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H.R.1585: FY 2008 National Defense Authorization Act

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Restoring Readiness

The military's ability to quickly and effectively reverse declining trends in readiness has been called into question over the last few years. The conference report does the following to improve the overall state of our forces:

- Authorizes \$1 billion for the Strategic Readiness Fund
- Provides \$980 million for National Guard equipment
- Establishes the Defense Materiel Readiness Board
- Requires an in depth report on the current state of readiness of the force
- Requires a plan on reconstitution of prepositioned equipment stocks
- Requires rating and reporting of National Guard readiness for homeland defense missions

Strategic Readiness Fund

Creates a new Strategic Readiness Fund, authorized at \$1 billion, to enable the Secretary to rapidly provide resources to address critical materiel shortfalls

National Guard and Reserve Equipment Account

Authorizes an additional \$980 million for the procurement of critical, high-priority miscellaneous equipment to include aircraft, missiles, wheeled and tracked combat vehicles, tactical wheeled vehicles, ammunition, and other weapons to address National Guard and reserve component unfunded equipment shortfalls

Defense Materiel Readiness Board

In order to elevate the discussion within the Department of Defense on addressing equipment shortfalls, the conference report establishes the Defense Materiel Readiness Board to identify critical materiel readiness shortfalls and to recommend ways to rapidly resolve these shortfalls.

The Board's three main functions will be to:

- Recommend the designation of critical materiel readiness shortfalls to the Secretary of Defense, by identifying where equipment and supply shortfalls are expected to persist for two or more years.

- Monitor and assess industrial capacity by looking across DoD, the defense industrial base and non-traditional suppliers to determine where capacity could be used more efficiently and to think creatively about how to leverage that capacity to fill identified shortfalls.
- Assess the adequacy of DoD's policies and plans for identifying and addressing readiness problems.

The Department of Defense is given three new authorities:

- The creation of the \$1 billion Strategic Readiness Fund;
- Special authority to transfer funds up to \$2 billion into accounts for addressing critical materiel readiness shortfalls; and
- Authority to notify Congress quickly about the need for multiyear procurement contracts to address critical material readiness shortfalls.

Required Readiness Report

Requires DoD to summarize the current state of readiness for U.S. ground forces, state the Department's goal for the acceptable number of units maintained at each readiness level, prioritize the actions the Department intends to take to improve the state of readiness, and address the investment strategy needed to return forces to an acceptable state of readiness.

Prepositioned Equipment Stocks

Requires DoD to submit an annual report on the status of U.S. prepositioned equipment stocks, including the Department's plan, timeline and funding requirements for reconstituting all prepositioned stockpiles. Additionally, DoD must report on the intended future strategic use of the stockpiles and how it plans to mitigate the risk before the stockpiles have been fully reconstituted.

National Guard Homeland Readiness Ratings

Instructs DoD to include in its quarterly readiness reports the state-by-state capability of the National Guard to achieve its homeland and civil support missions. This requires DoD to evaluate the preparedness of the National Guard for homeland missions, such as disaster response, rather than evaluating only their preparedness for war time contingencies.

Wounded Warriors Act

To address the problems being confronted by our wounded service members and their families throughout the recovery process, the Wounded Warrior Act was adopted. This Act combines elements of the House and Senate-passed versions of the Act, as well as elements of the Dole-Shalala recommendations to establish new requirements to provide the people, training and oversight mechanisms needed to restore confidence in the quality of care and service received by our wounded warriors and their families.

Specifically, the conference report takes the following steps towards improving patient care and service:

- Creates the **Wounded Warrior Resource Center** to serve as a single point of contact for service members, their families and primary caregivers to report issues with facilities, obtain health care and receive benefits information;
- Requires semi-annual **inspections of housing facilities** for recovering service members;
- Requires the Secretary of Defense and the Secretary of Veterans Affairs to jointly develop a comprehensive policy on the care and management of members of the armed forces, including the development of fully interoperable **electronic health records**;
- Mandates the establishment of new DoD-wide standards for processing medical evaluations and training and qualifying those performing the evaluations. This includes **assigning independent medical advisors** to assist recovering service members and families;
- Mandates the establishment of new DoD-wide **standards for processing disability evaluations** to reduce discrepancies between the Department of Defense assessments and those conducted by the Department of Veterans Affairs and to ensure consistent decisions among the military departments;
- Requires a comprehensive policy to **address traumatic brain injury (TBI), post-traumatic stress disorder (PTSD)**, other mental health conditions and military eye injuries, as well as the creation of centers of excellence focused on these conditions;
- Mandates the establishment of uniform standards to **limit the number of evaluation cases that are pending** before a physical evaluation board;
- Requires the establishment of a **standard training curriculum for all personnel associated with the disability evaluations** to include physical evaluation board liaison officers;

- Mandates that the Secretary of Defense and the Secretary of Veterans Affairs must establish a **standard for rating service members' disabilities** that takes into consideration all medical conditions;
- Establishes a **board to review the cases of service members separated without retirement benefits** with a disability rating of 20 percent or less to ensure that such ratings are fair and accurate;
- Requires the Secretary of Defense to conduct a **study of the support services provided** to families of recovering service members;
- Requires that a **comprehensive description of entitlements** be developed for service members upon their separation or retirement as a result of serious injury or illness;
- Authorizes the Secretary of Defense to conduct pilot programs to examine methods for **improving the disability evaluation system** and requires the Secretary of Defense and the Secretary of Veterans Affairs to jointly study the feasibility and advisability of consolidating the disability evaluation systems of the military departments and the Department of Veterans Affairs;
- Requires the Secretary of Defense to contract with the National Academy of Sciences to **study the physical and mental health needs** of those deployed in Iraq or Afghanistan; and
- **Prohibits A-76 competitions** at military medical facilities.

Combating Contractor Fraud

With increasing reports of contractor fraud in Iraq and Afghanistan, it is necessary to tighten the controls and encourage the timely reporting of waste, fraud and abuse. The following provisions work to accomplish these goals and prevent the waste of taxpayer money:

Contracting in Iraq and Afghanistan

Requires that the Secretary of Defense, Secretary of State and the U.S. Agency for International Development (USAID) sign a memorandum of understanding (MOU) regarding matters relating to contracting in Iraq and Afghanistan.

The MOU will clarify the roles and responsibilities in managing and overseeing contracts, including tracking and overseeing contractor personnel and maintaining a set of common databases containing information on such contracts.

Also requires the Secretary of Defense, working with the Secretary of State, to issue detailed regulations for private security contractors mandating the appropriate use of force and accountability. GAO is required to report annually on the handling of contracts in Iraq and Afghanistan.

Commission on Wartime Contracting in Iraq and Afghanistan

Creates a new commission on wartime contracting to develop lessons learned from the contracting problems in Iraq and Afghanistan. Mandates a thorough investigation and audit of all reconstruction, security, and military logistics contracts in Iraq and Afghanistan by the Inspectors General of DoD, State, USAID, the SIGIR and SIGAR

Improved Whistleblower Protections

Expands the list of government officials to whom whistleblowers can report waste, fraud, and abuse. Also expands the kinds of information whistleblowers can provide, beyond just violations of law, to gross mismanagement and significant hazards to public safety. Provides a private right of action in federal court for defense contractor employees who are subject to reprisal for their efforts to protect taxpayer interests and have exhausted all administrative remedies.

Improving the Health of the Force

Funding for the military services was directed to high-priority accounts with the intention that our force will finally reverse the trend of declining readiness and start down the road towards health and sustainability. Among the funding priorities addressed are the following:

- \$18.4 billion to fully address equipment reset for the Army
- \$8.6 billion to meet the Marine Corps' reset requirements
- \$1 billion for a Strategic Readiness Fund
- \$980 million to provide the National Guard and Reserve critical equipment
- Establishes a Defense Materiel Readiness Board
- End strength increase of 13,000 soldiers and 9,000 Marines
- Authorizes National Guard Empowerment Act
- Authorizes reimbursement to the National Guard for Civil Support missions
- \$2.8 billion for the Grow the Force initiative
- Eliminates the cap on the number of ROTC scholarships for the Army Reserves

Equipment Reset

Authorizes \$18.4 billion to fully address the Army's stated equipment reset requirements in fiscal year 2008, and \$8.6 billion to address the reset needs of the Marine Corps. This will enable the two services to address their critical shortfalls of equipment due to extended use overseas.

Strategic Readiness Fund

Authorizes \$1 billion to allow the Secretary of Defense the ability to meet emerging shortfalls in critical equipment

National Guard and Reserve Equipment Account

Authorizes an additional \$980 million for the procurement of critical, high-priority miscellaneous equipment to include aircraft, missiles, wheeled and tracked combat vehicles, tactical wheeled vehicles, ammunition, and other weapons to address National Guard and reserve component unfunded equipment shortfalls

Defense Materiel Readiness Board

Establishes the Defense Materiel Readiness Board in order to leverage the expertise resident within the DoD, as well as industry to meet critical equipment shortfalls

End Strength Increase

Authorizes 13,000 new soldiers for the Army and 9,000 new Marines in fiscal year 2008.

National Guard Empowerment Act

Authorizes the following provisions to restore our National Guard and Reserves to their full strength:

- Authorizes a fourth star for the Chief of the National Guard Bureau and enhances the duties of that position;
- Makes the National Guard Bureau a joint activity of the DoD;
- Expands the National Guard Bureau charter to include official coordination with federal agencies, states, Joint Forces Command and Northern Command on homeland and civil support activities;
- Requires the Chairman of the Joint Chiefs of Staff to review and determine how to incorporate more National Guard and Reserve personnel into positions at Northern Command;
- Creates a bipartisan Council of Governors to advise the President on how best to use the National Guard for civil support missions; and
- Requires at least one deputy of Northern Command to be a National Guard Officer.

Reimbursement for National Guard Support to Civil Authorities

Requires federal agencies to reimburse DoD for the costs of support provided by the National Guard in support of special national security events but allows the Secretary of Defense to waive such payments if the support is provided in the normal course of military training or produces an equivalent benefit.

Grow the Force Initiative – Military Construction

Authorizes \$2.8 billion in military construction funding for the “Grow the Force” initiative to ensure facilities are available to accommodate the increasing size of the force.

Increases Army National Guard and Reserve ROTC Scholarships

Eliminates the limitation on ROTC scholarships that may be awarded to cadets wishing to serve in the Army reserve components.

Providing for Service Members and Their Families

Our service members are our most valuable national security asset. With the military engaged in multiple fronts around the world, the conference report does the following to ease the burden on our troops and their dedicated families:

- 3.5% pay increase
- Prohibits increased healthcare fees
- Increases end strength
- Places federal pricing limits on the TRICARE retail pharmacy network
- Multiple provisions to ease the burden on our military families
- Multiple benefits for our military retirees and surviving spouses
- Improves educational benefits for service members and their families
- Improves healthcare services
- Yellow Ribbon Reintegration Program
- Reforms the special pay and incentive system
- Authorizes changes to the reservist retirement age
- Reimburses Reservists for travel expenses to attend training

Service Member Pay Increase

Authorizes a 3.5% across-the-board pay raise for all service members, and increases monthly hardship duty pay to a maximum of \$1,500.

Prohibition on Increase in Healthcare Fees

Prohibits increases in both TRICARE and pharmacy user fees, to prevent over \$1.86 billion in healthcare costs from being passed on to service members, retirees and their families.

Increase in the Size of the Force

Increases the end strength for the Army by 13,000, the Marine Corps by 9,000, the Navy by 698, and the Air Force by 963 for fiscal year 2008. The increases in the Navy and Air Force focus on restoring military medical positions within the two services.

Federal Pricing Limits

Requires any prescription filled through the TRICARE retail pharmacy network to be subject to federal pricing limits, similar to other DoD pharmaceutical networks.

Improved Services for Families

- **Family Readiness**
Requires the Secretary of Defense to establish a Department of Defense Military Family Readiness Council and to develop policy and plans to improve and enhance programs that support military family readiness. Also requires the Secretary of Defense to enhance and improve support services and programs for families of members of active and reserve components undergoing deployment
- **Family Housing**
Authorizes \$2.9 billion to complete the Department's effort to eliminate all inadequate domestic family housing by 2007 and puts DoD on track to fund the elimination of all inadequate overseas family housing by 2009.
- **Family Travel to Burial**
Expands the list of persons eligible to travel at government expense to attend a service member's burial ceremony to include all children and siblings of the deceased service member.
- **Family Leave**
Allows a family member of an employee who is preparing to deploy or already deployed in support of a contingency operation to be eligible for leave, and amends FMLA to provide a family member who is caring for a wounded service member extended leave from 12 work weeks to 26 work weeks.

Expanded Retiree and Survivor Benefits

- Authorizes a monthly payment of \$50 to surviving spouses who are denied the full amount of their Survivor Benefit Plan (SBP) benefit because of concurrent receipt of Dependency and Indemnity Compensation (DIC). The amount will be increased to \$100 by 2014.
- Expands the combat-related special compensation eligibility to include Chapter 61 disability retired service members with fewer than 20 years service.
- Authorizes disabled retirees, who are considered 100% disabled by virtue of being unemployable, to receive full concurrent receipt of military retired pay and disability compensation effective January 1, 2005.

- Authorizes service members to designate their entire death gratuity benefit to any individual in 10% increments.
- Increases the ability of TRICARE beneficiaries in U.S. territories to receive space-available travel to the U.S. for medical care as recommended by their doctor.

Improvements in Education

- **Expands the GI Bill**
Allows Reservists to use their 1607 educational benefits for 10 years after separation from the reserves. Reservists who rejoin can reclaim their previously earned 1607 benefits and use them for 10 years following any subsequent separation. Enhances the types of educational benefits for which Reservists are eligible by authorizing an accelerated payment program. Allows Reservists with three cumulative years of active duty service to qualify for education benefits at 80% of the active duty rate. Creates a buy-up program for service members eligible for 1607 benefits.
- **Impact Aid**
Authorizes \$30 million to assist schools that serve the children of our service members, with an additional \$10 million going to assist those schools that are expected to be affected by the latest BRAC round, and authorizes \$5 million for impact aid payments for children with disabilities.
- **Improving Services for Autism**
Requires the Secretary of Defense to assess the adequacy of school systems available to military children to determine whether they meet the standards for special education for autism. Also requires development of a plan to ensure that all autistic children of service members who are enrolled in the Exceptional Family Member Plan receive the proper services and authorizes pilot programs to improve services for autism among children of service members.

Healthcare Improvements

- **Prohibits Cuts in Military Medical Personnel**
Prohibits additional military medical personnel positions from being converted to civilian or private contractors. This improves the quality of healthcare provided to our service members and ensures that the improved level of care is maintained.
- **Addresses the Nursing Shortage**
Requires the Secretary of Defense to create a plan to establish a DoD school of nursing, provides funding to develop the plan, and gives the Secretary the legal authority to establish the school as soon as possible.

- **TRICARE Mental Health Services**
Clarifies that mental health services are considered part of health care services.

Yellow Ribbon Reintegration Program

Establishes a national combat veteran reintegration program for reservists that will provide support to service members and their families before, during, and after deployments. The centerpiece of the program will be post-deployment activities to help reservists reintegrate into their families and communities, making a wide variety of state and federal services available to families, and providing additional opportunities to screen service members for deployment-related medical or psychological needs.

Reimbursement for Reserve Training Travel Expenses

Authorizes up to \$300 reimbursement to certain members of the Selected Reserve for travel expenses when training is outside the commuting limits of the member's station and the training involves critical missions.

Reservist Retirement Age

Reduces the age at which a Reservist can draw retired pay below the age of 60 by 3 months for every aggregate 90 days of active duty service in support of a contingency operation.

Reforms the Special/Incentive Pay System

Reforms the authorities for special and incentive pays and bonuses and consolidates over 60 special and incentive pays into eight major categories.

Meeting Force Protection Needs

Our service members are courageously doing their duty overseas in multiple wars, and it is Congress' responsibility to provide them with the best gear and force protection possible. When a need is identified, the Committee has worked to fill it as quickly and efficiently as possible. The following initiatives will serve to provide the equipment and resources our brave men and women in uniform need to truly perform their missions as safely as possible.

- \$17.6 billion for MRAP vehicles
- \$4.77 billion for the Joint IED Defeat Organization
- \$1.2 billion for body armor
- \$3.3 billion for up-armored humvees
- \$1.5 billion for vehicle add-on armor
- \$592.3 million for the Armored Security Vehicle (ASV)
- Evaluation of active protection systems
- Additional evaluation of helmet pad systems

Mine Resistant Ambush Protected Vehicles (MRAP)

Authorizes \$17.6 billion, an increase of \$865 million, for additional MRAP vehicles and other associated MRAP transportation, contractor logistics, and research and development costs. This more than fully funds the current MRAP vehicle requirement for 15,374 vehicles. The Under Secretary of Defense for Acquisition, Technology, and Logistics is also directed to provide a report that addresses a series of issues relating to armor technology, the MRAP program, and explosively formed projectiles.-

Joint Improvised Explosive Device Defeat Organization (JIEDDO)

Authorizes \$4.77 billion to fully fund the anti-IED efforts of JIEDDO, and requires an independent review of the agency's activities, what they have accomplished to date, where capability gaps exist and what can be done to more effectively counter the IED threat.

Individual Body Armor

Authorizes over \$1.2 billion for the continued purchase of personal body armor and associated individual protective components for our service members serving overseas.

Up-Armored Humvees

Authorizes \$3.3 billion to help sustain the maximum rate of production, replace battle losses, enhance force protection capabilities and address equipment reset requirements.

Safety Modifications and Vehicle Add-on Armor

Authorizes \$1.5 billion for modifications to in-service tactical wheeled vehicles that include safety and force protection improvements such as additional fragmentation and gunner protection kits to protect against improvised explosive devices (IEDs) and other more advanced IEDs.

Armored Security Vehicles

Authorizes \$592.3 million for the Armored Security Vehicle (ASV). The ASV is an all-wheel drive enclosed armored vehicle that provides increased ballistic protection, overhead protection and protection against land mines and IEDs.

Active Protection Systems

Requires DoD to conduct live-fire tests and assessments of domestic and foreign active protection systems suitable for protecting wheeled tactical vehicles. A report on the results is due to Congress in December 2008 and 2009.

Combat Helmet Pad Suspension Systems

Requires a user evaluation and assessment that compares form, fit, and function between the several pad suspension systems that have already been qualified for use. This evaluation will provide the Army and Marine Corps with valuable feedback on the different pad systems' relative advantages and disadvantages beyond their technical performance. Also authorizes service members to be reimbursed for helmet pads they purchased out of pocket through September 30, 2007.

Review of Roles and Missions

A thorough review of roles and missions is overdue and the conference report does the following to initiate a major internal review by the Department of Defense:

- Requires a review of the roles and missions of the Department of Defense every four years, and requires that the missions be organized into core mission areas such as ground, air, maritime and space environments, expeditionary warfare, mobility, homeland defense, and cyber operations;
- Requires the review to identify the core competencies and capabilities of the military departments, the Office of the Secretary of Defense, each defense agency, and each defense field activity. Each core competency is required to be clearly associated with a core mission area of the DoD; and
- Initiates the first review in 2008, with subsequent reviews occurring in 2011 and every 4 years thereafter.

The following provisions address the Joint Requirements Oversight Council (JROC):

- Requires the JROC to provide the military services with clear guidance on the priority assigned to each requirement to ensure that the appropriate level of resources is allocated;
- Requires the JROC to periodically review requirements according to the core mission areas. The official assigned to lead the review must be of a different military department than the deputy for that core mission area;
- Requires Milestone A approval for major DoD systems from the appropriate Milestone Decision Authority, in consultation with the JROC, prior to the start of technology development. This will affirm that the system fulfills an approved initial capabilities document, is being executed by an entity with a relevant core competency, and that a cost estimate is consistent with the assigned priority level. Also requires that if, at any time prior to Milestone B, the system experiences cost growth of more than 25% of the cost estimate, the system would be returned to the JROC for a decision on whether to continue or terminate; and
- Requires future mission budgets to be displayed by core mission area, thus allowing Congress and DoD to assess whether resources are being allocated properly between mission areas.

Acquisition Improvement and Accountability Act of 2008

The conference report includes the “Acquisition Improvement and Accountability Act of 2008”, to improve the acquisition system and increase the accountability of government contractors. The following provisions are applicable government-wide:

- Creates an Associate Administrator for Acquisition Workforce Programs in the Office of Federal Procurement Policy and makes permanent the Acquisition Workforce Training Fund;
- Enhances openness by requiring the federal agencies to publicly justify the use of procedures that prevent full and open competition;
- Enhances reporting of significant audit findings by requiring a separate annex in the Inspectors General semi-annual reports; and
- Authorizes additional protections on the use of task and delivery order contracts to limit the ability to award multi-million dollar task orders to either a single contractor or a limited pool of competitors without proper justification. Includes the right for competitors to make a bid protest on task orders over \$10 million.

The Act also institutes a number of DoD-specific acquisition reforms including:

- Creates a special fund for the acquisition workforce at DoD to ensure adequate resources are available to reinvigorate the DoD acquisition workforce through accelerating recruitment of new personnel, and providing for training, incentives and bonuses. The fund will start at \$300 million in FY08 and increase to \$600 million by 2010;
- Prohibits the use of Lead Systems Integrators (LSI) on any new programs after 2010 and limits the use of LSIs on existing programs beyond initial production;
- Increases management oversight of service contracts and tightens rules regarding the use of commercial procedures for commercial services contracts;
- Requires additional information be provided to Congress when major multiyear contracts are requested, and limits DoD’s ability to use multiyear contracts on programs with a history of major cost growth;
- Tightens reporting requirements for the “revolving door”— when DOD officials leave to work for defense contractors;

- Requires a Defense Sciences Board study on DoD's acquisition of information technology;
- Requires additional training for military personnel deployed to theater with contractors on how to properly manage and oversee these contracts;
- Requires a detailed review on the implementation of the recommendations from the Commission on Army Acquisition and Program Management in Expeditionary Operations; and
- Requires DoD to issue regulations mandating that defense contractors comply with export control laws or risk losing their DoD contracts.

Iraq

Iraq Policy Reports

Mandates that future reports on U.S. policy and operations in Iraq include the following: an assessment of Iraqi progress in meeting certain benchmarks, an explanation of the current Joint Campaign Plan and any subsequent revisions, an assessment of success in carrying out the Joint Campaign Plan, information on projected U.S. force levels in Iraq including costs and missions, and information on the planning for such changes. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff are required to brief the defense committees on the missions of U.S. forces in Iraq and projected force levels, as well as planning for any changes to these levels.

Special Inspector General for Iraq Reconstruction (SIGIR)

Broadens the authority of SIGIR to include all reconstruction funding regardless of source or fiscal year. SIGIR is terminated 180 days after all but \$250 million in Iraq reconstruction funds are spent.

Iraq Weaponry

Requires the Secretaries of State and Defense to implement a registration and monitoring system for all defense items provided to the Iraqis. This includes:

- registration of all serial numbers from all small arms provided to the Iraqis;
- end use monitoring of all lethal defense articles; and
- recordkeeping on where an item originated, how it was transported to Iraq, and who received it.

The President must regularly review the list of tracked items and may exempt an item from the list with Congressional notification. 180 days after enactment, no items may be provided until the registration and monitoring system is in place.

Iraq Refugees

Increases the number of special immigrant visas for Iraqis who worked for the U.S. in Iraq, from 500 to 5,000. Requirements include: having worked for the U.S. at least a year, being threatened because of that, and having their senior supervisor agree that their lives are in danger. This provision allows the U.S. to better protect translators and their families, as well as other workers who are helping the U.S.

Afghanistan

Report on Afghanistan

Requires the President, through the Secretary of Defense, to coordinate with other U.S. agencies to produce a comprehensive report that outlines the strategic direction of U.S. activities in Afghanistan and includes concrete performance indicators and measures of progress in a broad range of areas, including strengthening the North Atlantic Treaty Organization International Assistance Force, building the capacity of the Afghanistan National Security Forces, promoting reconstruction and development, defining the strategy and activities of the Department of Defense counter-narcotics program, assisting Afghanistan fight corruption and promote the rule of law, and increasing security cooperation with Afghanistan's neighbors.

Special Inspector General for Afghanistan Reconstruction (SIGAR)

Establishes the Office of the Special Inspector for Afghanistan Reconstruction (SIGAR) to provide independent and effective oversight of critical reconstruction funds in Afghanistan.

Afghan Security Forces

Requires the Secretary of Defense to submit a detailed plan for sustaining the Afghan National Security Forces (ANSF). The report should include a long-term strategy and budget, a mechanism for tracking funding, and actions to ensure Afghan institutions support the ANSF.

Civilian Personnel

A-76 Public-Private Competitions

Revises the A-76 public-private competition process for the Department of Defense to ensure a balanced and fair A-76 cost comparison process through the following provisions:

- Excludes health care and retirement costs from the A-76 cost comparison process, to avoid giving contractors incentive to provide no, or minimal, health and retirement benefits to their employees;
- Eliminates automatic recompetition of work performed by federal employees under A-76;
- Establishes appeal rights for federal employees, government-wide, equitable to those retained by contractors;

- Eliminates Office of Management and Budget (OMB) outsourcing quotas;
- Requires the establishment of guidance to allow federal employees to compete for new work or work currently performed by contractors under certain limited circumstances; and
- Establishes in law a competition requirement for non-DoD agencies which is identical to what is in permanent law for DoD.

National Security Personnel System (NSPS)

Restores collective bargaining rights and access to an appeals system, while maintaining the Department's ability to move forward with a flexible pay-for-performance system. The hiring of federal annuitants is encouraged to help overcome the shortage in the federal workforce.

Death Gratuity for DoD Civilians Serving in a Combat Zone

Increases the authorized payment for Federal civilian personnel who die as a result of performing their duty in a contingency operation from \$12,000 to \$100,000. This provides parity in these benefits between civilian and military personnel.

War on Terror

Guantanamo Bay

Expresses the Sense of Congress that the international community should work with DoD to facilitate and expedite repatriation of non-threatening detainees, prosecutions should proceed expeditiously, and operations at Guantanamo Bay should uphold American values and national interest. The conference report also requires the Administration to submit a report with regard to its plan for each detainee currently being held at Guantanamo.

Pakistan

- **Report and Notification of Coalition Support Funds**
Requires the Secretary of Defense to submit a report on enhancing security and stability in the region along the border of Afghanistan and Pakistan, and requires notification of reimbursements to Pakistan for logistical, military or other support provided to U.S. military operations.
- **Train and Equip Authority**
Authorizes the transfer of \$75 million to train and equip the Pakistan Frontier Corps as they conduct counterterrorist operations along the border of Pakistan and Afghanistan.

Victims of Terrorism

Grants courts the authority to hear claims brought against a foreign state that is or was designated as a state sponsor of terrorism either at the time or as a result of a terrorist act. Prior claims may be heard under this provision. Claimants who obtain a judgment against a foreign state may attempt to satisfy their judgments with the property of the foreign state.

Non-Proliferation and Counter-Threat Reduction

Department of Energy NNSA Nonproliferation Programs

Authorizes nearly \$2 billion, an increase of \$235 million, to strengthen and expand NNSA nonproliferation programs.

- Authorizes \$315.3 million, an increase of \$50 million, for weapons of mass destruction (WMD) proliferation detection and nuclear explosion monitoring through the Nonproliferation Research and Development program;
- Authorizes \$137.9 million, an increase of \$13 million, for the Nonproliferation and International Security program to support Global Initiatives for Proliferation Prevention, dismantlement and transparency activities, including the Six-Party process on the denuclearization of the Korean Peninsula;
- Authorizes \$401.8 million, an increase of \$30 million, for the International Materials Protection and Cooperation program, to secure nuclear materials in Russia and to deploy WMD detection equipment at key points of transit through the Second Line of Defense border security and the Megaports programs;
- Authorizes \$191.6 million for the Elimination of Weapons-Grade Plutonium Production program to accelerate shutdown of a plutonium-producing reactor in Russia;
- Authorizes \$196.6 million, an increase of \$77 million, for the Global Threat Reduction Initiative, to convert research and test reactors from the use of highly-enriched uranium to low-enriched uranium, expand U.S. and international radiological threat reduction efforts around the world and address emerging WMD threats;
- Authorizes \$399.7 million for the NNSA Office of the Administrator to expand and strengthen staff capacity, capabilities and resources for nonproliferation programs;

- Strongly supports moving forward expeditiously with construction of the U.S. Mixed Oxide (MOX) Fuel Fabrication Facility by providing \$609.5 million for the U.S. Surplus Fissile Materials Disposition program, including \$333.8 for construction of the new MOX facility; and
- Includes a Sense of Congress that the President should make the prevention of a nuclear terrorist attack on the U.S. a high priority, that it is the policy of the U.S. to work with the international community to develop a global security standard for nuclear weapons and material, and requires the President to submit a report on the security of nuclear weapons and material.

Department of Defense Counter-Threat Reduction (CTR) Program

Authorizes \$428 million, an increase of \$80 million, to strengthen and expand the CTR Program.

- Requires the Secretary of Defense to submit a report on the Shchuch'ye Chemical weapons destruction project in Russia, to include a current and detailed cost estimate and a specific strategic and operating plan for project completion;
- Removes certain restrictions on the use of funds for CTR programs globally in order to increase flexibility and streamline efforts; and
- Authorizes \$10 million and requires a National Academy of Sciences study and a DoD action plan for strengthening and expanding the CTR Program through the development of new initiatives.

Military Installations

Cheyenne Mountain

Requires DoD to report on the relocation of the North American Aerospace Defense Command (NORAD) from Cheyenne Mountain to Peterson Air Force Base. The report is required to provide a cost-benefit analysis of the transition, including a security and vulnerability assessment of Peterson AFB and plans to mitigate any identified risks. The report is due by March 1, 2008, and restricts \$5 million of the funds for the relocation project until Congress receives the report.

Private Security Guards

Decreases the authorized number of private security guards at military installations from 80% of the total number of guards to 50% by 2012.

DoD Installation Security

Requires the DoD Inspector General to submit a report on the physical security of DoD installations and resources. The investigation is required to ensure that the DoD is taking all possible steps to secure its facilities.

Base Realignment and Closure (BRAC)

Authorizes over \$8.3B for the BRAC 2005 account to support the strategic alignment of forces in the United States.

Grow the Force Initiative – Military Construction

Authorizes \$2.8 billion in military construction funding for the “Grow the Force” initiative to ensure facilities are available to accommodate the increasing size of the force.

Industrial Base

Army Working Capital Fund

Establishes a pilot program allowing Working Capital funds to be used for product improvements of up to \$1 million for weapon systems, major end items, and components. The goal is to decrease procurement lead times, implement steady workload requirements at the depots, improve coordination with the private sector and lower overall costs. Decreasing costs and increasing efficiency are significant issues for the Army and Marine Corps as large amounts of equipment will cycle through depot maintenance systems over the next several years as part of their larger reset strategies.

Corrosion Prevention

Makes permanent and strengthens the director of the DoD Office of Corrosion Policy and Oversight and grants the director authority to interact directly with other corrosion prevention agencies and institutions, as well as authority to enter into cooperative research agreements with these entities. Also requires an annual report detailing DoD’s long-term corrosion control and prevention strategy, which the Government Accountability Office will review within 60 days.

Military/Industrial Partnerships

Increases authority for depots, arsenals and ammunition plants to enter cooperative agreements with commercial entities to carry out specific military or commercial projects. These partnerships increase efficiency, reduce costs, and most effectively leverage public industrial capacity.

Missile Defense

Reduces funding for the Missile Defense Agency by \$450 million. This allows for increases in systems that address current needs and vulnerabilities, while reducing less mature, high-risk systems. The conference report does the following:

Airborne Laser Program

Authorizes \$513 million, a reduction of \$35 million, for the Airborne Laser (ABL) program, while expressing concerns about technical risks, operational challenges, and potential costs associated with the ABL. Also calls on the Department to initiate an independent review of the technical, operational, and cost issues associated with ABL, particularly in comparison to the Kinetic Energy Interceptor and the Aegis Ballistic Missile Defense system using the Standard Missile-3 Block IIA in an ascent phase capacity.

Patriot PAC-3/Medium Extended Air Defense System (MEADS)

Authorizes \$1.25 billion for Army missile defense programs, including the purchase of Patriot PAC-3 interceptors, continued development of the MEADS system, and the upgrade of the remaining PAC-2 firing units to PAC-3 configuration.

Aegis Ballistic Missile Defense (BMD)

Authorizes \$1.1 billion for the Aegis BMD program, an increase of \$65 million over the original budget request. The conferees note their continuing concern that the Department is not devoting adequate resources to the Aegis BMD program, and strongly urges the Department to do so in the future.

Ground-Based Missile Defense (GMD)

Authorizes \$2.3 billion for the existing GMD system deployed in Alaska and California, but limits the availability of funds to deploy more than 40 ground-based interceptors in Alaska, until the Block 2006 GMD system has demonstrated, through operationally realistic flight testing, that it has a high probability of working in an operationally effective manner.

Terminal High Altitude Area Defense (THAAD)

Authorizes \$852 million for THAAD, the amount of the original budget request, to continue the purchase of the first two THAAD firing units, which will provide the United States the capability to protect our deployed forces and allies against short-and medium-range ballistic missiles.

European Missile Defense Site

Authorizes \$225 million for the proposed European Interceptor Site, a reduction of \$85 million. Two conditions must be met before construction can begin: (1) international agreements with Poland and the Czech Republic must be approved; and (2) an independent study examining alternative missile defense options for Europe must be completed. Additionally, DoD is called on to focus more attention on countering the existing threat from Iranian short-and medium-range missiles, and place the overall European missile defense proposal within a strong NATO foundation.

Ballistic Missile Defense Space Programs

Eliminates all funding for the space test bed, a decrease of \$10 million.

Nuclear Weapons

Authorizes approximately \$16 billion for the Department of Energy Atomic Energy Defense activities, including the following provisions:

Congressional Commission on Strategic Posture of the United States

Establishes a congressionally-appointed bipartisan commission to analyze the appropriate role of nuclear weapons in the future strategic posture of the U.S. Additionally, the next Administration is called upon to conduct a new Nuclear Posture Review.

Reliable Replacement Warhead (RRW)

Limits RRW research and development to a design and cost study and reduces overall funding for RRW by \$37.8 million, for a total of \$81 million.

Disposition of Surplus Plutonium

Supports moving forward expeditiously with construction of the U.S. Mixed Oxide (MOX) Fuel Fabrication Facility by authorizing \$609.5 million for the U.S. Surplus Fissile Materials Disposition program, including \$333.8 million for construction of the new MOX facility.

Department of Energy Environmental Activities

Fully authorizes over \$5.36 billion for the Department of Energy's continued defense environmental clean up efforts, including the Savannah River site and the Hanford site, as well as defense nuclear waste disposal like the Yucca Mountain project.

Halts New Pit Production Center

Eliminates \$24.9 million for the proposed Consolidated Plutonium Center (CPC).

Nuclear Weapons Dismantlement

Directs the NNSA to assess the feasibility of accelerating nuclear weapons dismantlement and authorizes an increase of \$20 million for weapons dismantlement activities.

Military Space

Authorizes \$8.5 billion for military space activities that deliver near term benefits to the warfighter and improve space situational awareness and survivability.

Space Situational Awareness (SSA) and Space Control

Authorizes an additional \$51.4 million for space situational awareness and space control programs to increase awareness of our space assets and more effectively monitor the threats targeted against them.

Protected Satellite Communications

Advanced Extremely High Frequency (AEHF)

Authorizes \$125.7 million for long-lead procurement of AEHF number four, an increase of \$125 million. The current needs of our troops must take priority and redundancy is crucial in protected satellite communications.

Transformational Satellite Communications (TSAT)

Authorizes \$813.6 million for continued development of TSAT, a decrease of \$150 million. The conference report strongly supports the goals of the TSAT program and commends the Air Force for focusing on technology maturation and risk reduction.

Space-Based Missile Warning

Missile Warning

Urges the Air Force to develop an alternate strategy in order to guarantee no gaps exist in the missile warning architecture and supports the integration of a Space-Based Infrared System, highly elliptical orbit sensor onto a geosynchronous bus. This approach supports the goals of a gap-filler system because of the recent successes of this sensor payload.

Alternate Infrared Satellite System (AIRSS)

Authorizes \$75.9 million for technology development, a reduction of \$155 million, because the AIRSS program is too premature for full support at this time.

Global Positioning System (GPS)

GPS III

Authorizes \$487.2 million for the GPS III system, a reduction of \$100 million. Concerns remain that the GPS III space system may be ahead of the development and acquisition plans for ground systems and user equipment.

Modernized GPS User Equipment

Authorizes \$104 million, an increase of \$63.2 million, for accelerated development of modernized user equipment to allow our service members to more efficiently utilize the GPS system.

Space Radar

Authorizes a classified amount for continued support of a space-based radar capability. Also directs the Secretary of Defense and the Director of National Intelligence to perform an analysis of space-based radar alternatives. This analysis should include proposed space-radar technology and system options, as well as provide a roadmap for future space-based radar satellite development.

Energy and Environment

Energy Efficiency

Authorizes \$70 million for energy conservation projects, such as solar panels and utility monitoring systems.

Electricity from Renewable Energy Sources

Expands the authority for DoD to acquire electricity from renewable sources, as a commodity, from 5 years to 10 years.

Energy Security

Requires DoD to report on opportunities for leveraging funds available to prevent disruption from a major failure of the electric grid or a natural gas or petroleum pipeline.

Advanced Energy Storage Technology Initiative

Adds \$15 million to provide for the competitive selection of battery, fuel cell, and capacitor technologies for further research, development, testing or demonstration.

Climate Change

Requires the next National Security Strategy, National Defense Strategy and Quadrennial Defense Review to include consideration of the risks posed by climate change to current and future DoD missions.

Environmental Cleanup

Fully authorizes \$5.37 billion for the Department of Energy's defense environmental clean up efforts, including the Savannah River site and the Hanford site, as well as defense nuclear waste disposal like the Yucca Mountain project.

Camp Lejeune Contaminants

Requires notification of individuals who were stationed or worked at Camp Lejeune, NC prior to 1987 of possible exposure to drinking water contaminants.

Shipbuilding

- \$2.7 billion for the first increment funding of the next generation aircraft carrier
- \$1.38 billion for second increment funding for an LHA(R) vessel
- \$2.77 billion for second increment funding for two DDG 1000 vessels
- \$1.41 billion for an LPD amphibious warfare ship and advanced procurement of a second
- \$456 million for one T-AKE Dry Cargo Vessel and \$300 million in advanced procurement for three additional ships
- \$340 million for one Littoral Combat Ship
- \$210 million for one Joint High Speed Vessel
- \$1.8 billion for a Virginia class submarine
- \$588 for an additional ship-set of Virginia class long lead material components

Capital Expenditure Incentives

Directs the Navy to report on the current authorities and requested authorities that permit investment in infrastructure and process improvement in the shipyards building Navy ships.

Nuclear Powered Warships

Requires that all new ship classes of submarines, cruisers and aircraft carriers are built with integrated nuclear power systems.

Multi-Year Procurement Authority

Grants multi-year procurement authority for Virginia Class submarines

Assessments for Construction of Lead Ships

Requires the Secretary of the Navy to report on the readiness of the design, maturity of technologies, and ability of the industrial base to begin construction for the lead ship of a new class of vessels, before the start of construction

Aviation Programs

C-17 Aircraft

Authorizes \$2.3 billion, an increase of \$2.3 billion, for procurement of 8 additional C-17s.

Joint Cargo Aircraft (JCA)

Allows the JCA program to remain as a joint program office pending a roles and missions review which will provide recommendations to the Congress as to which service should provide intra-theater airlift capability to the Joint Forces Commander.

Armed Reconnaissance Helicopter (ARH)

Authorizes \$359.8 million, a reduction of \$331.1 million, for the Armed Reconnaissance Helicopter. Approximately \$52 million is authorized for modifications to the OH-58, the aircraft the ARH was intended to replace, an increase of \$31 million. \$182.3 million is authorized for OH-58 research and development, an increase of \$100 million.

Joint Strike Fighter Competitive Engine

Authorizes \$480 million to continue developing a competitive engine for the Joint Strike Fighter.

VH-71 Presidential Helicopter

Expresses strong support for the current plan to assemble no more than five VH-71 helicopters outside the U.S. and directs the Secretary of Defense to provide a 60-day notice before changing that policy.

KC-X Aerial Refueling Aircraft

Fully authorizes the budget request of \$314.5 million, but transfers \$200 million to the Tanker Replacement Transfer Fund, in order to give the Air Force flexibility in allocating funds towards development of the next generation aerial refueling aircraft.

U-2 Aircraft Retirement

Directs the Secretary of Defense to provide an annual review and on the status of migrating the U-2's intelligence, surveillance and reconnaissance capabilities to the Global Hawk until the transition is complete.

Ground Vehicles

Joint Light Tactical Vehicle Program (JLTV)

Limits available funding to only 50% for the system design and demonstration phase of the JLTV program until the Secretary of Defense or appropriate defense acquisition executive certifies to Congress that the JLTV technology is mature and ready to enter this phase of development.

Medium and Heavy Tactical Trucks

Authorizes over \$8 billion for medium and heavy tactical trucks, in order to maintain high rates of production and address battle losses, reset and National Guard requirements.

Marine Corps Expeditionary Fighting Vehicle (EFV)

Authorizes \$253 million, a decrease of \$35 million, because of a significant program delay in fiscal year 2007 due to a DoD program review.

Stryker Vehicles

Authorizes \$2.9 billion, a decrease of \$114 million, for new Stryker vehicles plus additional force protection upgrades on existing vehicles. The decrease is the result of a production delay of the Stryker Mobile Gun System variant.

M1 Abrams tanks and M2 Bradley Fighting Vehicles

Authorizes \$2.5 billion for M1 Abrams tank upgrades, and \$1.8 billion for M2 Bradley Fighting Vehicle upgrades.

Ground Systems

Future Combat Systems (FCS)

Provides \$3.4 billion in fiscal year 2008 for continued development of the Future Combat Systems, a reduction of \$229 million.

This funding level supports the aspects of the FCS program that could benefit the entire Army and deliver needed force-multiplier technologies into the hands of soldiers in the field by 2010. Cuts are focused on elements of FCS that will not deliver capability until 2014 or later, or are redundant given other existing Army capabilities.

The Committee also includes a legislative provision on FCS that requires the Army to conduct a realistic operational test of the FCS communications network prior to initiating low-rate production of FCS manned ground vehicles.

WIN-T Increment 1

Authorizes \$2 billion for WIN-T Increment 1 (formally Joint Network Node) procurement, and fences off 50% of the funding pending certification that a test plan has been approved to include a full initial operational test.

DoD Organization

Financial Accountability Initiative

Establishes the Deputy Secretary of Defense as the Chief Management Officer of the Department of Defense and creates a new position, the Deputy Chief Management Officer, to assist in day-to-day management and planning for DoD. Assigns the duties of Chief Management Officer for each of the military departments to the Under Secretary, and requires a regularly updated strategic management plan including:

- Performance goals for improving DoD's business operations and key initiatives for achieving them
- Systems and processes to objectively measure progress on the goals
- Procedures to ensure that business operations systems and improvements to those systems are integrated across the Department.

Empowering Special Operations Command (SOCOM)

Codifies the position of the SOCOM acquisition executive and grants the command more authority to manage acquisition programs. Given SOCOM's increased budget, expanded

mission, and DoD's record of mixed management performance on SOCOM-related programs, greater coordination is urged between the SOCOM acquisition executive and DoD acquisition executives. The SOCOM acquisition budget request since fiscal year 2001 has increased by more than 300%.

Miscellaneous

Prompt Global Strike

Authorizes \$100 million for a Department-wide integrated Prompt Global Strike program, and eliminates all funds for the Navy's conventional Trident modification system, a reduction of \$175.4 million, as well as all funds for the Air Force's Common Aero Vehicle, a reduction of \$32.8 million.

Chemical Demilitarization

Includes a Sense of Congress provision strongly urging final destruction of the U.S. chemical weapons stockpile by fiscal year 2012 to meet international obligations under the Chemical Weapons Convention. Also establishes a biennial reporting requirement on the status of destruction efforts and updates on funding requirements to meet a 2017 deadline, a 2012 deadline and accelerated deadline earlier than fiscal year 2012.

Information Technologies

Establishes a clearinghouse to disseminate knowledge about existing off-the-shelf information technologies to various entities within the Department of Defense. The clearinghouse can make recommendations to DoD on which existing off-the-shelf technologies might fill current requirements.

Intelligence Community

Requires offices within the intelligence community to respond to written requests for existing intelligence assessments, reports, estimates, and legal opinions from the Chairman or Ranking Member of the Armed Services Committees within 45 days, unless the President determines that the information is privileged and sends written notification to Congress.