year later, so only the savings to DoD in fiscal year 2003 would be considered direct spending savings. There also would be some minor savings in 2002 for retirees of the other uniformed services.

Payment Rates. Under current regulations, the Tricare for Life program will pay all deductibles and copayments associated with Medicare's skilled nursing benefit and will pay for skilled nursing care in excess of the Medicare benefit (100 days). Additionally, Tricare will pay for skilled nursing and home health care even if the beneficiary does not have a prior hospital admission. (Tricare will pay 75 percent of billed charges, with no maximum charge, until the beneficiary has paid $3,000 in out-of-pocket costs and then will pay 100 percent of billed charges after that point.) Section 701 would require DoD to set maximum allowable charges for skilled nursing and home health care, which would lower its cost of providing long-term care. CBO estimates that implementing new charges based on Medicare rates would lower what DoD pays for skilled nursing and home health care by about 30 percent. Under section 701, CBO estimates that direct spending from the trust fund for DoD retirees would decline by about $215 million in 2003. (The discretionary savings for 2002 are discussed earlier in the "Spending Subject to Appropriation" section under the heading of "Defense Health Program.")

The Tricare for Life program also covers retired members of the Coast Guard and retired uniformed members of the Public Health Service and the National Oceanic and Atmospheric Administration. Health care spending for these retirees is considered direct spending. Under section 701, CBO estimates that the other uniformed services would save about $2 million in 2002 and $5 million in 2003.

Long-Term Care Rules. Under current law, Medicare will not pay for skilled nursing and home health care unless the beneficiary has been hospitalized before receiving that care. Tricare, on the other hand, will pay for long-term care without a prior hospitalization. For those cases, Tricare becomes the primary insurance because Medicare will not pay. Section 704 would require DoD to structure its long-term care benefit to resemble Medicare's, which requires prior hospitalization. Implementing this provision would lower DoD's costs because fewer

beneficiaries would be eligible for skilled nursing and home health care. CBO estimates that under section 704, direct spending from the trust fund would decline by about $120 million in 2003. CBO also estimates that, under section 704, the other uniformed services would save less than $500,000 in 2002 and about $1 million in 2003. (There would also be discretionary savings of about $40 million, as discussed earlier.)

The Tricare for Life program would be able to lower costs by shifting many of those costs to their beneficiaries and other government programs, primarily Medicare. CBO estimates that about 50 percent of individuals who would have used long-term care without a prior hospital stay would be able to qualify under the Medicare rules (about 1,600 for skilled nursing and about 12,000 for home health care). CBO further estimates that the average cost of skilled nursing is about $250 a day, and for home health care about $2,300 for 60 days of care, which is the Medicare benefit. Accordingly, CBO estimates that under section 704 direct spending for Medicare benefits would increase by $20 million in 2002 and $70 million in 2003. In addition, a few beneficiaries would eventually become eligible for Medicaid, which also provides long-term care benefits. CBO estimates that Medicaid costs under section 704 would be $1 million in 2002 and $3 million in 2003.

Recovery Audits. Subtitle B of title VIII would require federal agencies to conduct specialized audits of those accounts that purchase at least $500 million of goods and services from the private sector. The goal of these audits would be to find and recover sums erroneously paid to private vendors. The legislation also would allow agencies to retain and spend some of the funds recovered under certain conditions. Recovered funds that still would be available for obligation could be spent on the original purposes of those funds, and 25 percent of all other funds could be spent on management improvement projects.

CBO estimates that implementing this program would reduce net direct spending by about $100 million over the 2002-2006 period, by increasing the federal government's recovery of erroneous payments made in prior years. For this estimate, we assume that most agencies would audit at least three years of such payments. Implementing the bill could yield additional savings from payments made after 2001, but such savings would depend on future appropriations. In addition, CBO estimates that the Office of Management and Budget would spend less than $500,000 a year to oversee and report on the bill's implementation, subject to be availability of appropriated funds. The savings from this legislation fall within multiple budget functions.

CBO expects that the requirement to audit payments would apply to about $60 billion in annual payments. This total excludes those accounts that we expect to be audited under current law and those that OMB would probably exempt from the bill's requirements, including accounts that fund research, testing, and procurement of military weapons, finance federal law enforcement activities, and involve medical records. On average, CBO assumes the federal government would recover about 0.1 percent of the $60 billion audited, or $60 million a year. That rate takes into account the difficulty in collecting overpayments that are more than one year old and the likelihood that federal agencies will settle for less than full payment on some of these debts.

CBO estimates that agencies would spend about 45 percent of recovered funds, which is our estimate of the maximum that could be spent under this provision. First, we assume that agencies would spend all of the recovered funds that still would be available for obligation (i.e.,

funds that were provided under multiyear obligation authority). In addition, we assume that agencies would spend the allowed 25 percent of all other recovered funds (i.e., those recoveries for which the original obligation authority has expired). Based on the obligation authority provided in appropriations for fiscal year 2001, and accounting for certain exclusions that would be allowed under the bill, CBO estimates that agencies could spend at most about 45 percent of recovered funds.

Land Conveyance and Other Property Transactions. Titles XXVIII and XXIX would authorize a variety of property transactions involving both large and small parcels of land.

The bill would result in direct spending by authorizing a conveyance that would reduce offsetting receipts collected by the federal government. Under section 2845, the Navy would be authorized to convey 485 acres of property to the state of Maine or other governmental jurisdictions. Under current law, however, the Navy will declare that property excess to its needs and transfer it to the General Services Administration (GSA) for disposal. Under normal procedures, GSA sells property not needed by other federal agencies or by non-federal entities in need of property for public-use purposes such as parks or educational facilities. Information from GSA indicates that portions of the land will likely be sold under current law after the entire parcel is screened for other uses in 2002. As a result, CBO estimates that the conveyance in the bill would result in forgone receipts totaling about $1 million in 2003 and $1 million in 2004.

Section 2861 would direct the Secretary of the Interior to transfer administrative jurisdiction over 35 acres of federal lands in Park City, Utah, to the Secretary of the Air Force, for purposes of building a recreational facility. Title XXIX also would direct the Secretary of the Interior to transfer administrative jurisdiction over approximately 110,000 acres of federal lands in San Bernardino County, California, to the Secretary of the Army. Based on information from the Department of the Interior (DOI), CBO estimates that those transfers would not significantly affect the federal budget. According to DOI, the lands currently generate no significant receipts, and the agency does not expect the lands to generate significant receipts over the next 10 years.

CBO estimates that other provisions would not result in significant costs to the federal government because they would either authorize DoD to exchange one piece of property for another or would authorize DoD to convey land that under current law is likely to be given away.

Concurrent Receipt. Upon passage of qualifying, offsetting legislation, section 641 would allow total or partial concurrent payment of retirement annuities together with veterans' disability compensation to retirees from the military, the Coast Guard, the Public Health Service, and the National Oceanic and Atmospheric Administration who have service-connected disabilities. The provision also would discontinue special compensation for certain severely disabled uniformed services retirees.

Under current law, disabled veterans who are retired from the uniformed services cannot receive both full retirement annuities and disability compensation from the Department of Veterans Affairs. Because of this prohibition on concurrent receipt, such veterans forgo a portion of their retirement annuity equal to the nontaxable veterans' benefit.

Section 641 would become effective only upon passage of legislation that would fully offset its costs in each of the first 10 fiscal years after passage of the offsetting legislation. If qualifying, offsetting legislation were enacted in 2001, CBO estimates that implementing this section in 2002 would increase direct spending for retirement payments and veterans' disability compensation by about $3 billion in 2002, $17 billion over the 2002-2006 period, and $41 billion

over the 2002-2011 period. Because those effects are contingent upon subsequent legislation, they are not included in Table 4.

In addition, the military retirement system is financed in part by an annual payment from appropriated funds to the military retirement trust fund, based on an estimate of the system's accruing liabilities. If section 641 were implemented, the yearly contribution to the military retirement trust fund (an outlay in budget function 050) would increase to reflect the added liability from the expected increase in annuities to future retirees. CBO estimates that implementing this provision would increase such payments by about $1 billion in 2002, and $6 billion over the 2002-2006 period, assuming appropriation of the necessary amounts.

Other Provisions. The following provisions would have an insignificant budgetary impact on direct spending:

Section 505 would allow officers, whose mandatory retirement has been deferred for medical reasons, to further postpone their retirement for up to 30 days.

Section 512 would allow the Service Secretaries to hold special selection boards to consider reserve officers from below the promotion zone who, through error, were either not considered for promotion or were passed over on or after October 1, 1996. Under current law, special selection boards may only consider members who were in or above the promotion zone. Because members would be entitled to back pay if they receive retroactive promotions, enacting this provision would increase direct spending. CBO expects the number of retroactive promotions to be small and we estimate that outlays would increase by less than $500,000 a year.

Section 514 would allow disability retirement for reservists whose disability was incurred or aggravated while remaining overnight before inactive-duty training, or between successive periods of such training. Currently, reservists are only covered during overnight stays for such periods if they are outside reasonable commuting distance of their residences.

Section 515 would reduce the time-in-grade requirement for certain reserve officers who are retired because of a non-service-connected disability. In order to retire at a given grade, they would have to have served six months in that grade, rather than the three years required under current law.

Section 528 would allow the National Defense University (NDU) to collect and spend tuition receipts for up to 10 civilian students from the private sector at any one time. Currently, NDU accepts about 3 civilian students a year, on average, and their tuition is paid to the Treasury. CBO estimates this section would result in a negligible loss of receipts to the Treasury.

Section 542 would require the military to review the records of certain Jewish American and Hispanic American war veterans to determine if any of these veterans should be awarded the Medal of Honor. A $600 a month pension is available to living Medal of Honor recipients. Based on similar reviews in the past, CBO estimates that a small number of awards would be presented (many posthumously), resulting in an increase in direct spending of less than $500,000 a year.

Section 574 would allow DoD to accept voluntary legal services as a way to provide legal help to DoD beneficiaries. Although the service is voluntary, in the event of a legal malpractice suit the government would be liable for any claims against the legal volunteer. Payment of those claims is considered direct spending, but CBO estimates that this provision would cost less than $500,000 each year.

Section 713 would establish a pilot program to allow certain hospitals to provide trauma and other medical care to individuals who are not currently eligible for care at military treatment facilities. The hospital would bill the individuals based on private rates and would have the authority to spend the receipts collected without the requirement for annual appropriations. Based on information provided by DoD, CBO estimates that the department would collect and spend less than $500,000 a year.

Section 1104 would provide greater pension portability for certain civilian employees who have been employed by a Nonappropriated Fund Instrumentality (NAFI) and then become federal workers or vice versa. The provision would make it easier for workers who move between a NAFI employer and the civil service to transfer any accrued service credits from one retirement system to another. Based on information from DoD indicating relatively few workers would be affected by this provision, CBO estimates that section 1104 would change direct spending by less than $500,000 a year.

Asset Sales

The bill would authorize DoD to sell certain materials contained in the National Defense Stockpile that are obsolete or excess to stockpile requirements. CBO estimates that DoD would be able to sell the materials authorized for disposal and achieve receipts totaling about $2 million in 2002, $10 million over the 2002-2006 period, and $20 million over the 2002-2011 period.

The bill also would accelerate by one year the disposal of cobalt that was previously authorized for sale in the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). The 1998 bill authorized the sale of all remaining cobalt starting in 2003. The sales of cobalt authorized for disposal under earlier bills are projected to be completed this year. This bill would allow all remaining cobalt to be sold starting in 2002, thus avoiding a one-year gap in sales. CBO estimates that DoD would be able to expedite that disposal without impacting current market prices, resulting in more receipts from asset sales over the next five years but no net budgetary impact over the 2002-2011 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending that are subject to pay-as-you-go procedures are shown in Table 5. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

TABLE 5. ESTIMATED IMPACT OF H.R. 2586 ON DIRECT SPENDING AND RECEIPTS

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011

Changes in outlays	0	-18	-372	-28	1	33	33	-1	-1	-1	-1
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Section 4 of UMRA excludes from the application of that act any legislative provisions that are necessary for the national security. Many of the provisions in this bill would fall under that exclusion.

Other sections of HR 2586 contain several intergovernmental mandates, including two preemptions of state law. None of the mandates would impose significant costs; therefore, the threshold established by UMRA ($56 million for intergovernmental mandates in 2001, adjusted annually for inflation) would not be exceeded. The bill also would provide for several land conveyances between the federal government and state, local, and tribal governments and includes provisions that would protect those governments from unnecessary cleanup costs should an environmental hazard be discovered on that land.

A provision in title 5 (Military Personnel Policy) would require public secondary schools to provide military recruiters with access to students and to student information in the same manner that such access and information is provided to employers and institutions of higher education. The requirement to provide access and information to the military would be a mandate as defined by UMRA. Because this information is already provided to other parties, the costs of complying with this mandate would be minimal.

The two preemptions in this bill deal with land management. Section 2811 (Use of Military Installations for Certain Recreational Activities) would amend current law to allow the Secretary of Defense to waive compliance with state or territorial fish and game laws at a military installation or facility if the Secretary determines that those laws could result in undesirable consequences for public safety or adverse effects on morale. Under current law, the Secretary must require each military installation or facility under the jurisdiction of any military department to adhere to the appropriate fish and game laws. Such a preemption of state law would be a mandate. However, the costs of complying with this mandate would be minimal, since the states would not be required to take any specific action or spend any money to comply.

Section 2864 (Effect of Limitation on Construction of Roads or Highways, Marine Corps Base, Camp Pendleton, California) would preempt any California state law passed after January 1, 2001, that directly or indirectly prohibits or restricts the construction or approval of a road or highway within an easement granted by the Secretary of the Navy on the Camp Pendleton Marine Corps Base. The costs of complying with this mandate also would be minimal since the state would not be required to take any specific action or spend any money to comply.

Finally, the changes to DoD's Tricare long-term care program would result in additional Medicaid costs to states of about $1 million in 2002 and over $2 million in 2003. Because states have sufficient flexibility in the Medicaid program to alter their programmatic and financial responsibilities, these additional costs would not result from intergovernmental mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On May 22, 2001, CBO prepared a cost estimate for S. 170 and H.R. 303, identical bills titled the Retired Pay Restoration Act of 2001. S. 170 and H.R. 303 would provide identical benefits to those specified in Section 641 of H.R. 2586. If section 641 is implemented by October 1, 2001, the costs would be identical to those estimate for S. 170 and H.R. 303. As noted above, however, the provisions of section 641 cannot be implemented until additional legislation is enacted (to offset the section's costs). S. 170 and H.R. 303 do not contain such a contingency requirement.

Estimate Prepared By:

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- Military and Civilian Personnel: Dawn Regan
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ADDITIONAL VIEWS ON BALLISTIC MISSILE DEFENSE

We all have our own views on specific issues relating to ballistic missile defense: the nature and urgency of the threat; the technological promise of ballistic missile defense (BMD) systems in development; the appropriate level of funding for these BMD systems; what changes, if any, to make to the ABM Treaty and what to do if such revisions are not agreed to mutually by the U.S. and Russia; and other issues as well.

However, we all question the wisdom of increasing ballistic missile defense funding nearly 60 percent when so many other defense requirements also need to be addressed. The Service Chiefs have identified $32.5 billion in unfunded requirements for 2002 alone. The shipbuilding rate is about half of what it needs to be to sustain our current naval force. The National Guard and Reserve procurement accounts are well funded below the level needed to equip them properly. Army readiness is still below its objectives. Military housing across the country needs to be upgraded and military pay needs to be raised higher. The list goes on.

The Spratt Amendment was offered on behalf of all Democrats to shift $985 million – one-third of the proposed $3 billion increase and 12% of the total request – from selected ballistic missile defense accounts and into items that meet shortfalls for the National Guard and Army Reserve, the Navy and Marine Corps, the Air Force, and Department of Energy nonproliferation programs. The amendment did not affect systems that counter theater ballistic missile threats or the ground-based national missile defense system, and it provided funding to improve flight testing as the Administration requested. The amendment thus provided for a $2.0 billion (37.5 percent) increase for BMD programs (compared to the Administration's request).

The amendment did not fund the Administration's request to build and station five "emergency" interceptors at Ft. Greely or its proposal to upgrade the Cobra Dane radar. These requests are not related to flight testing, but rather for what appears to be pre-deployment operational non-flight testing. Given the early stages of development of the ground-based system and the controversial nature of deploying a system, we consider the request to fund these items premature.

The amendment also cut $120 million in addition to the $40 million the majority cut from space-based BMD programs, and reduced funding to transform the Navy Theater Wide system into a national missile defense system. The ability to sustain these efforts beyond 2002 is seriously in doubt, and we believe the items we identified to receive the funding cut for BMD are all higher priority defense needs.

We are disappointed the Spratt amendment was not adopted, but we hope to continue to work together with the majority in a bipartisan fashion during the remainder of the legislative process to properly balance the need to defend against ballistic missiles with the other pressing funding requirements faced by our men and women in uniform.

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ADDITIONAL VIEWS OF REPRESENTATIVE LANE EVANS

JOINT 155MM LIGHTWEIGHT HOWITZER PROGRAM

While I voted for the Committee's mark of the FY02 Department of Defense Authorization Act, I was severely disappointed that the Subcommittee on Military Research and Development decided to add $5 million to the EMD phase of the 155mm Lightweight Howitzer program. Considering the extensive mismanagement and technical difficulties this program has experienced, it is mystifying why this Committee decided to add funding to this program.

Earlier this year, the bipartisan, Iowa/Illinois Quad Cities Congressional delegation called for the termination of the program. We called for this after becoming overwhelmingly convinced that this program will not result in the type of quality weapon that our soldiers will need. The evidence is overwhelming. Two consecutive GAO reports have shown that the program is
over-budget, behind schedule and beset by serious technical problems.

For example, GAO found that all key program milestones have slipped except one. The production milestone decision has slipped from March 2002 to September 2002. Initial Fielding by the USMC has slipped 8 months to July 2004 (28 months after the originally envisioned date). The cost of the program has also continued to grow. Due to technical problems and changes in the contractor overseeing the program, the estimated cost of the developmental contract has grown $20.2 million (over 50 percent) since GAO's first report. The developmental contract has almost doubled since the start of the program (from an initial $33.5 million target price to a current estimate of $65.8 million.) I am especially troubled by this because the American taxpayer will pick up the bill for any more cost increases in developing the howitzer. This is due to the program office restructuring the contract. Under this agreement, BAE will only contribute $5 million towards development of two pre-production guns. The Committee's action will only reward mismanagement.

However, the biggest challenge of the program continues to revolve around technical issues that have not been resolved and may not be fixable. Proposed fixes to the three original problems found by GAO - insufficient spade size, instability of the saddle and faulty titanium welds -remain to be conclusively proven effective in live fire testing. Welds have become so problematic that BAE is now considering casting titanium parts instead of welding them together, a major change in the production process and one that may lead to even more problems.

Unfortunately, the second GAO review found new problems on top of these already serious technical challenges. Specifically, the spades cracked, could not be properly removed from the ground, and didn't always work properly in all soil types. In addition, the optical sight continued to break during test firings. Problems this extensive should not be found in the EMD stage of a major program. It is clearly a system that is far from any production milestone decision.

The best thing we can do for our soldiers and Marines is to take the money the committee has added to the program and devote it to evaluating alternatives so that we may eventually have an answer for the pressing indirect fire-support needs of both the

Army and the Marine Corps. I plan on offering an amendment during floor consideration of the FY02 DOD Authorization Act to do just that.

LANE EVANS

ADDITIONAL VIEWS OF REPRESENTATIVE TOM ALLEN

Strategic Arms Flexibility

I am pleased that the Committee adopted my amendment to endorse the Administration's request for repeal of the prohibition on the retirement of the 50 Peacekeeper (MX) missiles that are required to be dismantled under the START II Treaty. President Bush has called for further reductions in the U.S. strategic arsenal and for taking nuclear weapons off high alert status. Since this is one aspect of strategic policy where there is general bipartisan agreement, we should give the Administration the flexibility to implement these goals.

Even with the positive step the Committee took, I believe it is the right policy to repeal the entire provision prohibiting retirement of strategic nuclear delivery systems (section 1302 of the FY1998 National Defense Authorization Act). I am concerned that the President will be prevented from implementing his plan to take strategic weapons off high alert status with the rest of section 1302 in place. As we approach conference, I hope the Committee will discuss with Administration officials the budgetary and policy consequences of section 1302, given the President's policy statements and engagement with the Russians on a potential grand strategic agreement.

DD-21 Destroyer

I am pleased that the Committee provided $619 million for the DD-21 land attack destroyer, and expressed its support for moving forward with the program. While I was disappointed that the Committee cut the FY2002 budget request by $25 million, I note this action was taken by the Committee without prejudice for the program itself. The DD-21 was the top ship platform mentioned in the Chief of Naval Operation's testimony before this Committee. I strongly concur with his statement that "the program is central to our transformational effort, including the introduction of the Integrated Power System, the Advanced Gun System, multi-function radar, and reduced manning concepts. Additionally, the DD-21 is another step toward the creation of a more integrated Navy/Marine Corps team. DD-21 will provide significantly enhanced fire support for Marines ashore." I believe the committee recognizes the importance of these technologies and the platform itself for future mission and fleet requirements. While the cut was explained because of the delay in the contact award decision, I understand that the program office would be able to execute these funds to make up for lost schedule time, in order to keep the program on track for planned initial production.

National Missile Defense

I have previously expressed my views on the various aspects of national missile defense, and associate myself with the additional views submitted by Mr. Spratt. I take this opportunity to comment on the process by which the Committee arrived at its endorsement of the Administration proposal. Ballistic missile defense, as a concept, was a priority for this Administration from the beginning. But we did not get the actual defense budget request until just one month before committee mark-up. We weren't

informed of the Ft. Greely deployment plan until three weeks before mark-up. We did not get the detailed Ballistic Missile Defense Organization (BMDO) budget documents until a couple of weeks before mark-up. Traditionally, the Committee has four months to review the budget request before it drafts the defense authorization bill. With a spending increase of this magnitude, containing several new start programs unfamiliar to the Committee, I believe we did not have sufficient time to review the BMDO request and consider the policy and budget ramifications.

The Committee held only one hearing on the BMDO budget request. Personally, I found that Administration witnesses gave general or evasive answers to specific questions. I felt that the hearing record provided insufficient details and substance for the Committee to make a sound judgment on the massive BMDO expansion, and for the public to understand what is being proposed. Administration officials repeatedly cited actual and hypothetical threats to U.S. troops and allies from short- and medium-range missiles to justify the scrapping of the ABM Treaty, which does not constrain the development of any missile defenses for the cited threats. It's like watching a doctor prescribe chemotherapy to treat heart disease.

In a departure from traditional practice, this Committee did not receive any out-year estimates for defense spending in the Future Years Defense Plan. Likewise, we were not provided with any long-range cost estimates for the BMDO missile defense systems. We have no idea if the programs in the BMDO request are affordable in the medium or long term. The BMDO increase is too big, and too controversial, to merit a rubber stamp.

Lastly, I question whether it is appropriate for the Committee to ratify the radical new BMDO plan, in terms of budget, structure and policy, when every other major Pentagon decision is being deferred until after the Quadrennial Defense Review (QDR) process. Every time a Committee Member asked an Defense Department witness about the status of a major program, the answer was always: wait until the QDR. The lone exception was BMDO. The bill approved by the Committee makes no significant changes to any major weapons system, except BMD programs. I believe it is premature to approve the 57 percent increase for BMDO, given the impact this new initiative will have on other Defense Department funding priorities, on our national security strategy, and on our international security relationships.

As we move forward with the budget process, I hope that the majority and minority can work together to get resolution on the many questions that have yet to be answered.

TOM ALLEN

DISSENTING VIEW OF REPRESENTATIVE CYNTHIA MCKINNEY

Mr. Chairman, I appreciate the opportunity to comment on the National Defense Authorization Act of 2002. I have serious reservations with aspects of this bill, in both the funding levels and the policy focus. I respectively issue this dissent to include these concerns for the record.

Budget Increase and Comparison

The passage of H.R. 2586, the National Defense Authorization Act of 2002, by the House Armed Service Committee represents a near $33 billion dollar increase from fiscal year 2001, and provides a total of $343.3 billion in budget authority to the Department of Defense for fiscal year 2002. For the sake of comparison, the House of Representatives has passed an appropriation totaling $7.7 billion for the Department of State for fiscal year 2002, and the appropriation for Foreign Operations was passed by the House at $15.2 billion. The sum of these two appropriations - $22.9 billion – representing the amount allocated to diplomacy, international aid and peace by the United States, rises only to seventy percent of the defense allocation *increase* and 6.7 percent of the entire defense budget.

Such a budget level would be appropriate if our nation were at war or if it still faced the captive threat of the Cold War. However, since neither circumstance exists, budget levels for diplomacy and war should be balanced at a more compatible level. Moreover, with the financial mismanagement that continues to exist within the Department of Defense, increases should not be made to many programs until a system of financial responsibility is instituted to prevent future overspending, fiscal waste and the lack of accountability.

Missile Defense

The single largest portion of the budget increase is dedicated to the development and proliferation of missile defense systems.

The Committee's missile defense program is a carbon copy of the Bush administration proposal. It would dramatically increase the missile defense budget by $3 billion (57 percent) to $8.3 billion. This accelerated missile defense program is virtually certain to lead China to increase the number of nuclear weapons pointed at U.S. cities and may discourage Russia from making deep cuts in its arsenal. This program has also had seriously questionable success in operational tests to date, and functional operation of any missile defense is still in doubt.

Expensive, high-tech weapons are no substitute for effective diplomacy, arms control, disarmament, and international cooperation. Cooperative international arms control and disarmament agreements will be far more effective in advancing peace and security in the years ahead and will cost far less than a missile shield.

Nuclear Reductions

Although both Russia and the U.S. have ratified START II, its implementation has become entangled in contradictory conditions by the Russian Duma and the U.S. Senate over the Anti-Ballistic Missile (ABM) Treaty. I have been encouraged by President Bush's proposal to unilaterally reduce the U.S. strategic arsenal, beginning with the 50 Peacekeeper (MX) missiles, which contain 500 nuclear warheads.

Unfortunately, current law (Section 1302 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85)) prohibits the President from reducing the nuclear arsenal, other than through START II ratification. Current law also places unnecessary restrictions on the ability of the President to de-alert, or take off high-alert status, our nuclear weapons. Currently the U.S. and Russia have over 4,000 nuclear weapons aimed at each other--poised to be launched within minutes.

The Committee unfortunately rejected the amendment by Rep. Tom Allen to remove the restrictions in Section 1302. It did allow a second, narrower amendment to remove the restrictions on the MX missile retirements. However, the Committee denied the President the ability to negotiate deeper reductions with Russia by defeating the first Allen amendment.

The President, Secretary of Defense Rumsfeld, and the Joint Chiefs of Staff have all called for reductions in our strategic arsenal. Yet the majority party on our Committee continues to cling to these weapons as Cold War relics.

I was also disappointed that the Committee rejected the amendment by Rep. Ellen Tauscher that would have de-alerted the nuclear weapons in our arsenal that are already slated for retirement. The first President Bush de-alerted thousands of nuclear weapons in 1991 as the Warsaw pact disintegrated. The current President Bush has also supported the concept of taking nuclear weapons off hair-trigger alert. Unfortunately the Committee again missed an opportunity to demonstrate leadership in reducing the nuclear danger.

Medical Access and Gender

I regret that the Committee did not support changing current law to permit service women and female dependents who serve or reside overseas to access military hospitals and other facilities for the purpose of privately funded abortions. Similar women who serve or reside within the United States have constitutionally protected right to access to legal and safe facilities that provide abortions. Left with no other option than to either seek an abortion in a potentially unsafe, foreign medical facility or to forgo an abortion altogether, this legal provision is tantamount to gender discrimination and should be changed. Not only does this threaten the health of such women, such a policy is seemingly unconstitutional, and further, it threatens retention and recruitment of soldiers. It is my hope that this restriction will be corrected upon consideration in Committee of the Whole, and I urge the designated conferees from the House to support any such changes.

Vieques, Puerto Rico

I find it unfortunate that the Committee has sought to reduce the likelihood of the Navy's departure from the island of Vieques, Puerto Rico and that the Reyes amendment was defeated. The people of Vieques were provided last year with the opportunity to choose their own fate with regards to the Navy range, and through a non-binding referendum on June 29, 2001, overwhelmingly issued their desire for the Navy to depart from their island. The continued bombing erodes the safety, environment and economy of this island and its people, and should cease. It is my hope that the Administration is permitted to proceed with the Navy's planned withdrawal from Vieques in 2003, and that the unlikely discovery of another 'suitable' alternate site not be held as prerequisite for this departure.

Domestic Use of Intelligence

There have been recent revelations about the use of military intelligence for domestic issues, specifically with respect to the surveillance of Dr. Martin Luther King, Jr. and Operation Lantern Spike. Evidence of such past activities give rise today to grave constitutional issues and concern about civil liberties. The 1975 Report written by the Select Committee to Study Governmental Operations with Respect to Intelligence Activities revealed practices "abhorrent in a free society." The Church Committee, named after its Chairman, Frank Church of Idaho, exposed that in the name of state security a program of manipulation, infiltration, surveillance, harassment, disruption, and murder was carried out with the consent of those at the highest levels of the United States government and against domestic and international law.

Proposals supporting the creation of a National Homeland Security Agency raise a specter of the return of the most egregious aspects of the domestic program that deprived too many Americans of their constitutional rights and in some cases their lives. The military has an appropriate role in protecting the United States from foreign threats, and should remain dedicated to preparing for those threats. Domestic uses of the military have long been prohibited for good reason, and the same should continue to apply to all military functions, especially any and all military intelligence and surveillance.

International Assistance and Programs

The escalating war on drugs that the United States is fighting has me increasingly concerned. Though I appreciate a reduction of $4 million from the contributions to Peru for counter-drug support, the events surrounding the death of American missionary Veronica Bowers and her 7-month old daughter highlight the role our nation and military play in foreign affairs. Though it was private CIA contractors who were involved in this specific incident, our military resources are being used to train and support foreign nations in their efforts to curb drug production and distribution. As with the transgressions that resulted from training foreign militaries at the School of the Americas, human rights abuses can result from the training, arming and empowerment of developing nations' armed forces. Further, we should be cautious that such activity does not draw our nation into difficult regional conflicts, and in light of the apparent failure of

the war on drugs, the entire concept of military-based drug interdiction and it's efficacy should be reconsidered.

Quality of Life Issues

Despite my reservations with this legislation, it includes positive aspects that I applaud.

I would like to commend the Committee, and particularly Personnel Subcommittee Chairman McHugh for the increase in military pay and salaries. This is an appropriate step that not only provides our service men and women with sufficient compensation, but also achieves two other important goals: furthering the profession of the military and the responsibility inherent in the changing roles of the armed forces; and increasing the retention of service men and women. Similarly, increases in moving allowances, housing expenditures, provisions permitting concurrent receipt of retired pay and veteran's disability benefits, and efforts to protect voting rights of personnel are praiseworthy.

Many of the nations that we perceive as a threat will respond to the expansion and proliferation of missile defense, the expanding role of military in drug interdiction, and prevention of reductions in nuclear missiles. It is uncertain how these nations will respond, but I am confident that diplomacy and engagement will have much more positive effects on our national security than will our expanding defense budget. Similarly, the Department of Defense should be urged to respond to the trust that is instilled in it by reforming its financial management, reducing the obstruction that has plagued its history, and by eschewing involvement in domestic issues. I urge the Committee to prudently consider its role in developing not only national policy, but also international relations, and to realize that as the global leader we have a role not only in preparing for war, but also in promoting peace.

CYNTHIA MCKINNEY