

**Calendar No. 80**

112TH CONGRESS }  
*1st Session*

SENATE

{ REPORT  
112-26

**NATIONAL DEFENSE AUTHORIZATION  
ACT FOR FISCAL YEAR 2012**

**REPORT**

[TO ACCOMPANY S. 1253]

ON

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2012 FOR  
MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE AND  
FOR MILITARY CONSTRUCTION, TO PRESCRIBE MILITARY PER-  
SONNEL STRENGTHS FOR FISCAL YEAR 2012, AND FOR OTHER  
PURPOSES

TOGETHER WITH

ADDITIONAL VIEWS

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COMMITTEE ON ARMED SERVICES  
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## Calendar No. 80

112TH CONGRESS }  
*1st Session* }

SENATE

{ REPORT  
112-26

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AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 2012 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

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JUNE 22, 2011.—Ordered to be printed

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Mr. LEVIN, from the Committee on Armed Services,  
submitted the following

### R E P O R T

together with

### ADDITIONAL VIEWS

[To accompany S. 1253]

The Committee on Armed Services reports favorably an original bill (S. 1253) to authorize appropriations for fiscal year 2012 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes, and recommends that the bill do pass.

### PURPOSE OF THE BILL

This bill would:

- (1) authorize appropriations for (a) procurement, (b) research, development, test and evaluation, (c) operation and maintenance and the revolving and management funds of the Department of Defense for fiscal year 2012;
- (2) authorize the personnel end strengths for each military active duty component of the Armed Forces for fiscal year 2012;
- (3) authorize the personnel end strengths for the Selected Reserve of each of the reserve components of the Armed Forces for fiscal year 2012;
- (4) impose certain reporting requirements;
- (5) impose certain limitations with regard to specific procurement and research, development, test and evaluation actions

and manpower strengths; provide certain additional legislative authority, and make certain changes to existing law;

(6) authorize appropriations for military construction programs of the Department of Defense for fiscal year 2012; and

(7) authorize appropriations for national security programs of the Department of Energy for fiscal year 2012.

### **Committee overview**

The United States armed forces have been involved in armed conflict for almost 10 years. Whether engaged in combat in Afghanistan or Iraq, assisting our North Atlantic Treaty Organization allies to protect the civilian population in Libya, delivering humanitarian assistance to victims of an earthquake and tsunami in Japan, training foreign national forces to combat terrorism in their own countries, or assisting State and federal agencies responding to flooding or other emergencies here at home, the men and women of our armed forces, both active and reserve, are serving honorably and courageously to promote and defend our Nation's interests. They do so often at great personal risk and significant sacrifice to themselves and their families.

The administration has honed its counterinsurgency strategy in Afghanistan, is putting in place a new leadership team, deployed additional U.S. forces, stressed a more regional approach, has made substantial military progress on the ground—particularly in the south, and is preparing to transition to Afghan security lead of certain areas in a deliberate, organized and coordinated manner. The redeployment of U.S. forces from Iraq continues.

After more than 9 years of war, our military, particularly our ground forces, continue to show signs of stress and the readiness of the military services to conduct the full range of their assigned missions has been negatively impacted.

To date in this First Session of the 112th Congress, the Senate Committee on Armed Services has conducted 29 hearings and numerous briefings on the President's budget request for fiscal year 2012 and related defense matters.

In order to provide a framework for the consideration of these matters, the committee identified 10 guidelines to guide its work on the National Defense Authorization Act for Fiscal Year 2012. These guidelines are:

1. Improve the quality of life of the men and women of the all-volunteer force (active duty, National Guard, and Reserves) and their families, as well as Department of Defense civilian personnel, through fair pay, policies and benefits, and address the needs of the wounded, ill, and injured service members and their families.

2. Provide our service men and women with the resources, training, technology, equipment (especially force protection), and authorities they need to succeed in accomplishing their missions.

3. Enhance the capability of the armed forces to conduct counterinsurgency operations and apply the lessons of Iraq to Afghanistan, as appropriate.

4. Address the threats from nuclear weapons and materials by strengthening and accelerating nonproliferation programs, maintaining a credible nuclear deterrent, reducing the size of the nuclear weapons stockpile, and ensuring the safety, security, and reli-



ability of the stockpile, the delivery systems, and the nuclear infrastructure.

5. Improve the ability of the armed forces to counter nontraditional threats, focusing on terrorism, cyber warfare, and the proliferation of weapons of mass destruction and their means of delivery.

6. Enhance the capability of the security forces of allied and friendly nations to defeat al Qaeda, its affiliates, and other violent extremist organizations.

7. Seek to reduce our Nation's strategic risk by taking action aimed at restoring, as soon as possible, the readiness of the military services to conduct the full range of their assigned missions.

8. Terminate troubled, wasteful or unnecessary programs and activities, identify efficiencies, and reduce defense expenditures in light of the Nation's budget deficit problems.

9. Emphasize the reduction of dependency on fossil fuels and seek greater energy security and independence and pursue technological advances in traditional and alternative energy storage, power systems, operational energy tactical advantages, renewable energy production, and more energy efficient ground, air, and naval systems.

10. Promote aggressive and thorough oversight of the Department's programs and activities to ensure proper stewardship of taxpayer dollars and compliance with relevant laws and regulations.

#### **Scoring of budgetary effects (sec. 4)**

The committee recommends a provision that would require that the budgetary effects of this Act be determined in accordance with the procedures established in the Statutory Pay-As-You-Go-Act of 2010 (title I of Public Law 111-139).

#### **Explanation of funding summary**

The administration's budget request for national defense discretionary programs within the jurisdiction of the Senate Committee on Armed Services for fiscal year 2012 was \$688.9 billion and was in three parts: \$553.0 billion for the base budget of the Department of Defense; \$117.8 billion for overseas contingency operations, which funds the wars in Iraq and Afghanistan; and \$18.1 billion for national security programs in the Department of Energy.

The bill authorizes \$682.5 billion for national defense discretionary programs and includes \$547.1 billion for the base budget of the Department of Defense, \$117.3 billion for overseas contingency operations, and \$18.1 billion for national security programs in the Department of Energy.

The administration's budget for national defense also included discretionary programs outside the jurisdiction of the Senate Committee on Armed Services, discretionary programs that do not require further authorizations, mandatory programs that are part of current law, and a mandatory proposal dealing with concurrent receipt. When these programs are added to the administration's budget the total request for national defense totaled \$702.9 billion as re-estimated by the Congressional Budget Office.

The following two tables summarize the direct authorizations and the equivalent budget authority levels for fiscal year 2012 defense programs. The first table summarizes committee action on

the authorizations within the jurisdiction of this committee. It includes the authorization for spending from the trust fund of the Armed Forces Retirement Home which is outside the national defense budget function. The second table summarizes the total budget authority implication for national defense by adding funding for items that are not within the jurisdiction of this committee or that do not require an annual authorization.

### SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2012

(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
<b>DISCRETIONARY AUTHORIZATIONS WITHIN THE JURISDICTION OF THE ARMED SERVICES COMMITTEE</b>			
<b>Division A: Department of Defense Authorizations</b>			
<b>Division A: Base Budget (Titles I, II, III, IV, XIV)</b>			
<b>Title I: PROCUREMENT</b>			
Aircraft Procurement, Army .....	7,061,381	-451,100	6,610,281
Missile Procurement, Army .....	1,478,718	-164,500	1,314,218
Weapons & Tracked Combat Vehicles, Army .....	1,933,512	304,300	2,237,812
Procurement of Ammunition, Army .....	1,992,625	0	1,992,625
Other Procurement, Army .....	9,682,592	-420,600	9,261,992
Joint Improvised Explosive Device Defeat Fund .....	220,634	-220,634	0
Aircraft Procurement, Navy .....	18,587,033	-495,000	18,092,033
Weapons Procurement, Navy .....	3,408,478	-205,000	3,203,478
Procurement of Ammunition, Navy & Marine Corps .....	719,952		719,952
Shipbuilding & Conversion, Navy .....	14,928,921	0	14,928,921
Other Procurement, Navy .....	6,285,451	-12,000	6,273,451
Procurement, Marine Corps .....	1,391,602	1,000	1,392,602
Aircraft Procurement, Air Force .....	14,082,527	-180,049	13,902,478
Missile Procurement, Air Force .....	6,074,017	-40,000	6,034,017
Procurement of Ammunition, Air Force .....	539,065	0	539,065
Other Procurement, Air Force .....	17,602,036	0	17,602,036
Procurement, Defense-Wide .....	5,365,248	-31,600	5,333,648
Joint Urgent Operational Needs Fund .....	100,000	0	100,000
<b>Subtotal, PROCUREMENT .....</b>	<b>111,453,792</b>	<b>-1,915,183</b>	<b>109,538,609</b>
<b>Title II: RESEARCH, DEVELOPMENT, TEST &amp; EVALUATION</b>			
RDT&E, Army .....	9,683,980	-316,805	9,367,175
RDT&E, Navy .....	17,956,431	-44,900	17,911,531
RDT&E, Air Force .....	27,737,701	-229,213	27,508,488
RDT&E, Defense-Wide .....	19,755,678	125,100	19,880,778
Operational Test & Evaluation, Defense .....	191,292	0	191,292
<b>Subtotal, RESEARCH, DEVELOPMENT, TEST &amp; EVALUATION ...</b>	<b>75,325,082</b>	<b>-465,818</b>	<b>74,859,264</b>
<b>Title III: OPERATION AND MAINTENANCE</b>			
Operation and Maintenance, Army .....	34,735,216	-469,100	34,266,116
Operation and Maintenance, Army Reserve .....	3,109,176		3,109,176
Operation and Maintenance, Army National Guard .....	7,041,432	-20,000	7,021,432
Operation and Maintenance, Navy .....	39,364,688	-298,300	39,066,388
Operation and Maintenance, Marine Corps .....	5,960,437	-28,800	5,931,637
Operation and Maintenance, Navy Reserve .....	1,323,134		1,323,134

**SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2012—**  
Continued  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
Operation and Maintenance, Marine Corps Reserve .....	271,443		271,443
Operation and Maintenance, Air Force .....	36,195,133	-636,900	35,558,233
Operation and Maintenance, Air Force Reserve .....	3,274,359		3,274,359
Operation and Maintenance, Air National Guard .....	6,136,280		6,136,280
Operation and Maintenance, Defense-wide .....	30,940,409	-1,029,480	29,910,929
US Court Of Appeals For The Armed Forces .....	13,861		13,861
Overseas Humanitarian, Disaster, and Civic Aid .....	107,662		107,662
CooperativeThreat Reduction .....	508,219		508,219
Acquisition Workforce Development Fund .....	305,501		305,501
Environmental Restoration, Army .....	346,031	0	346,031
Environmental Restoration, Navy .....	308,668	0	308,668
Environmental Restoration, Air Force .....	525,453	0	525,453
Environmental Restoration, Defense-Wide .....	10,716	0	10,716
Environmental Restoration, Formerly Used Defense Sites .....	276,495	0	276,495
Overseas Contingency Operations Transfer Fund .....	5,000	0	5,000
Deferred Expenses for Foreign Operations .....	0	406,605	406,605
<b>Subtotal, OPERATION AND MAINTENANCE .....</b>	<b>170,759,313</b>	<b>-2,075,975</b>	<b>168,683,338</b>
<b>Title IV: MILITARY PERSONNEL .....</b>	<b>142,828,848</b>	<b>-380,600</b>	<b>142,448,248</b>
<b>Title XIV: OTHER AUTHORIZATIONS</b>			
Working Capital Fund, Army .....	101,194	-6,700	94,494
Working Capital Fund, Air Force .....	65,372	-6,300	59,072
Working Capital Fund, Defense-Wide .....	31,614	0	31,614
Working Capital Fund, DECA .....	1,376,830	0	1,376,830
National Defense Sealift Fund .....	1,126,384	0	1,126,384
Defense Health Program .....	32,198,770	0	32,198,770
Chemical Agents & Munitions Destruction, Defense .....	1,554,422	0	1,554,422
Drug Interdiction & Counter-Drug Activities, Defense .....	1,156,282	-39,000	1,117,282
Office of the Inspector General .....	289,519	43,400	332,919
<b>Subtotal, OTHER AUTHORIZATIONS .....</b>	<b>37,900,387</b>	<b>-8,600</b>	<b>37,891,787</b>
<b>Subtotal, Division A, Base Budget .....</b>	<b>538,267,422</b>	<b>-4,846,176</b>	<b>533,421,246</b>
<b>Division A: Overseas Contingency Operations (OCO) Budget (Title XV)</b>			
<b>Title XV—OVERSEAS CONTINGENCY OPERATIONS</b>			
<b>PROCUREMENT, OCO</b>			
Aircraft Procurement, Army .....	423,400	-53,000	370,400
Missile Procurement, Army .....	126,556		126,556
Weapons & Tracked Combat Vehicles, Army .....	37,117		37,117
Procurement of Ammunition, Army .....	208,381		208,381
Other Procurement, Army .....	1,398,195		1,398,195
Joint Improvised Explosive Device Defeat Fund .....	2,577,500	-44,366	2,533,134
Aircraft Procurement, Navy .....	730,960		730,960
Weapons Procurement, Navy .....	41,070		41,070
Procurement of Ammunition, Navy & Marine Corps .....	317,100		317,100
Other Procurement, Navy .....	281,975		281,975

**SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2012—**  
Continued  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
Procurement, Marine Corps .....	1,260,996	-175,000	1,085,996
Aircraft Procurement, Air Force .....	527,865	-70,000	457,865
Missile Procurement, Air Force .....	28,420		28,420
Procurement of Ammunition, Air Force .....	92,510		92,510
Other Procurement, Air Force .....	3,204,641		3,204,641
Procurement, Defense-Wide .....	469,968	-71,800	398,168
Joint Urgent Operational Needs Fund .....	100,000		100,000
Mine Resistant Ambush Protection Veh Fund .....	3,195,170		3,195,170
<b>Subtotal, PROCUREMENT, OCO .....</b>	<b>15,021,824</b>	<b>-414,166</b>	<b>14,607,658</b>
<b>RESEARCH, DEVELOPMENT, TEST &amp; EVALUATION, OCO</b>			
RDT&E, Army .....	8,513		8,513
RDT&E, Navy .....	53,884		53,884
RDT&E, Air Force .....	142,000		142,000
RDT&E, Defense-Wide .....	192,361		192,361
<b>Subtotal, RDT&amp;E, OCO .....</b>	<b>396,758</b>		<b>396,758</b>
<b>OPERATION AND MAINTENANCE, OCO</b>			
Operation and Maintenance, Army .....	44,302,280	-25,000	44,277,280
Operation and Maintenance, Army Reserve .....	217,500		217,500
Operation and Maintenance, Army National Guard .....	387,544		387,544
Afghanistan Security Forces Fund .....	12,800,000		12,800,000
Afghanistan Infrastructure Fund .....	475,000	-75,000	400,000
Operation and Maintenance, Navy .....	7,006,567		7,006,567
Operation and Maintenance, Marine Corps .....	3,571,210	27,000	3,598,210
Operation and Maintenance, Navy Reserve .....	74,148		74,148
Operation and Maintenance, Marine Corps Reserve .....	36,084		36,084
Operation and Maintenance, Air Force .....	10,719,187		10,719,187
Operation and Maintenance, Air Force Reserve .....	142,050		142,050
Operation and Maintenance, Air National Guard .....	34,050		34,050
Operation and Maintenance, Defense-wide .....	9,269,411	-11,300	9,258,111
<b>Subtotal, OPERATION AND MAINTENANCE, OCO .....</b>	<b>89,035,031</b>	<b>-84,300</b>	<b>88,950,731</b>
<b>MILITARY PERSONNEL, OCO .....</b>	<b>11,228,566</b>		<b>11,228,566</b>
<b>OTHER AUTHORIZATIONS, OCO</b>			
Working Capital Fund, Army .....	54,000		54,000
Working Capital Fund, Air Force .....	12,000		12,000
Working Capital Fund, Defense-Wide .....	369,013	-38,500	330,513
Defense Health Program .....	1,228,288		1,228,288
Drug Interdiction & Counter-Drug Activities, Defense .....	486,458		486,458
Office of the Inspector General .....	11,055		11,055
<b>Subtotal, OTHER AUTHORIZATIONS, OCO .....</b>	<b>2,160,814</b>	<b>-38,500</b>	<b>2,122,314</b>
<b>Subtotal, Division A, OCO Budget .....</b>	<b>117,842,993</b>	<b>-536,966</b>	<b>117,306,027</b>
<b>Total, Division A .....</b>	<b>656,110,415</b>	<b>-5,383,142</b>	<b>650,727,273</b>

**SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2012—**  
Continued  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
<b>Division B: Military Construction Authorizations</b>			
<b>Division B: Base Budget (Titles XXI—XXVI)</b>			
<b>Titles XXI—XXVI: MILITARY CONSTRUCTION</b>			
Military Construction, Army .....	3,235,991	-169,100	3,066,891
Military Construction, Navy and Marine Corps .....	2,461,547	-273,925	2,187,622
Military Construction, Air Force .....	1,364,858	-137,800	1,227,058
Military Construction, Defense-Wide .....	3,848,757	-467,840	3,380,917
Chemical Demilitarization Construction .....	75,312		75,312
NATO Security Investment Program .....	272,611		272,611
Military Construction, Army National Guard .....	773,592		773,592
Military Construction, Army Reserve .....	116,246		116,246
Military Construction, Navy Reserve .....	280,549		280,549
Military Construction, Air National Guard .....	26,299		26,299
Military Construction, Air Force Reserve .....	33,620		33,620
<b>Subtotal, MILITARY CONSTRUCTION .....</b>	<b>12,489,382</b>	<b>-1,048,665</b>	<b>11,440,717</b>
<b>Titles XXI—XXVI: FAMILY HOUSING</b>			
Family Housing Construction, Army .....	186,897		186,897
Family Housing O&M, Army .....	494,858		494,858
Family Housing Construction, Navy and Marine Corps .....	100,972		100,972
Family Housing O&M, Navy and Marine Corps .....	367,863		367,863
Family Housing Construction, Air Force .....	84,804		84,804
Family Housing O&M, Air Force .....	404,761		404,761
Family Housing O&M, Defense-Wide .....	50,723		50,723
Homeowners Assistance Fund .....	2,184		2,184
Family Housing Improvement Fund .....	1,284		1,284
<b>Subtotal, FAMILY HOUSING .....</b>	<b>1,694,346</b>		<b>1,694,346</b>
<b>Title XXXVII: BRAC</b>			
Defense Base Closure Account 1990 .....	323,543		323,543
Defense Base Closure Account 2005 .....	258,776		258,776
<b>Subtotal, BRAC .....</b>	<b>582,319</b>		<b>582,319</b>
<b>Total, Division B .....</b>	<b>14,766,047</b>	<b>-1,048,665</b>	<b>13,717,382</b>
<b>SUBTOTAL, BASE BUDGET, DIVISIONS A &amp; B .....</b>	<b>553,033,469</b>	<b>-5,894,841</b>	<b>547,138,628</b>
<b>SUBTOTAL, OCO BUDGET, DIVISIONS A &amp; B .....</b>	<b>117,842,993</b>	<b>-536,966</b>	<b>117,306,027</b>
<b>TOTAL, DEPARTMENT OF DEFENSE (051) .....</b>	<b>670,876,462</b>	<b>-6,431,807</b>	<b>664,444,655</b>
<b>Division C: Department of Energy National Security Authorizations and Other Authorizations</b>			
<b>Division C (Titles XXXI and XXXII)</b>			
<b>Department of Energy Authorization (Title XXXI)</b>			
Electricity Delivery and Energy Reliability .....	6,187	-6,187	

**SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2012—**  
Continued  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
<b>Title XXXI: NATIONAL NUCLEAR SECURITY ADMINISTRATION</b>			
Weapons Activities .....	7,629,716	-1,000	7,628,716
Defense Nuclear Nonproliferation .....	2,549,492	-2,813	2,546,679
Naval Reactors .....	1,153,662		1,153,662
Office of the Administrator .....	450,060		450,060
<b>Subtotal, NATIONAL NUCLEAR SECURITY ADMINISTRATION ..</b>	<b>11,782,930</b>	<b>-3,813</b>	<b>11,779,117</b>
<b>Title XXXI: ENVIRONMENTAL AND OTHER DEFENSE ACTIVITIES</b>			
Defense Environmental Cleanup .....	5,406,781	10,000	5,416,781
Other Defense Activities .....	859,952		859,952
<b>Subtotal, ENVIRONMENTAL AND OTHER DEFENSE ACTIVITIES</b>	<b>6,266,733</b>	<b>10,000</b>	<b>6,276,733</b>
<b>TOTAL, DEPARTMENT OF ENERGY .....</b>	<b>18,055,850</b>		<b>18,055,850</b>
<b>Title XXXII: DEFENSE NUCLEAR FACILITIES SAFETY BOARD</b>			
Defense Nuclear Facilities Safety Board .....	29,130	4,187	33,317
<b>TOTAL, DEFENSE NUCLEAR FACILITIES SAFETY BOARD .....</b>	<b>29,130</b>	<b>4,187</b>	<b>33,317</b>
<b>TOTAL, ATOMIC ENERGY DEFENSE PROGRAMS (053) .....</b>	<b>18,084,980</b>	<b>4,187</b>	<b>18,089,167</b>
<b>GRAND TOTAL, NATIONAL DEFENSE (050) .....</b>	<b>688,961,442</b>	<b>-6,427,620</b>	<b>682,533,822</b>
<b>MEMORANDUM: NON-DEFENSE AUTHORIZATIONS</b>			
Title XIV—Armed Forces Retirement Home (Function 600) ...	67,700		67,700
<b>MEMORANDUM: TRANSFER AUTHORITIES (NON-ADDS)</b>			
Title X—General Transfer Authority (non-add) .....	[5,000,000]		[5,000,000]
Title XV—Special Transfer Authority (non-add) .....	[4,000,000]		[4,000,000]

**NATIONAL DEFENSE BUDGET AUTHORITY IMPLICATION**  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
<b>Summary, Discretionary Authorizations Within the Jurisdiction of the Armed Services Committee</b>			
SUBTOTAL, BASE BUDGET, DIVISIONS A & B .....	553,033,469	-5,894,841	547,138,628
SUBTOTAL, OCO BUDGET, DIVISIONS A & B .....	117,842,993	-536,966	117,306,027
TOTAL, DEPARTMENT OF DEFENSE (051) .....	670,876,462	-6,431,807	664,444,655
TOTAL, ATOMIC ENERGY DEFENSE PROGRAMS (053) .....	18,084,980	4,187	18,089,167
<b>GRAND TOTAL, NATIONAL DEFENSE (050) .....</b>	<b>688,961,442</b>	<b>-6,427,620</b>	<b>682,533,822</b>
<b>Base National Defense Discretionary Programs that are Not In the Jurisdiction of the Armed Services Committee or Do Not Require Additional Authorization</b>			
Defense Production Act Purchases .....	19,964		19,964
Indefinite Account: National Science Center, Army .....	25		25

**NATIONAL DEFENSE BUDGET AUTHORITY IMPLICATION—Continued**  
(In Thousands of Dollars)

	FY 2012 Request	Senate Change	Senate Authorized
Indefinite Account: Overseas Military Facility Investment Recovery .....	1,000		1,000
Indefinite Account: Disposal Of DOD Real Property .....	9,000		9,000
Indefinite Account: Lease Of DOD Real Property .....	22,000		22,000
SCN—Reappropriation (unspecified transfers to SCN: in annual DoD appropriations bill) .....	20,000		20,000
SCN—Use of expired funds for reimbursements to the Claims and Judgement Fund (in annual DoD appropriations bill) .....	8,000		8,000
<b>Subtotal, Budget Sub-Function 051 .....</b>	<b>79,989</b>		<b>79,989</b>
Formerly Utilized Sites Remedial Action Program .....	109,000		109,000
Assumed Rescission (DOE Weapons Activities) .....	-40,000		-40,000
Assumed Rescission (Nuclear Non-Proliferation) .....	-30,000		-30,000
<b>Subtotal, Budget Sub-Function 053 .....</b>	<b>39,000</b>		<b>39,000</b>
Other Discretionary Programs .....	6,960,000		6,960,000
<b>Subtotal, Budget Sub-Function 054 .....</b>	<b>6,960,000</b>		<b>6,960,000</b>
<b>Total Defense Discretionary Adjustments (050) .....</b>	<b>7,078,989</b>		<b>7,078,989</b>
<b>Budget Authority Implication, National Defense Discretionary</b>			
Department of Defense—Military (051) .....	670,956,451	-6,431,807	664,524,644
Atomic Energy Defense Activities (053) .....	18,123,980	4,187	18,128,167
Defense-Related Activities (054) .....	6,960,000		6,960,000
<b>Total BA Implication, National Defense Discretionary .....</b>	<b>696,040,431</b>	<b>-6,427,620</b>	<b>689,612,811</b>
<b>National Defense Mandatory Programs, Current Law (CBO Estimates)</b>			
Concurrent receipt accrual payments to the Military Retirement Fund .....	5,408,000		5,408,000
Revolving, trust and other DOD Mandatory .....	1,326,000		1,326,000
Offsetting receipts .....	-1,801,000		-1,801,000
<b>Subtotal, Budget Sub-Function 051 .....</b>	<b>4,933,000</b>		<b>4,933,000</b>
Energy employees occupational illness compensation programs and other .....	1,344,000		1,344,000
<b>Subtotal, Budget Sub-Function 053 .....</b>	<b>1,344,000</b>		<b>1,344,000</b>
Radiation exposure compensation trust fund .....	45,000		45,000
Payment to CIA retirement fund and other .....	514,000		514,000
<b>Subtotal, Budget Sub-Function 054 .....</b>	<b>559,000</b>		<b>559,000</b>
<b>Total National Defense Mandatory (050) .....</b>	<b>6,836,000</b>		<b>6,836,000</b>
<b>Budget Authority Implication, National Defense Discretionary and Mandatory</b>			
Department of Defense—Military (051) .....	675,889,451	-6,431,807	669,457,644
Atomic Energy Defense Activities (053) .....	19,467,980	4,187	19,472,167
Defense-Related Activities (054) .....	7,519,000		7,519,000
<b>Total BA Implication, National Defense Discretionary and Mandatory .....</b>	<b>702,876,431</b>	<b>-6,427,620</b>	<b>696,448,811</b>

**DIVISION A—DEPARTMENT OF DEFENSE  
AUTHORIZATIONS****TITLE I—PROCUREMENT****Subtitle A—Authorization of Appropriations****Explanation of tables****Authorization of appropriations (sec. 101)**

The committee recommends a provision that would authorize appropriations for procurement activities at the levels identified in section 4101 of division D of this Act.

**Subtitle B—Navy Programs****Multiyear procurement authority for mission avionics and common cockpits for Navy MH-60R/S helicopters (sec. 121)**

The committee recommends a provision that would authorize the Secretary of the Navy to enter into a multiyear contract to purchase mission avionics and common cockpits for Navy MH-60R/S helicopters, subject to the Secretary providing a certification that all of the criteria in section 2306b of title 10, United States Code, have been met.

The Department of the Navy is projecting that contracting for mission avionics and common cockpits under a multiyear contract would allow the Federal Government to achieve roughly 11.8 percent savings when compared to acquiring the same systems for MH-60 helicopters using annual contracts.

**Subtitle C—Air Force Programs****Procurement of advanced extremely high frequency satellites (sec. 131)**

The committee recommends a provision that would authorize the Secretary of the Air Force to acquire two Advanced Extremely High Frequency (AEHF) Satellites under a fixed price contract. The provision would further cap the total cost of the satellites at \$3.1 billion but provide limited exceptions to this cap. The provision would also permit the Secretary to incrementally fund the contract over a 5 year period. Thirty days after entering into the contract, the provision would direct the Secretary to submit a report to the congressional defense committees setting forth the specifics of the contract, which would include the cost savings and total cost of the contract. A second report would be due 90 days after the date of the contract describing the amount of the cost savings achieved and how the Secretary plans to use the savings to improve the capability of military satellite communications. In addition, the provision would authorize the Secretary to use prior year funds for advance procurement for AEHF satellite 6. Finally, the provision would set forth a sense of Congress that the cost savings achieved through the contracting authority provided in the provision should result in no less than 20 percent cost savings.



The committee supports this approach to procuring these large satellites. The committee is concerned, however, about the approach to add additional capability or to modernize future AEHF or other communications satellites.

Under the Air Force plan any savings from the AEHF fixed price contract would be used to fund improvements. While the committee would prefer a separate line for new technologies, the Air Force plan is acceptable if the improvements are competitively selected and the technology development funds support all military communications satellites, not just AEHF. This line should also support technologies that could be used either to incrementally improve existing satellites or to reduce the risk on new technologies for future satellites. In addition, the committee believes that any new technologies improvements should be competitively awarded.

The committee notes that the Air Force Space and Missile System Center generally does not meet its small business goals. The new technology line would provide an opportunity for the Air Force to tap into the creativity of small business to develop new technologies for future upgrades and improvements.

The committee notes that the actual cost of new military satellites has routinely exceeded the projected cost and a number of satellite programs over the last 2 decades have experienced multiple Nunn-McCurdy cost breaches. According to testimony before the Subcommittee on Strategic Forces on May 11, 2011, the Government Accountability Office testified “the majority of large-scale acquisition programs in the Department of Defense’s (DOD) space portfolio have experienced problems during the past two decades that have driven up costs by billions of dollars, stretched schedules by years, and increased technical risks.” While the causes have varied amongst programs, common themes, such as immature technologies, and unrealistic cost estimates have emerged. The growth in satellite development and acquisition costs has caused the Air Force to cancel, defer, or delay other space systems as a result.

The AEHF satellite has also experienced cost growth and schedule delays. With the launch of the first AEHF satellite in 2010 and the second scheduled for 2012, the committee supports the Air Force decision to buy the next two AEHF satellites using a block buy fixed price contract approach.

The committee notes the Air Force originally proposed to buy the two AEHF satellites using multiyear procurement authority but withdrew this request shortly after the budget was submitted. Multiyear authority is not suitable for the AEHF proposal, which did not meet the statutory requirements for multiyear procurement.

#### **Availability of fiscal year 2011 funds for research and development relating to the B-2 bomber aircraft (sec. 132)**

The committee recommends a provision that would authorize the Secretary of the Air Force to use up to \$20.0 million in prior year balances available in the B-2 bomber program in Aircraft Procurement, Air Force (APAF), line 35, and not needed for low observable signature and supportability modifications and trainer system upgrades, to continue the modifications necessary to allow the B-2 to carry a mix of conventional rotary launcher assembly and smart bomb rack assembly conventional weapons from a single aircraft.

This effort was started in fiscal year 2011, is funded in the future-years defense program, but is not funded in the fiscal year 2012 budget request. This provision would authorize the Secretary of the Air Force to use funds already in the B-2 program budget to continue the mixed load modifications.

**Availability of fiscal year 2011 funds to support alternative options for the extremely high frequency terminal Increment 1 program of record (sec. 133)**

The committee recommends a provision that would authorize the Secretary of the Air Force to use up to \$15.0 million in prior year balances available in the B-2 bomber program in Aircraft Procurement, Air Force (APAF), line 35, and not needed for low observable signature and supportability modifications and trainer system upgrades, to continue to explore alternatives to the Increment 1 Extremely High Frequency (EHF) terminal program of record. The provision would authorize the Secretary to use these funds as part of the EHF terminal program which is funded in APAF line 76. The EHF terminal will be used in the B-2 and other aircraft.

**Limitation on use of funds to retire B-1 bomber aircraft (sec. 134)**

The committee recommends a provision that would prevent any funds authorized to be appropriated by this Act from being obligated or expended to retire any B-1 bomber aircraft until the Secretary of the Air Force submits a retirement plan to the congressional defense committees. The plan would identify which aircraft would be retired, an estimate of the savings to be achieved, the amount of those savings that will be reinvested for modernization of the remaining B-1 bomber aircraft, and a plan for sustainment and modernization of the B-1 through 2022. When the retirement plan is submitted, the Secretary would be permitted to retire up to six B-1 aircraft as proposed in the fiscal year 2012 budget request. The provision would also set forth a sense of Congress that of the savings gained from the retirement of six B-1 aircraft, at least 60 percent of the savings should be reinvested in sustainment and modernization of bomber aircraft of which 35 percent of the savings should be specifically invested in the B-1.

**Limitation on the retirement of U-2 aircraft (sec. 135)**

The committee recommends a provision that would prohibit the retirement of the U-2 aircraft until the Under Secretary of Defense for Acquisition, Technology, and Logistics certifies that the operating and sustainment (O&S) costs for the Global Hawk are less than the O&S costs for the U-2 on a comparable flight-hour cost basis.

Data from the Air Force Total Ownership Cost database indicate that the average hourly cost per flight hour of the Global Hawk is approximately \$35,000 as compared to a cost of approximately \$31,000 for the U-2. Mission personnel costs for the unmanned Global Hawk are substantially higher than those of the manned U-2, despite the fact that the number of flight hours for the Global Hawk, and the number of aircraft, are substantially below those of the U-2. The committee notes that these costs could go up as the Air Force fields Block 30 and Block 40 Global Hawk aircraft with

advanced signals intelligence and moving target indicator radar payloads.

The Air Force indicates that the data presented to the committee may be somewhat skewed by what the department regards as initial startup charges, but these costs still seem excessive, compared to the capability per flight hour that the U-2 provides.

The committee is concerned that these high O&S costs will be replicated in the Navy Broad-Area Maritime Surveillance (BAMS) program, which is highly common to the Air Force Global Hawk system.

The committee directs the Secretary of the Air Force, in coordination with the Secretary of the Navy, to produce a plan to reduce the O&S costs of the Global Hawk and BAMS systems, and report to the congressional intelligence and defense committees by April 1, 2012. The plan should identify all of the significant cost drivers for Global Hawk and BAMS O&S, and whether and how they can be reduced, including software maintenance and crew costs. The plan should include a strategy for migrating to an open architecture for avionics and payload integration to enable companies to integrate new or modified capabilities and to reduce the total lifecycle cost of upgrades and sustainment.

#### **Subtitle E—Joint and Multiservice Matters**

##### **Inclusion of information on approved Combat Mission Requirements in quarterly reports on use of Combat Mission Requirements funds (sec. 151)**

The committee recommends a provision that would expand the quarterly reporting requirements associated with the use of Combat Mission Requirements funds by U.S. Special Operations Command (USSOCOM) included in the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383).

The committee understands that the Combat Mission Requirements account continues to play an important role in providing funding for critical equipment to satisfy emergent requirements for deploying and deployed special operations forces. The committee appreciates USSOCOM's efforts to provide greater detail on the use of Combat Mission Requirements funds in recent reports and expects these additional reporting requirements to provide additional transparency on the use of such funds.

The committee also notes that USSOCOM has requested a one-year increase in its Combat Mission Requirements account from \$20.0 million to \$50.0 million. The committee supports this one-year increase to support unforeseen requirements associated with the deployment of special operations forces to the U.S. Central Command area of responsibility, but expects future budget requests to return to the previous level of \$20.0 million as projected in the future years defense program.

##### **F-35 Joint Strike Fighter Aircraft (sec. 152)**

The committee recommends a provision that would require the Secretary of Defense to ensure that, in entering into a contract for the fifth low-rate initial production (LRIP) contract lot for the F-35 Lightning II Joint Strike Fighter (JSF) aircraft: (1) the contract is a fixed price contract; and (2) the contract requires the con-

tractor to assume full responsibility for costs under the contract above the target cost specified in the contract.

The Department has made the JSF program the cornerstone of its tactical aviation modernization strategy. Because of its critical contribution to future force capability, the committee supports continued development and acquisition of the JSF, but not at any cost. This provision supports getting the program on track and keeping it there.

By requiring the contractor to assume full responsibility for all costs under the contract above the target cost level, the committee is reflecting its grave concern that LRIP-4 contract allows the contractor to be awarded a considerable fee even in the event of significant cost growth under that contract. The committee will be monitoring the program's performance under the LRIP-4 contract very closely.

The committee appreciates that there may be constructive changes to the LRIP-5 contract that the Defense Department may need to negotiate, based on changes that derive from the continuing system development and demonstration program, or from other valid government requirements. Those constructive changes may cause an increase in cost relative to the target cost, which should be borne by the government.

**Report on plan to implement Weapon Systems Acquisition Reform Act of 2009 measures within the Joint Strike Fighter aircraft program (sec. 153)**

The committee recommends a provision that would require the Under Secretary of Defense for Acquisition, Technology, and Logistics to produce a report on the Under Secretary's plans for implementing provisions of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111-23) for the F-35 Joint Strike Fighter (JSF) program. The provision would require that the Under Secretary submit that report at the same time as the President submits his budget request for fiscal year 2013.

The statement of managers accompanying the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84) discussed potential competition of life support systems for the JSF program. Section 202 of the Weapon Systems Acquisition Reform Act of 2009 requires that the Secretary of Defense ensure that the acquisition strategy of every major defense acquisition program (MDAP) includes "measures to ensure competition, or the option of competition, at both the prime contract level and the subcontract level (at such tier or tiers as are appropriate) of such program throughout the life-cycle of such program as a means to improve contractor performance. . . ." The Act also lists a number of measures that such competition may include if such measures are cost-effective. These measures include dual sourcing and unbundling of contracts.

The statement of managers also said, "As the Defense Department's largest MDAP, the conferees believe the F-35 program should be one of the first to benefit from implementation of the Weapon Systems Acquisition Reform Act of 2009. The conferees expect that, over the next budget cycle, the Department and the F-35 Program Executive Office (PEO) will develop a specific plan for how the F-35 PEO will implement the provisions of that Act."

As far as the committee has been able to determine, the Department has taken no action on developing such a strategic plan for the JSF program. The committee understands that the program has been in turmoil for the past 2 years. However, with overall program cost control a major concern, and recent testimony by the Under Secretary that projected life cycle costs of the JSF are unaffordable, the committee believes that action to implement the Act for the JSF program is long overdue.

**Multiyear procurement authority for airframes for Army UH-60M/HH-60M helicopters and Navy MH-60R/MH-60S helicopters (sec. 154)**

The committee recommends a provision that would authorize the Secretary of the Army to enter a multiyear procurement contract in accordance with section 2306b of title 10, United States Code, for up to 5 years for Army UH-60M/HH-60M airframes and, acting as executive agent for the Department of the Navy, for MH-60R/MH-60S airframes.

The committee notes that this would be the eighth multiyear procurement contract over the long life of the H-60 helicopter program. The committee believes the program continues to meet the criteria for multiyear procurement. The committee is concerned, however, that the current multiyear contract, awarded in 2007, failed to achieve the savings projected at the time of approval of that contract. When the Department sought authorization for the 2007 multiyear contract, the Army estimated savings of 5.5 percent versus annual procurements. In retrospect, the Army now estimates that the contract only achieved savings of 4 percent. This is not encouraging.

The committee expects that committing future Department leaders, Congress, and taxpayers to multiyear contracts is justified by the substantial savings that would not be achieved by annual contracts. The Army is projecting savings for this next multiyear contract, if authorized, to be 10 percent. This projection may be overly optimistic given the performance of the last multiyear contract. The committee recommends supporting the Department's request for multiyear contract authority, but directs the Secretary of the Army to provide the congressional defense committees with an annual briefing during the execution of this contract on progress achieved in meeting or exceeding the projected savings used to justify granting this authority. This briefing shall accompany the Army's annual budget request.

**Designation of undersea mobility acquisition program of the United States Special Operations Command as a Major Defense Acquisition Program (sec. 155)**

The committee recommends a provision that would require the Under Secretary of Defense for Acquisition, Technology, and Logistics to designate the undersea mobility program, including the Dry Combat Submersible-Light (DCSL), Dry Combat Submersible-Medium (DCSM), Shallow Water Combat Submersible (SWCS), and Next-Generation Submarine Shelter acquisition programs under U.S. Special Operations Command (USSOCOM) as an Acquisition Category (ACAT) ID Major Defense Acquisition Program.

Combat submersibles are used for shallow water infiltration and exfiltration of special operations forces, reconnaissance, resupply, and other missions. As demonstrated by previous combat submersible acquisition programs, these systems and associated support equipment are inherently complicated and expensive to develop and procure.

According to the Government Accountability Office, approximately \$677.5 million was expended to develop and procure the Advanced SEAL Delivery System (ASDS) to fill USSOCOM's requirement for a dry combat submersible for special operations personnel. The ASDS program suffered from ineffective contract oversight, technical challenges, and reliability and performance issues. The first and only ASDS platform reached initial operating capability in 2003, approximately 6 years behind schedule. Unfortunately, the ASDS was rendered inoperable by a catastrophic battery fire in November 2008 and was deemed too costly to repair by the Commander of USSOCOM. The Joint Multi-Mission Submersible (JMMS) program was initiated in fiscal year 2010 to fill the requirement for a dry combat submersible, but cancelled later that year due to unacceptably high total program costs. Both the ASDS and JMMS programs were designated ACAT ID programs by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

In August 2010, USSOCOM announced a new acquisition strategy to meet its undersea mobility requirements consisting of the DCSL, DCSM, SWCS, and Next-Generation Submarine Shelter programs. USSOCOM also announced that these individual programs would be managed by USSOCOM, with milestone decision authority vested in the USSOCOM Acquisition Executive. The committee recognizes the enduring requirement for undersea mobility capabilities for special operations forces and supports USSOCOM's efforts to acquire a family of wet and dry submersibles at a lower unit cost relative to previous programs by utilizing mature and commercial off the shelf technologies where available. However, the committee believes that the total acquisition costs, potential risks, and past history of undersea mobility acquisition programs necessitates the program oversight of the Under Secretary of Defense for Acquisition, Technology, and Logistics.

**Transfer of Air Force C-12 Liberty Intelligence, Surveillance, and Reconnaissance aircraft to the Army (sec. 156)**

The committee recommends a provision that would require the Secretary of Defense to develop and implement a plan for the orderly transfer of the Air Force C-12 Liberty intelligence, surveillance, and reconnaissance (ISR) aircraft to the Army.

The committee's expectation is that, in the long run, the Department of Defense does not require two sets of 37 C-12-based ISR aircraft in two different military departments. The Army has a long-term requirement for a C-12-based ISR platform as one of the elements to replace the Guardrail Common Sensor and to meet the requirements of the Aerial Common Sensor program. The committee's expectation is that the Army could modify the Air Force Liberty aircraft over time to the configuration of the Enhanced Medium Altitude Reconnaissance and Surveillance System (EMARSS).

The Army needs to retire the Guardrail Common Sensor aircraft, and could make use of the personnel in that program to crew the transferred Liberty aircraft to ensure no break in operational support for deployed forces. The Air Force could make use of the personnel freed up from the Liberty program to support the growth of Unmanned Aerial Vehicle orbits, which the Air Force explains is currently limited by crews rather than airframe production capacity.

The proposed transfer would save the Department considerable funds by avoiding the procurement of 37 C-12s for EMARSS.

The committee directs the Secretary of Defense to submit a report on this plan to the congressional defense and intelligence committees no later than the time the fiscal year 2013 budget request is submitted to Congress. However, the committee expects that the Department of Defense would provide this requested information well before this deadline. The committee urges the Department to provide the plan and its elements in a timely manner so as to inform the fiscal year 2012 National Defense Authorization Act conference.

#### **Joint Surveillance Target Attack Radar System aircraft re-engining program (sec. 157)**

The committee recommends a provision that would require: (1) the Air Force Audit Agency to submit to the congressional defense committees the results of a financial audit of the funds previously authorized and appropriated for the Joint Surveillance/Target Attack Radar System (JSTARS) aircraft re-engining program; and (2) the Secretary of the Air Force to ensure that any funds described authorized and appropriated for the JSTARS re-engining program are obligated and expended for the purpose for which originally authorized and appropriated, including, but not limited to, the installation of two engine ship sets on two operational JSTARS aircraft and the purchase of two spare engines.

The budget request included \$29.1 million in Aircraft Procurement, Air Force, for the E-8 Modifications Program, including \$13.5 million for various logistics support activities associated with the program to re-engine the Joint Surveillance/Target Attack Radar System (JSTARS) aircraft.

The Air Force experienced cost growth on the engines for these modifications. The committee recognizes that a significant portion of the cost increases that arose were the result of having to restructure the acquisition program from a commercial-type acquisition contract to one that follows normal defense acquisition rules. In further review of the increase, the Air Force indicated that the cost increases, while troubling, would have only extended the payback period for the investment by 1 year till 2018.

The Air Force decided to delay the re-engining program pending a study of overall ground moving target indicator (GMTI) requirements. Regardless of what that study concludes, however, the committee believes that re-engining the JSTARS fleet makes sense. Re-engining would lead to improvements in mission capability and safety of flight margins. If, as indicated by the Air Force, re-engining would actually pay back the investment costs in savings in operating and support costs, it would make economic sense as well. Unless the Defense Department were to decide that it can af-

ford to divest itself of the broad area GMTI capability before 2018, the investment would be worth it.

The committee believes that the JSTARS system and the broad area GMTI capability it provides will have an important place in the future force structure. However, even if the Air Force study were to conclude that some new system or combination of systems would provide better broad area GMTI for the future, it is hard to imagine that another alternative would actually begin complete fielding of a JSTARS replacement capability before the re-engining pays for itself.

The committee believes the Air Force should move expeditiously to complete that review and define its GMTI path forward.

## **Budget Items**

### **Army**

#### **Enhanced Medium Altitude Reconnaissance and Surveillance System**

The budget request included \$539.6 million in Aircraft Procurement, Army (APA), for the Enhanced Medium Altitude Reconnaissance and Surveillance System (EMARSS). Of this amount, the request includes \$451.1 million to support the low rate initial production (LRIP) of 18 systems. The Army awarded a contract in November 2010 to develop and produce four development EMARSS systems. However, a stop-work order was issued in December 2010 when contractor bid protests were filed at the Government Accountability Office. The protests were subsequently dismissed. Because of the bid protest delay, however, the amount of time needed for system development to prepare for limited user testing, support a Milestone C decision, and award a LRIP contract for an additional 18 systems will likely slip to fiscal year 2013. Procurement funds for award of an LRIP contract in 2012 is premature. The committee recommends a decrease of \$451.1 million in APA for EMARSS.

#### **Guided Multiple Launch Rocket System**

The budget request included \$314.2 million in Missile Procurement, Army (MPA), for the Guided Multiple Launch Rocket System (GMLRS). The committee notes that the GMLRS program has produced over 9,000 rockets with over 6,000 more programmed for delivery through fiscal years 2011 and 2012. Nearly 2,000 GMLRS rockets, with safer unitary warheads, have been expended in support of operations in Afghanistan and Iraq since 2005. The budget request procures nearly 3,000 more rockets that would not begin to be delivered until the middle of fiscal year 2013. Prior year and current production, on hand quantities, potentially declining consumption rates in support of combat operations, and overseas contingency operations funds provided elsewhere in this bill are sufficient to meet theater and any unforeseen requirements with a minimum of risk. The committee recommends a decrease of \$150.0 million in MPA for GMLRS.



**Stinger air defense missile system modifications**

The budget request included \$14.5 million in Missile Procurement, Army (MPA), for the modification of Stinger air defense missile systems. The Army has requested the reallocation of these funds to PE 23801A for the missile and air defense product improvement program. The committee recommends a decrease of \$14.5 million in MPA and an increase of \$14.5 million in PE 23801A to support the Army's service life extension program for the Stinger air defense missile system.

**Abrams upgrade program**

The budget request included \$181.3 million in Weapons and Tracked Combat Vehicles, Army (WTCV), for the M1 Abrams tank upgrade program. This program converts early versions of M1/M1A1 tanks to the M1A2 System Enhancement Package (SEP) configuration improving survivability, automotive power, computer systems, and night vision capabilities. The budget request will upgrade 21 tanks to complete fielding of the M1A2 SEP version to the active Army. The committee is aware that beginning in fiscal year 2013 the Army will have no Abrams tank upgrade program for 3 to 4 years at which time it plans to start its next series of improvements. The Army argues that the fiscal year 2012 request completes its Abrams tank upgrade plan and that the cost to restart the industrial base in 3 to 4 years is less expensive than upgrading a minimum of 70 tanks per year just to keep industrial capability in place. The committee is concerned, however, that the Department of Defense and the Army may be accepting greater than necessary or advisable risk in the armored vehicle industrial base. The committee is also aware that the Army has initiated an independent review of this long-term tank modernization strategy including the potential impact on the industrial base and the costs of restarting tank upgrades. The committee directs the Secretary of the Army to provide the congressional defense committees with the report from this independent review.

In order to preserve industrial capability through fiscal year 2012 and give the Army time to complete an independent review or other cost and business case analysis, the committee recommends an increase of \$322.0 million in WTCV for the upgrade of 49 additional M1A2 SEP tanks.

**Integrated air burst weapons system family**

The budget request included \$16.0 million in Weapons and Tracked Combat Vehicles, Army (WTCV), for the XM25 Counter Defilade Target Engagement (CDTE) system. The Army has requested the reallocation of these funds to PE 64601A to continue engineering and manufacturing development testing activities of the XM25 CDTE. Prototype XM25s are currently undergoing evaluation in a forward operating assessment in Afghanistan with encouraging results. The committee recommends a decrease of \$16.0 million in WTCV and an increase of \$16.0 million in PE 64601A to support the Army's continued development and testing of the XM25 CDTE.

**M2 .50 caliber machine gun**

The budget request included \$65.1 million in Weapons and Tracked Combat Vehicles, Army (WTCV), for procurement of new M2 .50 caliber machine guns. The Army has requested the reallocation of a portion of these funds to M2 .50 caliber machine gun modifications to enhance and correct safety issues with the existing M2 .50 caliber machine gun fleet. The effort to modify and upgrade the M2 fleet to M2A1 has a higher Army priority than buying new machine guns. The committee recommends a decrease of \$34.0 million in WTCV for M2 .50 caliber machine guns and an increase of \$34.0 million in WTCV for M2 .50 caliber machine gun modifications.

**Lightweight .50 caliber machine gun**

The budget request included \$28.8 million in Weapons and Tracked Combat Vehicles, Army (WTCV), for the lightweight .50 caliber machine gun. The Army has requested the reallocation of a portion of these funds to PE 64601A for the fabrication and retesting of additional parts due to a part failure that occurred during limited user testing. The committee recommends a decrease of \$1.7 million in WTCV and an increase of \$1.7 million in PE 64601A for lightweight .50 caliber machine gun system development and demonstration.

**Joint Tactical Radio System**

The budget request included \$775.8 million in Other Procurement, Army (OPA), for the Joint Tactical Radio System (JTRS) of which \$204.8 million is for the JTRS-Ground Mobile Radio (GMR) and \$144.8 million for the JTRS-Aviation and Maritime/Fixed (AMF) radio. The committee notes that the JTRS-GMR program is pending a Nunn-McCurdy breach assessment and low rate initial production will likely slip 6 months or more. The JTRS-AMF program's Milestone C decision for the Maritime/Fixed radio has slipped to September 2012 and contract award will likely slip into fiscal year 2013. Accordingly, the committee recommends a decrease of \$200.0 million in OPA for JTRS GMR and Maritime/Fixed radios due to schedule delays.

**Ground Soldier System**

The budget request included \$184.1 million in Other Procurement, Army (OPA), for the Ground Soldier System (GSS) Nett Warrior Increment 1. The committee notes that the GSS, and its terminated predecessor the Land Warrior program, have demonstrated some utility as a small unit (platoon and squad) command, control, navigation, and communications capability. Based on recent limited user testing, however, the system has not demonstrated the expected utility at the lower team leader or individual soldier levels. This raises uncertainty regarding the Army's requirements and acquisition strategy that could result in a delay of the program's planned Milestone C decision later this year. The committee recommends a decrease of \$28.3 million in OPA for GSS Nett Warrior Increment 1, and an increase of \$7.6 million in PE 64827A to support continued efforts with configuration development to lower system cost, weight, and power consumption.

### **Early-Infantry Brigade Combat Team**

The budget request included \$243.1 million in Other Procurement, Army (OPA), for the Early-Infantry Brigade Combat Team (E-IBCT) Brigade Combat Team (BCT) modernization program. The E-IBCT program was terminated in February 2011 by the Under Secretary of Defense for Acquisition, Technology, and Logistics. Accordingly, the committee recommends decreases in OPA of \$123.3 million for BCT Training/Logistics Management, \$57.1 million for BCT Training/Logistics Management Increment 2, and \$11.9 million for BCT Unmanned Ground Vehicle Increment 2.

### **Joint Improvised Explosive Defeat Fund**

#### **Joint Improvised Explosive Device Defeat Fund**

The budget request includes \$220.6 million for the Joint Improvised Explosive Device Defeat Fund (JIEDDF) operations line of operation. The committee recommends transferring all of JIEDDF funds from title I to the same budget activity in title XV, which funds the Overseas Contingency Operations (OCO) of the Department. The committee believes JIEDDO should be in the OCO portion of the budget request as it was established in response to threats confronted by U.S. forces in Afghanistan and Iraq.

## **Navy**

### **F/A-18E/F**

The budget request included \$2,431.7 million to purchase 28 F/A-18E/F aircraft. This is 27 more than was planned in the fiscal year 2010 future-years defense program (FYDP).

The Navy requested these additional aircraft as part of an overall increase of 41 F/A-18E/F in the FYDP. The Navy increased the request in fiscal year 2012 and over the FYDP made to reduce fighter shortfall to a “manageable level of 65 aircraft.”

Since then, Congress passed the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10), which included \$495.0 million to purchase an additional nine F/A-18E/F aircraft. More recent information from the Department of the Navy, which accounts for the extra nine aircraft and other changes, estimates that the shortfall is now expected to be 52 aircraft.

The committee accepts the Navy’s word that the Navy can manage the shortfall at a level of 65 or fewer aircraft. Therefore, the committee recommends a reduction of \$495.0 million and nine aircraft from the fiscal year 2012 authorization request.

### **Mobile User Objective System**

The budget request included \$238.2 million in Weapons Procurement, Navy (WPN) for the Mobile User Objective System (MUOS). The committee recommends a reduction of \$205.0 million.

MUOS is an Ultra High Frequency (UHF) communications satellite system that is critically needed to sustain and improve narrow band communications but has been delayed approximately 2 years as a result of technical challenges. The current constellation of UHF satellites, the Ultra High Frequency Follow-On (UFO) is fragile and should be replaced as soon as possible. The committee

notes that the first MUOS satellite is currently scheduled to launch in February 2012 with the second satellite scheduled for launch in November 2012. The fourth MUOS satellite will not launch until early in fiscal year 2015. As launch vehicles are generally purchased 2 years prior to launch, the launch vehicle for MUOS satellite 4, currently funded in the fiscal 2012 budget request does not need to be purchased until fiscal year 2013. As a result the committee recommends a reduction of \$205.0 million for the launch vehicle for the fourth MUOS satellite.

While the launch of the first MUOS satellite in February 2012 is a much anticipated event, the committee remains concerned that even with the launch of the first satellite, the UHF constellation remains fragile. For many years the committee has urged the Navy to look at options including hosted payloads to augment the UHF constellation in the event of a failure of a UFO satellite. The Navy has gone so far as to put out sources sought notices for additional capability but never followed through, largely as a result of the cost growth in MUOS. Recently the committee has become aware of several hosted payload options that could provide additional UHF capability. The committee directs the Secretary of the Navy to review the hosted payload or any other options to provide additional UHF capacity and determine the cost, schedule, and feasibility of acquiring this capacity, and report to the committee the results of the review no later than March 2012.

#### **Consolidated afloat networks and enterprise services**

The budget request included \$195.1 million in Other Procurement, Navy (OPN), for various activities supporting the consolidated afloat networks and enterprise services (CANES) program, and \$12.9 million in Research, Development, Test, and Evaluation, Navy, for CANES development activities in PE 33138N. The budget request also included \$177.5 million in OPN for ship communications automation projects.

Because of funding restrictions under a series of continuing resolutions this fiscal year, the Navy has had to restructure various milestone events in the CANES program, resulting in an overall program delay of 5 months. The CANES fielding delay also has resulted in increased sustainment costs for legacy ship-based networks. Based on these changes, the Navy has requested a reallocation of the budget request to reflect the delay and increased sustainment costs for legacy programs.

Therefore, the committee recommends a reduction of \$89.6 million for the CANES procurement program, leaving a total of \$105.5 million. The committee also recommends an increase in PE 33138N of \$12.0 million for CANES development, and an increase of \$77.6 in OPN for ship communications automation to support legacy programs during the period of the CANES program delay.

#### **Chemical, Biological, Nuclear Incident Response Force**

The budget request included \$89.5 million in Procurement, Marine Corps, for radio systems, including command and communications equipment for the Marine Corps Chemical, Biological, and Nuclear Incident Response Force (CBNIRF). The CBNIRF is the Nation's premier military unit for responding rapidly to chemical, biological, and nuclear incidents. In addition to its domestic duties

as a component of the Defense Chemical, Biological, Radiological, and Nuclear Response Force under U.S. Northern Command, the CBNIRF deployed to Japan to assist with the response to its nuclear reactor crisis. As a result of lessons learned from this deployment, the Commandant of the Marine Corps assessed additional equipment upgrade needs for the CBNIRF that had not been clear prior to the fiscal year 2012 budget submission. The Commandant identified these needs as unfunded requirements.

The committee recommends \$90.5 million in Procurement, Marine Corps, for upgraded equipment for the CBNIRF, an increase of \$1.0 million, to respond to the unfunded requirements identified by the Commandant.

### **Air Force**

#### **HH-60M**

The budget request included \$104.7 million to purchase three HH-60M aircraft.

Since then, Congress passed the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10), which included \$303.4 million to purchase an additional 10 HH-60M aircraft. With those additional purchases, two aircraft in the budget request are not needed at this time.

Therefore, the committee recommends a reduction of \$69.9 million and two aircraft from the fiscal year 2012 authorization request.

#### **Light attack armed reconnaissance aircraft**

The budget request included \$158.5 million to purchase nine aircraft under the light attack armed reconnaissance (LAAR) aircraft program, and \$23.7 million PE 27100F within Research, Development, Test, and Evaluation, Air Force, to conduct: (1) system engineering; (2) prime mission equipment integration; (3) test planning and execution; and (4) development and operational testing. The Air Force intends to purchase another six aircraft in fiscal year 2013, for a total program of 15 aircraft.

Under the LAAR program, the Air Force would competitively acquire an aircraft that would be used to train U.S. pilots to train partner nation pilots to conduct strike, armed reconnaissance and advanced aircraft training for irregular warfare. This program provides a continental U.S.-based capability to support irregular warfare efforts that help prepare partner nations defend themselves.

Although the committee understands that there might be a requirement for providing such training in the future, it is not aware of any specific current demand for this capability or a particular aircraft. In that circumstance, the committee sees no need to begin procurement until the research and development effort has resulted in designing and testing an acceptable configuration for the aircraft.

Therefore, the committee recommends a reduction of \$158.5 million for the LAAR program, leaving a total of \$23.7 million in research and development funds to conduct the activities as requested.

### **F-16 modifications**

The budget request included \$73.3 million for various F-16 modifications, including \$16.6 million to replace the advanced air-to-air interrogator units on F-16 Block 50/52 aircraft with new equipment having Mode 5 identification capability.

Because of delays in developing the hardware, the Air Force's funding is misaligned in the budget. Procurement funds available from fiscal year 2011 will be used to buy the Mode 5 equipment in fiscal year 2012, delaying the need for additional procurement funds until fiscal year 2013.

Therefore, the committee recommends a reduction of \$16.6 million for the Mode 5 identification modification program for the F-16.

### **Family of advanced beyond line of sight terminals**

The budget request included \$50.9 million in Aircraft Procurement, Air Force (APAF), and \$104.5 million in Other Procurement, Air Force (OPAF), for the Family of Advanced Beyond Line of Sight Terminals (FAB-T). The committee recommends that of this amount \$63.8 million in OPAF and \$47.1 million in APAF be used for advanced procurement to support the Air Force decision to restructure the FAB-T program.

### **GPS III Space Segment**

The budget request included \$81.8 million for Missile Procurement, Air Force (MPAF), line 19 for advanced procurement for long lead items for Global Position System (GPS) III satellites 5 and 6.

The committee recommends a reduction of \$40.0 million in long lead procurement.

The committee fully supports the GPS program and congratulates the Air Force on the recent launch of the GPS IIF satellite. In order to reduce the annual cost of the GPS program, the Air Force restructured the GPS program in fiscal year 2011. As a result, instead of buying long lead items for satellites 3, 4, and 5 in fiscal year 2011 as planned, the Air Force bought long lead items for only satellites 3 and 4. As a result of these actions and a reprogramming in fiscal year 2011, the program has excess money.

## **Defense-wide**

### **Defense Information Systems Agency satellite**

The budget request includes \$362.9 million in Procurement, Defense-wide, for the Defense Information Systems Agency (DISA) to lease or buy and to support a dedicated commercial satellite to provide primarily military Ka band satellite communications in theater. DISA currently spends approximately \$500.0 million annually for commercial satellite communications for the U.S. Central Command theater. Additional funds are requested to support terminal upgrades.

The committee supports the idea of planned-for commercial satellite communications. Commercial satellite communications are currently purchased on as-needed basis with short-term contracts using multiple commercial satellites. While this approach has provided sufficient commercial communications, it has proved to be more expensive than a long-term arrangement. Moreover, although

DISA has not encountered significant difficulties in meeting bandwidth demand in theater, the committee is concerned that excess capacity on commercial satellites may not always be available in the quantities needed. On the other hand, as-needed commercial satellite communications will probably always be needed to address surge and gap requirements.

The committee believes that before committing to a single satellite for a single theater, in a purchase or capital lease arrangement, DISA should conduct an Analysis of Alternatives (AoA) that looks at the possibility of purchasing services on multiple satellites in a multiyear type approach to ensure lower cost and increased flexibility or other creative approaches to providing reliable communications. Before entering into a contract to buy or a capital lease for a single satellite, the committee directs DISA to report on the results of the AoA, and to provide the analytic basis for the preferred option.

#### **High Speed Assault Craft**

The budget request included \$6.9 million in Procurement, Defense-wide, for maritime combatant craft systems, but no funding for High Speed Assault Craft (HSAC) for U.S. Special Operations Command (USSOCOM). Theater Naval Special Warfare (NSW) forces currently utilize a rapidly aging fleet of Mk V Special Operations Craft (SOC) and Rigid Inflatable Boats (RIB) to perform a range of functions ranging from maritime interdiction to infiltration/exfiltration of personnel to partner nation engagement and training. The combination of Mk V SOC and RIB retirements and unexpected program delays for the follow-on platform known as the Combatant Craft Medium are expected to create a maritime combatant craft capability gap in the 2013 to 2015 timeframe. As a result, the Commander of USSOCOM has identified a \$15.0 million shortfall in funding for six HSACs. The HSAC is currently in the NSW inventory and has been identified as the only existing maritime surface platform that meets Theater NSW requirements in the near-term.

The committee recommends an increase of \$15.0 million in Procurement, Defense-wide, for HSACs for USSOCOM. The committee also recommends USSOCOM consider service life extension options for existing Mk V SOC and RIB platforms to mitigate any additional maritime combatant craft capability gaps.

#### **Non-Standard Aviation**

The budget request included \$272.6 million in Procurement, Defense-wide, for Non-Standard Aviation (NSAV) platforms to support Theater Special Operations requirements for mobility and aviation foreign internal defense (AVFID) missions. The committee recommends a decrease of \$105.1 million in Procurement, Defense-wide, for NSAV aircraft. The committee also recommends a transfer of \$8.5 million from Overseas Contingency Operations (OCO) Procurement, Defense-wide, to the base budget for a total authorization of \$176.0 million in Procurement, Defense-wide, for NSAV aircraft. The committee believes that funds reduced from this funding line can better be used to satisfy critical unfunded requirements identified by the Commander of U.S. Special Operations Command.

The committee recognizes the requirement for NSAV platforms to provide for the movement of special operations forces in austere and remote locations not serviced by commercial or other military aviation. The committee has supported funding for NSAV aircraft and previously authorized the procurement of 21 light and 12 medium NSAV aircraft. However, the committee believes the total basis of issue requirement of 17 medium NSAV aircraft has not been adequately justified and, therefore, authorizes funds to procure 3 of the 5 requested NSAV medium aircraft and associated spares.

The committee is aware that the Department currently meets only half of the demand for training partner nation aviation forces and supports the mandate of the 2010 Quadrennial Defense Review to build the capacity of the Air Forces 6th Special Operations Squadron to undertake such missions. However, the committee believes the full request for the procurement of eight AVFID aircraft has not been adequately justified and is ahead of need. Therefore, the committee authorizes funds to procure four of the eight requested AVFID aircraft and associated spares.

The budget request included \$8.5 million in OCO Procurement, Defense-wide, for upgrades to eight PC-12 NSAV aircraft to bring them into a common configuration with the rest of the fleet. The committee believes these upgrades are unjustified as an OCO expenditure and are inconsistent with the Department's efforts to shift U.S. Special Operations Command funding to the base budget where appropriate. Therefore, the committee recommends a shift of these funds from OCO to the base budget.

#### **Village Stability Operations and Afghan Local Police unfunded requirements**

The committee notes that General Petraeus, Commander of International Security Assistance Force and Commander of U.S. Forces-Afghanistan, and others have emphasized the importance of the Village Stability Operations (VSO) and Afghan Local Police (ALP) programs to the strategy in Afghanistan. Under the ALP program, special operations forces work with local villagers to empower communities to create their own protection force answerable to the local elders and under the oversight of the Ministry of Interior. The VSO program adds a community development component designed to build a connection to the Afghan Government. The committee believes that such population-centric security and stability programs are key elements to the counterinsurgency strategy in Afghanistan.

The VSO and ALP programs rely heavily on the deployment of small special operations teams who live and work in the rural communities they are supporting. Such deployments, usually geographically separated from the larger coalition military footprint, require special operations teams to provide their own force protection, mobility, communications, and other enabling capabilities.

The Commander of U.S. Special Operations Command has identified a total of \$50.0 million in emergent unfunded requirements for force protection and ground mobility capabilities to support the deployment of special operations teams to support VSO and ALP programs. Therefore, the committee recommends the following increases in Procurement, Defense-wide: \$27.8 million for Tactical



Vehicles; \$15.6 million for Intelligence Systems; \$4.0 million for Small Arms and Weapons; and \$2.6 million for Soldier Protection and Survival Systems.

### **Items of Special Interest**

#### **C-27J**

The budget request included \$571.6 million in Aircraft Procurement, Air Force, to buy nine C-27J aircraft. This purchase would complete the current program of record with a total of 38 aircraft. When there were separate C-27J programs within the Army and Air Force, the Army had established the requirement for filling the direct support role as 78 aircraft, based on an analysis of alternatives.

Subsequently, the Air Force decided that a total program of 38 C-27Js would be sufficient to meet their responsibility for providing direct support mission capability for the Army. The Air Force based this conclusion on: (1) an analysis of the Army's demand for direct support mission support; (2) a Mobility Capability Requirements Study conclusion that the programmed Air Force fleet of 401 C-130 aircraft exceeded maximum demand for intra-theater airlift in any wartime scenario by 66 C-130 aircraft; and (3) an analysis that showed that a supply of 38 C-27J aircraft, along with 20 C-130 aircraft diverted from an intra-theater airlift mission to the Army direct support mission, would meet the Army's needs.

The Defense Department (DOD) also has requirements for supporting domestic missions, such as those from the Department of Homeland Security. Absent other information, it would appear to the committee that the Department merely assumes that it can muster the appropriate support for domestic missions from within those forces that are derived from war fighting requirements. Just as it has turned out that the current conflicts in Afghanistan and Iraq were not exactly the "lesser included contingencies" that previous defense planning had assumed, it is altogether possible that the same would be true for meeting whatever domestic demands may be placed on the Department.

The set of circumstances raises several questions: (1) since the cost per flying hour should be much less expensive for a C-27J aircraft, should the Air Force buy more C-27Js specifically for meeting the Army direct support mission, rather than recapitalizing C-130 inventory that may be excess to intra-theater airlift requirements?; and (2) is there an appropriate structure and processes in place for estimating requirements for DOD domestic support and translating those requirements into DOD programs, to the extent that the requirements may not be satisfied within existing DOD forces?

The committee directs the Secretary of the Air Force to conduct a cost/benefit analysis of buying more C-27Js than the current 38-aircraft program specifically for meeting the Army direct support mission, rather than recapitalizing C-130 inventory that may be excess to intra-theater airlift requirements.

The committee also directs the Under Secretary of Defense for Policy to provide a report on the appropriate structure and processes in place that DOD should have for estimating requirements

for DOD domestic support and translating those requirements into DOD programs, to the extent that the requirements may not be satisfied within existing DOD forces.

The committee directs the Department to provide both of the reports no later than the submission of the fiscal year 2013 budget request.

#### **Common Remotely Operated Weapons Station**

The committee notes that the Common Remotely Operated Weapons Station (CROWS) program has successfully delivered over 7,000 systems that have provided vehicle crews increased lethality and protection in operations in Iraq and Afghanistan. The committee is also aware of the Army's intention to transition CROWS procurement to a full and open competition with multiple providers. The committee supports this approach, but is concerned that the Army has delayed a competition by extending the sole source contract currently in place without sufficient operational justification. Although the Army's CROWS acquisition plan calls for release of a request for proposal, evaluation, and qualification of vendors in 2012, the committee does not understand the apparent intent not to award contracts or budget necessary funds until 2013. The committee therefore directs the Secretary of the Army to provide a briefing to the congressional defense committees that details the CROWS acquisition strategy including funding profile and schedule identifying the specific milestones associated with the earliest possible competition, proposal submission deadline, evaluation, vendor qualification, and contract award.

#### **Intercontinental ballistic missiles modifications**

The budget request included \$126.0 million for Minuteman III modifications in Missile Procurement, Air Force (MPAF), line 9, including \$34.0 million for the solid rocket warm line project. This effort, which in previous years manufactured motor sets for the Minuteman III (MMIII) Intercontinental Ballistic Missile (ICBM), is coming to a close. The fiscal year 2012 funds will be used to close out the contracts for motor production, and many of the facilities will be mothballed.

The committee understands that the Air Force may begin a new effort in fiscal year 2013 to sustain the MMIII solid rocket motors. If the Air Force determines that actions with respect to solid rocket motors will be needed in 2013, and would prefer to consolidate MMIII facilities and workforce to prepare for future tasks, in lieu of closing out the contracts, the Air Force may use up to \$12.0 million of the funds available for the solid rocket motor warm line for consolidation purposes. The committee directs the Secretary of the Air Force to inform the committee no later than December 1, 2011, of its decision and the funding needed to carry out such decision.

#### **Joint Tactical Radio System**

The committee is aware that after over 10 years of research and development the Joint Tactical Radio System (JTRS) and its Handheld, Manpack, and Small form/fit (HMS) version is nearing completion of its engineering and manufacturing development and is entering low rate initial production (LRIP). Given the program's history of funding shortfalls and schedule delays, and under the

current and likely future climate of budgetary pressures, the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD-ATL) directed that the JTRS program focus its continued development efforts on core program requirements and those threshold capabilities that are within reach for near-term delivery to the field.

The committee agrees that a tactical network program based upon radio hardware that is non-proprietary software programmable is essential to achieving a fully networked operating force. The Army's tactical network will depend on technologically mature, reliable, and affordable software programmable radios. Radios based on non-proprietary software, or waveforms, allows the Army to choose from a variety of hardware technologies with a variety of capabilities and at a variety of costs.

Appropriately, the Army intends to take advantage of full and open competition among radio hardware manufacturers whose products meet the technical and operational requirements of the tactical network. Managing program costs through competition is critical to the affordability of the Army's tactical network, particularly given the thousands of radios that will be provided at lower unit levels and to individual soldiers. In this regard, the USD-ATL further directed that the Army provide for his approval a plan "to introduce competition into the JTRS production programs at the earliest opportunity."

The committee strongly agrees that the Army should initiate the soonest possible full and open competition and directs the USD-ATL to provide the congressional defense committees with a briefing on the JTRS-HMS competition plan including schedule changes that highlight the acceleration of competition, testing, vendor qualification, funding profile, and contract methods.

### **Light tactical vehicles**

The committee is concerned about the health of the light tactical vehicle industrial base given current and future budgetary pressures and the likelihood of declining funds for development and procurement by the Department of Defense (DOD). The committee is aware of the challenges faced by DOD, and particularly the Army, in planning for and managing its large and expensive light tactical vehicle fleets. The Department will continue to analyze and adjust its light tactical vehicle requirements, fleet configurations, and investment strategies to make realistic, affordable, and achievable tradeoffs for the sustainment and modernization of its current capability and that at the same time develops the next-generation of vehicles.

Given these challenges, the committee is concerned that uncertainty in the Department's plans will cause uncertainty in light tactical vehicle industrial base resulting in a loss of capability and capacity. Army and the Marine Corps plans for the recapitalization of its armored and utility High Mobility Multipurpose Wheeled Vehicle (HMMWV) fleets over the next several years could mitigate some of this industrial base risk. The committee is also aware that the Army and Marine Corps plan to use a full and open competition, including public, private, and public-private partnerships, in meeting its HMMWV recapitalization objectives. The committee also notes that there appear to be gaps between the Army and Ma-

rine Corps in their recapitalization requirements and that their plans may not take advantage of existing or emerging automotive, armor, or force protection technologies. The committee urges the Army and the Marine Corps to accelerate their HMMWV recapitalization competition and directs the Secretary of the Army and Secretary of the Navy to brief the congressional defense committees on how acceleration of a competition might be accomplished and how recapitalization of their HMMWV fleets will consider taking advantage of the integration of new technologies.

The committee is also interested to learn more about the potential costs, benefits, and risks of increased foreign sales of U.S. tactical wheeled vehicles. The committee directs the Comptroller General to report to the congressional defense committees, not later than July 31, 2012, on the foreign sales of U.S. manufactured tactical wheeled vehicles and the impact of such sales on the defense industrial base. This study should: (1) describe the U.S. tactical wheeled vehicle industrial base, including information currently available on prime and sub-tier contractors; (2) analyze the sales of tactical wheeled vehicles to foreign governments through foreign military sales and direct commercial sales over at least the last 5 years; (3) identify factors that could impact the sale and export of tactical wheeled vehicles, including U.S. policy and regulations and foreign competition for worldwide sales; and (4) assess the strategic and technical risks of the sale of tactical wheeled vehicles to foreign governments as seen by the Departments of State, Defense, and Commerce.

#### **Multiyear procurement savings estimates**

The committee has been supportive of the Department's ability to enter into multiyear procurement contracts when all of the criteria in section 2306b of title 10, United States Code, are met. The committee wants to clarify that, in determining "substantial savings" under the meaning of section 2306b, the Department should be careful to filter claims of "cost avoidance" that would tend either to: (1) inflate the costs associated with executing annual procurement contracts; or (2) understate the costs executing multiyear procurement contracts. The concern is that analysts could use inappropriate optimism to estimate savings on a multiyear contract, or could overstate the costs of executing an annual procurement strategy. In either circumstance, the estimated savings could present an erroneous picture of the potential rewards of approving multiyear authority.

This year, in the case of the request for multiyear procurement authority for mission avionics and common cockpits for Navy MH-60R/S helicopters, the Navy estimated that the cost of procuring the MH-60R/S cockpits and mission avionics under a single 5-year multiyear procurement contract, as compared to five successive single-year procurements, would save 11.2 percent. The Cost Assessment and Program Evaluation (CAPE) directorate agreed with that estimate.

After further review, the committee determined that this savings estimate depends on congressional approval of a follow-on multiyear procurement in fiscal year 2017. If Congress were to fail to approve that follow-on multiyear procurement, the Navy would have to find additional funding to reimburse the contractor team for pur-

chase in each of the 5 years comprising the proposed multiyear procurement. While the committee agrees that, in this limited sense, “cost avoidance” can demonstrate “substantial savings” for purposes of section 2306b of title 10, United States Code, the use of other more nebulous kinds of cost avoidance for the same purpose would not be appropriate.

If the case is strong for multiyear procurement without a finding of “substantial saving,” Congress can make exceptions. As provided in report language accompanying section 811 of the Fiscal Year 2008 National Defense Authorization Act for Fiscal year 2008 (Public Law 110–181), multiyear procurement proposals unsupported by a finding of “substantial savings” may still be approved on the basis of an “exceptionally strong case” that the proposal meets the other requirements of subsection (a) of section 2306b of title 10, United States Code. However, actions to inflate the savings estimates that do not bear up under scrutiny could actually result in denial of multiyear authority when all other requirements could be met.



## **TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION**

### **Subtitle A—Authorization of Appropriations**

#### **Authorization of appropriations (sec. 201)**

The committee recommends a provision that would authorize appropriations for research, development, test, and evaluation activities at the levels identified in section 4201 of division D of this Act.

### **Subtitle B—Program Requirements, Restrictions, and Limitations**

#### **Prohibitions relating to use of funds for research, develop- ment, test, and evaluation on the F136 engine (sec. 211)**

The committee recommends a provision that would prohibit: (1) the obligation of any funds in this Act for research, development, test, or evaluation on the F136 engine; and (2) the consideration of any research, development, testing and evaluation of the F136 engine conducted and funded by the contractor as an allowable charge on any future government contract, either as a direct or an indirect cost.

#### **Limitation on use of funds for Increment 2 of B-2 Bomber aircraft Extremely High Frequency Satellite Commu- nications Program (sec. 212)**

The committee recommends a provision that would prohibit the Secretary from obligating or expending funds for Increment 2 of the B-2 Bomber aircraft Extremely High Frequency (EHF) Satellite Communications program, until the Secretary of the Air Force makes a series of certifications and a report with respect to the acquisition plan for Increment 2. Increment 2 consists of the integration of an EHF terminal and low observable antenna for secure strategic communications. The required certifications would be that the U.S. Government owns the data rights for the antennas, and that the antenna technology selected is the most cost effective and lowest risk option for the B-2. The report would include a detailed plan setting forth the projected cost and schedule for the research, development, and testing of the antenna. The new terminal and antenna are needed to provide secure, protected communications using the new Advanced EHF satellite, the first of which was launched last summer.

The committee notes that the antenna being developed for the B-2 is an active electronically steered array (AESA) antenna. This is the first time that an EHF AESA antenna is being developed for an aircraft. This technical challenge is complicated by the fact that it is for the B-2 and must be compatible with the low observable

characteristics of the B-2 itself. As a result the committee is worried about both the cost of developing and procuring an AESA EHF antenna and ability to maintain the schedule. The committee wants to ensure that this very expensive and technologically challenging approach is appropriate and, if appropriate, that it is managed effectively and efficiently.

The committee notes that the Air Force chartered an independent review team to review, among other things, the technical challenges of developing an AESA EHF antenna for the B-2. This team made several recommendations with respect to the challenges of the development effort, including that the Air Force mature the antenna to a technology readiness level 7 before installing it on a test B-2 aircraft. The committee directs the Air Force to follow the recommendations of the review team.

#### **Unmanned Carrier Launched Airborne Surveillance and Strike (sec. 213)**

The committee recommends a provision that would prevent the Navy from obligating more than 50 percent of the funding authorized for UCLASS until the Under Secretary of Defense for Acquisition, Technology, and Logistics certifies to the congressional defense committees that he has approved an acquisition plan for the UCLASS program at Milestone A that requires implementing open architecture standards for the UCLASS program.

The budget request contained \$121.2 million in PE 64404N to start a program called Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS). The Navy intends to allocate more than \$2.5 billion in development funding over the course of the future-years defense program (FYDP).

The Congress provided clear direction in section 144 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), calling for the Department to establish a policy and acquisition strategy for common ground stations and payloads for manned and unmanned aerial vehicle systems. The purpose of the direction was to facilitate competitive procurement, open architecture, common ground station interoperability and standardization, and competition throughout the life cycle of acquisition programs.

To date, the committee can detect very little progress in implementing this guidance.

In a broader context, the lack of access to weapons systems technical data hinders competition throughout the life cycle of weapons systems. The Defense Department should be insisting on open systems architecture and obtaining rights to technical data necessary to foster fair and open competition throughout the life cycle of all manned and unmanned systems. Providing access to necessary technical data to a broader range of potential contractors would remove a significant barrier to competition. Without such access, fair and open competition for follow on contractor logistics support and maintenance activity is severely limited, if not impossible. Enhancing the opportunity for competition has the potential to create efficiencies, significantly reduce life cycle costs and ensure the viability of a robust aftermarket contractor logistics support and maintenance industrial base. In that regard, the committee is pleased to



note that the Under Secretary of Defense for Acquisition, Technology, and Logistics issued direction to the military departments and agencies regarding this issue in a memorandum dated November 3, 2010, titled “Implementation Directive for Better Buying Power—Obtaining Greater Efficiency and Productivity in Defense Spending.” The committee requests the Under Secretary to provide periodic briefings to the committee on his progress in implementing that directive.

UCLASS presents another opportunity to implement that guidance. This is a new start effort with the fiscal year 2012 budget where the Navy can get the program off on the right path.

#### **Marine Corps Ground Combat Vehicles (sec. 214)**

The committee recommends a provision that would: (1) prohibit the Department of Defense from granting Milestone B approval for the Marine Personnel Carrier (MPC) pending completion of the Analysis of Alternatives (AoA) for the Amphibious Combat vehicle (ACV); (2) specify requirements for the conduct of the AoA; (3) require the Director of Cost Analysis and Program Evaluation to conduct a life cycle cost assessment of the portfolio of Marine Corps ground vehicles as a condition for Milestone B approval for ground vehicle acquisition programs; and (4) authorize the Marine Corps to reallocate funds within the budget request for the Assault Amphibious Vehicle (AAV) 7A1, the MPC, and the ACV to support the ACV AoA and ACV requirements definition. The amount recommended for authorization for these ACV activities is \$30.0 million.

#### **Affordability of Marine Corps ground vehicles**

The Marine Corps states that it terminated the Expeditionary Fighting Vehicle (EFV) because its projected budget will not support the acquisition cost or the operating and sustainment (O&S) costs. To support this conclusion the Marine Corps provided budget projections of the cost to buy the EFV, the MPC, the Joint Light Tactical Vehicle, and other less numerous and expensive vehicles. These cost projections substantially exceed representative budget planning assumptions, such as zero real growth in the outyears from the average level of spending over the last 30 years on the acquisition of ground vehicles. Likewise, the Marine Corps provided projections of the cost of operating its current and planned ground vehicle fleets, which also showed a towering bow wave in the outyears.

The committee agrees that the Marine Corps faces an immense budget challenge, but the problem is not confined to the EFV or the amphibious assault mission area. The fact is that the data that the Marine Corps presents shows that the Marine Corps’ ground vehicle portfolio is unaffordable by the Corps’ metrics even if a new amphibious tractor is removed altogether. The same is true for the O&S budget. Reducing the cost of an amphibious tractor from an \$18.0 million EFV to \$10.0 million (the lower side of the estimate for an ACV) would not fix the projected budget shortfall.

The reality is that modern ground vehicles are going to be much more expensive than they were in the past. Aside from the growth in digital electronics for sensing, targeting, communicating, and

controlling the vehicle, ground vehicles must provide much higher levels of protection to cope with more lethal threats and the ubiquity of those threats to all vehicles at all times on the modern, hybrid battlefield. The MRAP program illustrates this new reality—a very heavy and heavily armored truck with reduced mobility that cost approximately \$1.0 million each. The High Mobility Multipurpose Wheeled vehicle, which cost tens of thousands of dollars, is to be replaced by the Joint Light Tactical Vehicle which is expected to cost at least several hundred thousand dollars.

The Marine Corps is going to have to come to grips with the fact that it will have to spend significantly more money on ground vehicles in the future. In view of the coming austerity, the Marine Corps will have to make difficult tradeoffs in multiple areas. The Marine Corps cannot escape this predicament by terminating the EFV alone. The Marine Corps also cannot make acquisition decisions on a vehicle-by-vehicle basis, but rather must always consider the portfolio as a whole.

It is also important to put the cost of the EFV in perspective. The current estimate of approximately \$18.0 million per vehicle is certainly a lot of money. But the vehicle carries a full Marine rifle squad. By comparison, Bradley fighting vehicles, which would not be regarded as extravagant, cost approximately \$9.0–10.0 million, according to the Marine Corps, but carry only half as many troops. Thus, putting Marines in Bradleys, which cannot swim at all, would cost more than the EFV. Moreover, Bradleys would take up far more space on the Navy's amphibious ships than EFVs for the same lift capacity. The EFV would cost much more than the Marine Corps hoped and expected, and the Marine Corps may not be able to afford it, but it is not out of line with its complex mission and other fighting vehicles.

The committee also notes that the Marine Corps acquires a new amphibious assault vehicle only once every several decades (the current vehicle is 40 years old), and that the amphibious assault mission is the core mission of the Marine Corps. It is not unreasonable to expect the Marine Corps, the Navy, and the Defense Department to deviate from 30-year averages in combat vehicle acquisition to recapitalize the very equipment on which the Marine Corps most depends. Indeed, one would expect tradeoffs to be made in virtually all other budget categories to support the primary needs of amphibious assault.

#### **Failure of the requirements process**

Based on testimony from the Department, it now appears to the committee that the Marine Corps' requirements process that led to the EFV requirement for high water speed was essentially mistaken—yielding a mistake that cost the taxpayer \$3.0 billion and cost the Marine Corps as much as two decades of lost time. At the end of the Cold War, the Marine Corps and the Navy sought greater standoff distance for launching amphibious assaults, and the Marine Corps assumed that the combat capability of Marines riding in a relatively slow, non-planing vehicle would begin to erode after approximately 1 hour. This assumption was based on experience with the legacy AAV. The Marine Corps' current expectation is that a modern vehicle with high-quality seats that pro-

vides cool fresh air and good lighting to passengers can carry Marines for 2 hours or more without causing detrimental levels of troop fatigue. The Marine Corps also now states that high-water speed is not important operationally—that 10-knot speed is as good as 25 knots from the perspective of operational effectiveness and survivability.

If the Marine Corps is correct in these new beliefs, a non-planing—and hence slower—amphibious tractor could still support the standoff ranges that the Marine Corps and the Navy seek. These expectations will need to be tested and verified in the AoA. The Navy is now saying, however, that it believes its ships can be adequately defended even if the AoA determines that amphibious attacks must be launched from a distance of 10 nautical miles rather than 25 nautical miles. The Navy is expressing this belief after 20 years of stressing the need for much larger standoff distances, and despite the fact that anti-access threats have increased since the EFV was initiated in the early 1990s, and are projected to increase further in coming decades.

This distressing history illustrates the importance of getting requirements right. The requirements for the EFV, evidently, were not adequately scrutinized, challenged, or backed up by evidence. This mistake must not be repeated. The Marine Corps should substantiate all of the driving requirements for ACV with testing where possible, and with exercises and modeling and simulation where empirical testing is not practical. There must be evidence that the Navy can defend its ships at the standoff distances imposed by the characteristics of the EFV replacement.

### **The relationship between the ACV and the MPC**

The Marine Corps decided it needed a modern personnel carrier when the EFV cost escalated sharply and after the Marine Corps' experience in Iraq showed the need for higher levels of armor protection than EFV would provide in some ground combat situations. The Marine Corps decided at that time to reduce the buying of EFVs to less than 600 and to buy approximately 600 personnel carriers.

The Marine Corps assumed that the personnel carrier would be able to lift only half of a rifle squad—half of what an EFV would lift. Thus, in terms of lift equivalents, the 600 MPCs would equate to 300 EFVs. The MPC is roughly estimated to cost \$5.0–6.0 million. Thus the cost to lift a squad with MPCs is projected to cost \$10.0–12.0 million, which is the approximate target cost for the ACV.

Engineering analysis may show that a non-planing vehicle could carry enough armor to protect Marines adequately during extended land operations—through all campaign phases—eliminating the operational requirement for a separate MPC. It is thus possible that, at the end of the AoA, after further testing of the EFV System Development and Demonstration (SDD-2) prototype vehicles and the AAV, and with some technology development and demonstration, the Marine Corps will conclude that an ACV could meet the needs not only of amphibious assault but also the requirements that the MPC is designed against (chiefly enhanced protection levels).

If that happens, and if the Marine Corps could buy an ACV for the same or lower amount than two MPCs, the Marine Corps would be better off buying ACVs only and terminating the MPC program.

A total of 900 ACVs could meet the Marine Corps' total armored vehicle lift requirement, and, by providing 300 more amphibious assault vehicles than planned under the EFV program, result in an enhanced amphibious assault capability rather than a diminished one.

With the demise of the EFV program, the MPC moved ahead in schedule of the Marine Corps' amphibious tractor modernization. The MPC program is scheduled to pass Milestone B early in fiscal year 2013. Even though the Navy's Senior Acquisition Executive hopes to accelerate the completion of the AoA, the Marine Corps probably will not know by early fiscal year 2013 whether the ACV program will come in at a price and performance level that would enable the Marine Corps to forego the MPC program.

#### **Committee recommendations**

In light of this complicated situation, the committee concludes the following:

- The Marine Corps must vigorously conduct testing and some technology demonstrations to support the AoA and ACV requirements definition. These pre-acquisition activities will require more than the \$12.0 million requested for the ACV. The Marine Corps estimate is closer to \$30.0 million.
- The AoA must fully address the driving issues of concern for the amphibious assault mission, such as the real requirement for assault launch standoff, and the ability of the Navy's ships to defend themselves at those ranges.
- The Marine Corps cannot afford its current plans for ground vehicle modernization, regardless of the cost of a replacement for the EFV. The Marine Corps and the Department of Defense oversight process must evaluate and manage the Marine Corps ground vehicle programs on a portfolio basis.
- The AoA and ACV requirements process may determine that a smaller pure fleet of ACVs would provide better performance at less cost than a mix of amphibious tractors and armored personnel carriers. Therefore, it makes no sense to enter SDD on the MPC until those evaluations are complete.

This provision recommended by the committee reflects these conclusions.

### **Subtitle C—Missile Defense Matters**

#### **Enhanced oversight of missile defense acquisition programs (sec. 231)**

The committee recommends a provision that would amend section 225 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) to require the Comptroller General to review, for fiscal years 2012 through 2015, the annual reports of the Missile Defense Agency (MDA) on acquisition baselines and variances and assess the extent to which MDA has achieved its acquisition goals and objectives. The provision would

also require the Comptroller General to report to the congressional defense committees on such assessment, and provide any findings and recommendations on missile defense acquisition programs that the Comptroller General considers appropriate. The provision would also provide a 3-year sunset for reports required on activities of the Missile Defense Executive Board.

The committee notes that the Government Accountability Office (GAO) has played an instrumental role over many years in the oversight of missile defense acquisition programs, and in helping improve the oversight and accountability of such programs. Section 225 established the requirement for MDA acquisition baselines and annual reports on those baselines and variances. The existing legislative mandate for GAO's review of missile defense acquisition programs originated in fiscal year 2002, and is now out of date with the new MDA acquisition baseline process. The committee believes it is important for GAO to review and report on the new process.

#### **Ground-based Midcourse Defense program (sec. 232)**

The committee recommends a provision that would express the sense of Congress concerning the December 2010 flight-test failure of the Ground-based Midcourse Defense (GMD) system, and the approach the Missile Defense Agency (MDA) should take in correcting the problem encountered in that failed flight-test. The provision would also require the Secretary of Defense to submit to Congress two reports, 1 year apart, on the plan of the Department of Defense for correcting the GMD flight-test failure problem, and any progress toward achieving that plan. The reports would describe the Department's plans for diagnostic, design, testing, and manufacturing actions, as well as the impacts on and adjustments to the GMD program resulting from the corrective plan. The reports would also describe enhancements to the capability of the GMD program over the last two years.

The committee is deeply concerned that the GMD program has experienced two successive flight-test failures, and believes that it should be the highest priority of MDA to ensure that it fully understands and corrects the problem that caused the December 2010 flight-test failure. The committee commends MDA for the thorough and disciplined approach it is taking to understand the problem, and for suspending further production of Exo-atmospheric Kill Vehicles (EKV) for the GMD interceptors until MDA has verified through extensive testing that the problem has been successfully corrected. Given the high level of concurrency that the GMD program has experienced in the past, and the resulting technical challenges, it is essential for the Department to take the steps needed to ensure that the GMD program achieves the levels of reliability, availability, sustainability, and operational performance that will allow it to continue providing protection of the United States against potential future missile attacks from nations such as North Korea and Iran. The committee commends the Secretary of Defense for his commitment to take such steps.

The MDA has informed Congress that it has sufficient funds planned and available in fiscal years 2011 and 2012 to formulate and implement the corrective action plan for the flight-test failure problem, and that additional funding in fiscal year 2012 would not

accelerate that corrective process. The committee notes that MDA is deferring previously planned GMD work that is affected by the flight-test failure—such as EKV production—as well as other lower priority work, and redirecting such funding to pay for the corrective action process. In this regard, the provision would express the sense of Congress that the Department should plan for and budget sufficient future funds for the GMD program to ensure the ability to complete and verify an effective correction to the flight-test failure problem, and to mitigate the effects of corrective actions on previously planned work that is deferred as a result of such corrective actions.

If, in the course of its effort to correct the flight-test failure problem, MDA determines that the funding available and planned within the GMD program budget in fiscal year 2012 is not sufficient for correcting the flight-test failure problem, the committee observes that MDA could consider additional funding sources within the MDA budget but outside of the GMD program, and the Department of Defense could submit a reprogramming request to Congress.

The committee is aware that the Government Accountability Office has performed an initial analysis of the GMD program that indicates \$403.3 million of fiscal year 2012 funding may be excess to program needs, because of the deferred work related to the corrective actions planned for the flight-test failure problem. The committee will continue to monitor the funding needed to correct this problem, but is concerned that reducing this funding could hinder or delay the effort to correct the problem fully and verifiably through extensive ground- and flight-testing.

The committee believes that production of EKVs, and planned refurbishment of fielded EKVs, should not resume until MDA has verified through extensive ground- and flight-testing that the correction is successful. Otherwise, there is a risk of building systems with potential design or hardware flaws that would require future repair at additional cost.

Finally, the committee believes that MDA should ensure that it takes the time and all steps necessary to ensure the successful correction of the flight-test failure problem without succumbing to pressures to meet schedules or deadlines. Schedule-driven pressures have led to previous technical problems, and it is essential to avoid such pressures to ensure success in correcting the flight-test problem.

#### **Missile defense cooperation with Russia (sec. 233)**

The committee recommends a provision that would express the sense of Congress in support of efforts of the United States to pursue missile defense cooperation with Russia that would enhance the security of the United States, its North Atlantic Treaty Organization (NATO) allies, and Russia, particularly against missile threats from Iran. The provision states that the United States should pursue such cooperation in a manner that ensures the protection of United States classified information. The provision would also require the President to submit a report to Congress on the status of efforts between the United States and Russia, and between NATO and Russia, to reach agreement on missile defense cooperation.

The committee notes that, for more than a decade, the United States has been pursuing and discussing cooperation with Russia on shared early warning and ballistic missile defense issues. Congress has supported such efforts, and section 221 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) states the sense of Congress “to support the efforts of the United States government and the North Atlantic Treaty Organization to pursue cooperation with the Russian Federation on ballistic missile defense relative to Iranian missile threats.”

In addition to United States bilateral efforts with Russia on missile defense cooperation, NATO has undertaken efforts to seek such cooperation with Russia. At the Lisbon Summit in November 2010, NATO committed to “actively seek cooperation on missile defence with Russia,” and declared that “NATO-Russia cooperation is of strategic importance,” and that “the security of the North Atlantic Treaty Organization and Russia is intertwined.”

The committee believes that missile defense cooperation with Russia could enhance the security of the United States, and could send a strong signal to Iran that the United States and Russia are joined in their opposition of Iran’s nuclear and missile programs. The committee commends the administration for seeking such cooperation, and for its commitment to take the steps necessary to ensure that United States information is adequately safeguarded.

#### **Subtitle D—Reports**

##### **Extension of requirements for biennial roadmap and annual review and certification on funding for development of hypersonics (sec. 251)**

Section 218 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364) established a Joint Technology Office on Hypersonics (JTOH) with the requirement to produce a roadmap for the hypersonics programs of the Department of Defense every 2 years and an annual review and certification on funding for hypersonic-related programs. This requirement terminates in 2012. The committee feels that there is great value in the JTOH producing this roadmap to further coordination and communication within the Department and with other agencies such as the National Aeronautics and Space Administration. Furthermore, the overarching goals for hypersonics technology development are provided in the National Aeronautics Research and Development Plan that is updated every 2 years, with Department of Defense participation. This Plan is required by the National Aeronautics Research and Development Policy that was established by Executive Order 13419 and is valid through 2020.

The committee recommends a provision that would extend the date required for the hypersonics technology roadmap and annual review activities through 2020.

### **Subtitle E—Other Matters**

#### **Contractor cost-sharing in pilot program to include technology protection features during research and development of certain defense systems (sec. 261)**

Section 243 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) directed the Secretary of Defense to carry out a pilot program to develop and incorporate technology protection features in any designated system during the research and development phase of such a system. The committee recommends a provision, as requested by the Department of Defense, that provides additional authority to require cost-sharing with contractors for those activities that enhance or enable the exportability of such designated systems.

### **Budget Items**

#### **Army**

##### **Medium Extended Air Defense System**

The budget request included \$406.6 million in PE 64869A for continued development of the tri-national Medium Extended Air Defense System (MEADS). This request would fund a proposal to restructure the MEADS development program with Germany and Italy into a “proof of concept” effort. This proposed effort would require a total of \$804.0 million in United States funding over fiscal years 2012–2013, the remaining amount of U.S. funding agreed in the tri-national Memorandum of Understanding (MOU) concerning the MEADS program. The committee recommends a reduction of \$406.6 million in PE 64869A, the entire amount of the budget request for continued development of the Medium Extended Air Defense System (MEADS).

The committee recognizes that an authorization of no funds could result in the unilateral withdrawal from the tri-national MEADS MOU with a maximum termination liability of \$690.0 million. The committee urges the Department to work with Germany and Italy to pursue lower-cost outcomes and to determine if any existing MEADS technology can be harvested and or transitioned for the benefit of current or future planned United States air and missile defense programs and, failing that, if Germany and Italy will agree to a cost-shared multilateral withdrawal from the MOU. The committee directs the Department of Defense to report to the congressional defense committees, within 60 days of enactment of this Act, on the future options for MEADS, and the results of its efforts to pursue lower-cost MEADS outcomes.

##### **Army test and evaluation**

The fiscal year 2012 President’s budget request contained a proposed reduction in the Army’s major test and evaluation operations and sustainment account of \$100.0 million in fiscal year 2012 compared to fiscal year 2011 plans. The committee notes that such a significant proposed budget reduction is inconsistent with the critical role that testing and evaluation activities play in the acquisition process, as well as statements by senior Department of De-



fense officials who state that a robust developmental test and evaluation capability is important. The Army has informed the committee that this reduction was committed in error and that the Army is working to restore this funding.

The committee recommends an increase of \$50.0 million to PE 605601A to help restore resources for the Army's test and evaluation activities. However, the committee expects the Army to fulfill its commitment to identify the remaining funds needed to restore developmental test and evaluation activities to an acceptable level from within its budget. The committee directs the Secretary of the Army to report to the congressional defense committees on the status of these activities no later than 30 days after the date of the enactment of this Act.

## **Navy**

### **Naval laser technology**

The budget request included \$60.0 million in PE 602114N for directed energy research. The committee recommends a reduction of \$30.0 million to terminate the Free Electron Laser (FEL) and continue pursuing other laser technologies such as fiber and slab solid state lasers that have more near-term applications as weapon systems.

The Navy is pursuing a variety of directed energy weapons to provide naval platforms with point defense capabilities against current and future surface and air threats, including anti-ship cruise missiles and swarms of small boats. The key laser systems are the Laser Weapon System (LaWS), the Maritime Laser Demonstration (MLD), and FEL. The LaWS and MLD have been demonstrated against an unmanned aerial vehicle and small boat respectively, with the MLD test being conducted on a ship and the LaWS test being conducted from shore. The FEL is in a much earlier state of development and has just commenced the critical design phase.

The committee understands that each of these lasers is based upon different technologies with different capabilities and different stages of development and technical risk. Earlier this year, the Congressional Research Service published a report, "Navy Shipboard Lasers for Surface, Air, and Missile Defense: Background and Issues for Congress" that laid out a number of options for Congress, ranging from altering the Navy's funding requests for the development of potential shipboard lasers to encouraging or directing the Navy to adopt a program of record for procuring a production version of a shipboard laser with a roadmap that calls for installing lasers on specific ships by specific dates.

The committee believes that in the current budgetary environment, the Navy needs to develop a broader affordable strategy on which laser systems it will develop and migrate onto ships or other platforms. In light of these considerations, the committee directs the Navy to conduct comparative analyses and testing to determine whether the LaWS or the MLD or both should be carried forward for further technology maturation and ultimate integration as a shipboard weapon system. The strategy should also include plans for which ships will receive which laser weapons systems. Furthermore, the committee expresses concerns over the technical chal-

allenges such as thermal management considerations and packaging that the FEL potentially faces in scaling to a megawatt class laser for actual weapon use.

#### **Naval electromagnetic railgun**

The budget request included \$10.0 million in PE 602114N and \$16.9 million in PE 603114N for the development of an electromagnetic railgun.

The Navy is developing an electromagnetic railgun (EMRG) for engagements of surface and air threats at long-ranges up to 200 nautical miles. While such a capability theoretically could be revolutionary, the committee believes that the technical challenges that have to be overcome in order to develop a fully operational weapon system that will have realistic power and thermal management requirements suitable for ships, as well as far greater barrel life compared to current barrel life, are daunting.

Based upon the committee's belief that the significant future resources required for attempting to develop and operationalize an EMRG would be better spent on other naval science and technology activities, the committee recommends authorizing no funding in these PE's for the EMRG and recommends terminating the program.

### **Air Force**

#### **Metals Affordability Initiative**

The budget request included \$39.7 million in PE 63112F for the development of advanced materials for weapon systems. The committee recommends an additional \$10.0 million to support the Metals Affordability Initiative, a joint government and industry consortium aimed at strengthening the metals industrial base through collaborative, competitive, merit-based technology development and transition projects. The overall program helps improve current processing technologies and develop novel techniques for primary metal production, part manufacturing, and weapon system support. The technology developed in this program has become pervasive in both legacy and developmental military systems across all the services. While the committee has been supportive of this program, and has noted that the Air Force has increased its funding for this program, it strongly urges the Air Force to institutionalize this program with adequate resources in future years.

#### **Conventional weapons technology**

The budget request included \$54.0 million in PE 603601F for conventional weapons technology—a 240 percent growth compared to the budget request in fiscal year 2011. Due to the significant growth that is not sufficiently justified, the committee recommends a reduction of \$20.0 million.

#### **Intercontinental ballistic missile demonstration and validation**

The budget request includes \$67.2 million for intercontinental ballistic missile (ICBM) demonstration and validation in Research, Development, Test, and Evaluation (RDTE) Air Force, PE 63851.

The committee recommends an additional \$20.0 million to allow the Air Force to address long deferred ICBM sustainment issues.

In 2010, the Air Force developed an ICBM system roadmap to lay out the plans and requirements to sustain the Minuteman III (MMIII) ICBMs through 2030. The roadmap identified four major areas of concern: (1) aerospace vehicle equipment, which includes the reentry system/reentry vehicle, and the guidance and propulsion systems; (2) the operational ground equipment; (3) the systems engineering integration and test equipment; and (4) real property and real property installed equipment. The additional \$20.0 million would allow the Air Force to address many of the challenges in sustaining the MMIII ICBMs to 2030. These issues include fuse refurbishment and related test equipment and cables, obsolete electronic guidance system parts, radiation hardness testing for solid state electronics, battery issues, propulsion system issues, launch and flight hardware issues, missile alert facility electronics and ground power communications, system test equipment, and many more items. Making all of this more complicated is a diminishing vendor base and difficulty retaining the skilled technicians and engineers needed for the program.

#### **Space situational awareness systems**

The budget request includes \$273.7 million in PE 64425F Research, Development, Test, and Evaluation, Air Force for space situational awareness systems. The committee recommends an increase of \$6.0 million to support the military utility evaluation of a new sensor.

One of the goals of the space situational awareness program is to develop new sensors to detect, track, and characterize emerging threats to space systems. The Defense Advanced Research Projects Agency (DARPA) recently built a 3.5 meter space surveillance telescope (SST), which is currently undergoing testing by DARPA and the Air Force. Later this year the Air Force will begin a military utility analysis that is expected to continue into late in 2012. DARPA will transition the SST to the Air Force at the end of 2011.

In the planning for the DARPA transition to the Air Force no money was included in the Air Force fiscal year 2012 budget request to support the SST in order to complete the military utility assessment. The Air Force is also planning to integrate the SST into the space situational awareness network as a contributing sensor in fiscal year 2012. The SST is one of the candidate telescopes for deployment at two additional sites to ensure global coverage of deep space.

The committee recommends \$6.0 million for the SST military utility assessment.

#### **Space-based Infrared System**

The budget request included \$573.0 million for the Space-based Infrared system (SBIRS) for Research, Development, Test, and Evaluation, Air Force, PE 64441 line 72, including \$214.9 million for ground development but no money for data exploitation. The SBIRS program is a missile early warning, technical intelligence, and battle space awareness system with Highly Elliptical Orbit (HEO) sensors and Geosynchronous Earth Orbit (GEO) satellites.

The committee recommends an additional \$15.0 million for HEO and GEO ground integration and data exploitation. The committee also recommends an additional \$20.0 million to begin an effort to integrate the Space and Atmospheric Burst Reporting System (SABRS) nuclear detection sensor on the GEO satellite numbers 5 and 6.

The GEO-1 satellite, which had been plagued by years of schedule delays and cost overruns, was successfully launched on May 14, 2011. The satellite is in its proper orbit and in the early stages of checkout.

In previous years additional funds were needed to resolve GEO-1 problems. As a result, funds to support ground integration and HEO data exploitation were diverted to resolve the GEO-1 issues. Congress provided additional funds in fiscal year 2009 and in 2010 to increase the analytic efforts to support HEO sensors so that the full capability of the HEO sensors can be understood and exploited including the benefits from HEO stereo applications. With the new GEO sensors on orbit there is much to be done to exploit the new sensor alone and in conjunction with the two HEO sensors.

The committee directs the Air Force to include adequate funding in the fiscal year 2013 budget request to understand and fully utilize the new GEO and HEO sensors.

The committee notes and supports the new Joint Overhead Persistent Infra-red (OPIR) Ground effort underway to establish an interagency and interoperable ground architecture for OPIR assets using a service oriented architecture approach. This collaborative approach should result in a more effective and efficient use of OPIR sensors and information.

The committee recommends the additional \$20.0 million for integration studies for SABRS on the GEO satellite numbers 5 and 6 to ensure that integration is included as the Air Force plans for a block buy of GEO satellites 5 and 6 in fiscal year 2013.

The committee notes that the OPIR architecture study, which was due in 2010, is still not completed. This study is essential for making decisions with respect to future OPIR requirements including those for SBIRS satellites and sensors and the Precision Tracking Satellite System being developed by the Missile Defense Agency.

#### **Next generation aerial refueling aircraft**

The budget request included \$877.1 million to continue development of the KC-46A, the next-generation aerial refueling aircraft.

The Air Force developed the budget estimates before signing the contract for the KC-46A and before knowing the funding required, and the timing of that requirement. Based on a comparison of the program's fiscal year 2012 budget submission and the contemplated funding allotments for fiscal year 2011 specified in the recently signed engineering and manufacturing development (EMD) contract, the Air Force already has funds that are well in excess of what is needed to execute the current KC-46A contract. The program will need roughly \$753.5 million to cover planned fiscal year 2011 activities, but the program has \$830.5 million available in fiscal year 2011 from regular appropriations and the Tanker Replacement Transfer Fund. This means that \$77.0 million is available

within the program to pay for fiscal year 2012 KC-46A EMD activities.

In addition, the fiscal year 2012 budget request of \$877.1 million for KC-46A EMD exceeds fiscal year 2012 requirements for the EMD by \$50.1 million. In total, this means that the budget request for fiscal year 2012 exceeds the amount of funds to keep the KC-46A program fully funded and on schedule by a total of \$127.1 million.

Therefore, the committee recommends a reduction of \$127.1 million in the budget request for the KC-46A EMD program.

### **CSAR HH-60 recapitalization**

The budget request included \$94.1 million to develop a replacement for the HH-60G helicopter being flown by combat search and rescue (CSAR) forces within the Air Force.

The budget request was based on an acquisition strategy that would have led to procuring a Government, off-the-shelf/Contractor, off-the-shelf (GOTS/COTS) aircraft modified with mission equipment to perform the CSAR mission. The research and development funds requested would have been used to: (1) buy two production-representative GOTS/COTS test aircraft; and (2) integrate subsystems and the associated software development into those airframes.

Since submitting the budget, the Air Force has decided to implement a full and open competition acquisition strategy for the HH-60 recapitalization program. Under this approved strategy, the Air Force will need to spend sufficient time developing the request for proposals, evaluating them, and selecting a winning offer. This added effort will mean that the Air Force will be unable to award a contract until fiscal year 2013.

The Air Force says that they now need \$11.0 million in fiscal year 2012 for the HH-60 recapitalization program to execute this new acquisition strategy. Therefore, the committee recommends a reduction of \$83.1 million.

The Air Force has requested that some of these funds be used instead for making modifications to existing CSAR assets. Specifically, the Air Force has asked that \$54.6 million be transferred to the HH-60 modifications line, and \$10.4 million be transferred to the HC-130 modifications line. The committee recommends those transfers.

### **Air Force test and evaluation**

The fiscal year 2012 President's budget request contained a proposed reduction to the Air Force's major test and evaluation operations and sustainment account of \$109.0 million in fiscal year 2012 compared to fiscal year 2011 plans. The committee notes that such a significant proposed budget reduction is inconsistent with the critical role that testing and evaluation activities play in the acquisition process, as well as statements by senior Department of Defense officials who state that a robust developmental test and evaluation capability is important. The Air Force has informed the committee that this reduction was committed in error and that the Air Force is working to restore this funding.

The committee recommends an increase of \$50.0 million to PE 605807F to help restore resources for the Air Force's test and evaluation activities. However, the committee expects the Air Force to fulfill its commitment to identify the remaining funds needed to restore developmental test and evaluation activities to an acceptable level from within its budget. The committee directs the Secretary of the Air Force to report to the congressional defense committees on the status of these activities no later than 30 days after the date of the enactment of this Act.

### **F-22A squadrons**

The budget request included \$718.4 million for various development activities to support the F-22A fighter fleet.

Subsequent to submitting the budget, the Air Force decided that some of these funds were excess to their needs. The Air Force now believes they need to fund development of: (1) Increments 3.2A, 3.2B, and 3.2C at \$550.0 million per year to support a common software configuration for the F-22A Block 30 and Block 35 aircraft; (2) automatic ground collision avoidance system (AGCAS), with fiscal year 2012 funding of \$18.1 million; and (3) a modification to the on-board oxygen generating system (OBOGS) to solve safety of flight concerns. The Air Force has not yet developed an estimate of the cost of designing an OBOGS modification for the F-22A aircraft.

Beyond these requirements, the Air Force does not believe that they can usefully execute F-22A research and development activities in fiscal year 2012. Therefore, the committee recommends a reduction of \$140.0 million, which would fully fund the Increment 3.2A/B/C and AGCAS efforts and set aside \$10.3 million for conducting fiscal year 2012 activities to upgrade or replace the current F-22A OBOGS.

## **Defense-wide**

### **Data to decisions programmatic decrease**

The budget request included \$9.2 million in PE 602663D8Z for Data to Decisions Applied Research and \$9.2 million in PE 603663D8Z for Data to Decisions Advanced Technology Development, both under the Office of the Assistant Secretary of Defense for Research and Engineering.

The committee acknowledges the importance of efforts to reduce the time between data collection and making relevant decisions to include developing new techniques for data shaping and exploitation. However, the committee is aware of a number of programs across the services and in the Defense Advanced Research Projects Agency, as well as the intelligence community, where related work on these topics is ongoing. Hence, the committee urges the Assistant Secretary of Defense for Research and Engineering to focus on appropriately coordinating these various activities instead of managing its own programs. Hence, the committee recommends a decrease of \$4.0 million in each of the above program element lines.

**Department of Defense research & engineering cyber security activities**

The budget request included \$9.7 million in PE 602668D8Z for Cyber Security Research and \$10.7 million in PE 603668D8Z for Cyber Security Advanced Research under the Assistant Secretary of Defense for Research and Engineering (ASDR&E).

The committee notes the broad range of cyber security-related activities in the Department, including the services and the Defense Advanced Research Projects Agency (DARPA), and the lack of appropriate coordination across these entities.

The committee is concerned that ASDR&E needs to develop its own funding lines instead of working with the Department of Defense's Chief Information Officer to coordinate and influence the services' and DARPA's activities in this arena. Hence, the committee recommends a reduction of \$5.0 million in each of the above program element lines.

**Joint Capability Technology Demonstrations (JCTD) programmatic decrease**

The budget request included \$187.7 million in PE 603648D8Z for Joint Capability Technology Demonstrations (JCTD).

While the committee acknowledges the importance of JCTD projects, it is concerned about budget growth over the last two years. The fiscal year 2011 budget request was 30 percent higher than the fiscal year 2010 budget request and despite congressionally directed reductions, this year's request is still 18 percent higher than the fiscal year 2010 request. Hence, the committee recommends a decrease of \$10.0 million in this program element line.

**Industrial Base Innovation Fund**

The budget request included \$17.9 million in PE 63680D8Z for defense-wide manufacturing science and technology. The committee, along with other congressional defense committees, has been a strong supporter of programs that sustain and advance targeted sectors and capabilities of the defense industrial base. A February 2006 report by the Defense Science Board regarding the Department of Defense's Manufacturing Technology Program points out that manufacturing technology plays a critical role in addressing development, acquisition, and sustainment problems associated with advanced weapons programs and recommended increased funding in this area.

The committee recommends an additional \$30.0 million to continue the Industrial Base Innovation Fund program. The committee directs the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy to continue to make competitive, merit-based investments in manufacturing research that address defense industrial base shortfalls especially those related to more urgent production requirements and diminishing sources of defense material. Furthermore, the committee strongly urges the Department to institutionalize this program with adequate resources in future years and consider it as an important component of its wider manufacturing and industrial base strategy.

**Hybrid air vehicle demonstration**

The budget request included \$27.0 million in PE 63699D8Z for Emerging Capabilities Technology Development, of which \$15.0 million is for Project Pelican, a 5-year effort to build a flying prototype of a rigid aeroshell variable buoyancy air vehicle for logistics support. The characteristics of this air vehicle closely track those of the Army's Long Endurance Multi-intelligence Vehicle (LEMV), which is slated for operational deployment to Afghanistan in less than a year. Moreover, there is a commercial initiative to fly a prototype hybrid vehicle within 1 year that is planned to carry 35 tons of cargo. This commercial prototype could be accessed by the Department of Defense for far less than the cost of building Pelican, and could be employed directly by U.S. Transportation Command to test out the technology and develop concepts of operation and military requirements for such vehicles. This commercial venture plans to fly a 50-ton vehicle within 2 years, and a vehicle in the 500-ton class soon thereafter.

The committee notes that U.S. Transportation Command has conducted in-depth studies of the potential for both hybrid air vehicles and advanced, long-range, heavy-lift rotorcraft to substantially reduce the cost of delivering cargo overseas, reduce fuel consumption, reduce resupply times, and enable resupply directly to the point of need—including in areas and disaster situations where airfield, road, and rail infrastructure is either destroyed or unavailable.

The committee recommends termination of the Pelican project, and authorization of funds for a demonstration of a commercially funded hybrid air vehicle designed for lifting tens of tons of cargo. The Assistant Secretary of Defense for Research and Engineering is directed to sponsor this demonstration on behalf of U.S. Transportation Command. The committee recommends a reduction of \$15.0 million from the request for Pelican, and an additional \$2.0 million for the logistics demonstration, for a net reduction of \$13.0 million in PE 63699D8Z.

**Defense research and development Rapid Innovation Program science and technology thrust areas**

The budget request did not include any funding for the defense research and development Rapid Innovation Program (RIP) established by section 1073 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383). The RIP is a competitive, merit-based program designed to fund innovative technologies, reduce acquisition or life cycle costs, address technical risks, improve the timeliness of test and evaluation outcomes, and rapidly insert technologies needed to meet critical national security needs. The committee notes that \$439.0 million was appropriated for the RIP in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10).

The committee recommends an increase of \$200.0 million in funding for the RIP, to be allocated as follows:

1. Enhancing energy security and independence: \$50.0 million for increased investment in technologies that will improve energy efficiency, enhance energy security, and reduce the Department's dependence on fossil fuels through advances in tra-



ditional and alternative energy storage, power systems, renewable energy production and more energy efficient ground, air, and naval systems. The committee notes that the Department of Defense remains critically dependent upon energy for both its far-flung infrastructure, and for its global military operations. Today, the Department consumes as much energy as two-thirds of all the world's nations. Improved energy efficiency in remote areas such as Afghanistan can reduce the dependence of our armed forces on fragile fuel supply lines that are vulnerable to enemy attack and help save lives;

2. Developing advanced materials: \$50.0 million for increased investment in a broad range of materials technologies, both organic and inorganic, that can provide enhanced performance in extreme environments; enhanced strength and reduced weight for the spectrum of applications from aerospace to lighter soldier loads; enhanced survivability of ground, air, and naval systems; and tailored physical, optical, and electromagnetic properties for a wide variety of the challenging environments and unique properties demanded of military systems. Such materials could include advanced composites and metals, nanomaterials, and rare-earth alternatives. Investments could also address new techniques for manufacturing and processing these materials, including advancements in forming, joining, and machining. Whether increasing survivability or improving fuel efficiency for greater performance, advanced materials are a foundational enabling component of military systems across all services and all warfighting domains;

3. Improving manufacturing technology and the defense industrial base: \$50.0 million for increased investment in advanced and innovative manufacturing technologies across the spectrum of applications to significantly compress design to production time cycles, reduce cost, minimize waste and energy consumption, and improve product quality and reliability. Historically, the Department has heavily invested in the technologies to improve the performance of military systems, but not in the processes to improve the production of those military systems. Numerous high-level studies have stressed the benefits of advancing the state of manufacturing technologies—whether for a ship hull or a radiation-hardened chip—for long-term savings and the need to capitalize on the latest innovations in manufacturing processes for defense systems. Projects in this area should be coordinated with the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy to ensure that investments are guided, in part, by shortfalls identified in industrial base analyses such as the “Sector by Sector, Tier by Tier (S2T2)” study effort; and

4. Advancing microelectronics: \$50.0 million for increased investment in the development of resilient advanced microprocessors, application-specific integrated circuits, field programmable gate arrays, printed circuit boards, photonics devices, and other related electronics components for the next-generation of military and intelligence systems. Similar to advanced materials, advanced microelectronics are a cross-cutting enabler across all military systems. Given that the majority of

costs of most advanced weapons platforms are in electronics and supporting software, investments in this area to improve processing capacity, decrease weight and power requirements, and increase resiliency should have high payoff.

Funding authorized for the RIP may be used to augment existing research and development efforts or initiate new projects. As provided in section 1073, the Secretary of Defense may transfer funds available for the RIP to the research, development, test, and evaluation accounts of a military department, defense agency, or the unified combatant command for special operations forces pursuant to a proposal, or any part of a proposal, that the Secretary determines would directly support the purposes of the program. All such funding is required by law to be allocated on the basis of a merit-based selection, pursuant to a broad agency announcement or similar competitive process.

#### **Airborne Laser Test Bed**

The budget request included \$96.3 million in PE 63901C for directed energy research for the Missile Defense Agency. The large majority of this funding is to continue operation and maintenance of the Airborne Laser Test Bed (ALTB) as a science and technology platform for high-energy laser research. The ALTB is a Boeing 747 aircraft that was originally built as the Airborne Laser prototype technology demonstration and development aircraft, equipped with a large chemical oxygen iodine laser, that the Secretary of Defense deemed was not suitable to develop as a weapon system. The committee notes that the Missile Defense Agency does not have any high-energy laser weapon system development programs, and that no existing high-energy laser technology is remotely mature enough to develop as an operationally effective or cost-effective ballistic missile defense capability within a decade.

Less than one-fifth of the budget request is for continued exploratory development of the Diode-Pumped Alkali Laser System (DPALS) at the Lawrence Livermore National Laboratory. This development effort does not use the ALTB platform. In addition, other components of the Department of Defense are conducting research and development on potential future high-energy laser technology for missions other than missile defense.

The committee believes that the level of funding requested for the ALTB is not justified, and that other missile defense programs are of significantly higher priority and would be improved substantially with additional funding. Accordingly, the committee recommends \$36.3 million in PE 63901C, a reduction of \$60.0 million, with the intent that these excess funds should be transferred to higher priority, near-term regional missile defense capabilities against existing and growing threats.

Furthermore, the committee recommends that the Department of Defense consider alternative options for using the ALTB aircraft as a test and evaluation (T&E) asset for missions requiring heavy lift and launch capability. The committee notes that the B-52 aircraft currently used for such T&E missions are more than 50 years old, and a newer airframe could be an important T&E asset, potentially improving the affordability and timeliness of such T&E missions.

**Defense technology transition and transfer programs**

In the fiscal year 2012 budget request, the Department provided no funding for the Defense Acquisition Challenge program, as well as the Technology Transition Initiative.

The Department of Defense has a number of programs focused on the transfer of technologies from the Department of Defense to U.S. companies and the transition of technologies from the Department's science and technology base to defense acquisition programs. These programs include the statutorily established and funded Technology Transfer program, the Technology Transition Initiative, and the Defense Acquisition Challenge program.

The committee believes that technology transition is important for innovation in defense weapons systems and recommends an increase of \$10.0 million to PE 603942D8Z for the Technology Transition Initiative.

The committee also notes that section 253 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417) directed the Under Secretary of Defense for Acquisition, Technology, and Logistics to assess the feasibility of consolidating the various technology transition programs into a unified effort managed by a senior official of the Department. The due date for this report was October 1, 2009; however, the congressional defense committees have still not received this report.

Given the general importance of technology transition activities for the vitality of the defense industrial base, and given that the Department has not delivered the above mentioned report yet, the committee is directing the General Accountability Office to conduct a study of the effectiveness of the various technology transition programs in the Department and report findings to the congressional defense committees no later than 1 year after the enactment of this Act.

**Terminal High Altitude Area Defense**

The budget request included \$290.5 million in PE 63881C for the Missile Defense Agency for continued development of the Terminal High Altitude Area Defense (THAAD) system. THAAD is a land-based, globally deployable missile defense system designed to defend against short- and medium-range ballistic missiles, which constitute the vast preponderance of missile threats facing the United States and its allies and partners. The THAAD system uses the AN/TPY-2 radar, which can also be deployed independently as a forward-based tracking radar, as is currently the case in Shiriki, Japan, and in Israel. The THAAD program has demonstrated significant success in its flight test program, and is entering its initial production phase.

The committee notes that the THAAD program experienced technical problems with safety components designed to prevent accidental missile ignition, which led to production delays, which were exacerbated significantly by the funding uncertainty imposed by the fiscal year 2011 continuing resolutions. Although the quality and production problems with the safety device, known as a Laser-Initiated Optical Switch, have been corrected, there remain problems with production rate capacity of the missile. For example, production of the Flight Sequence Assembly is too low to permit the

planned production rates required to meet inventory objectives and schedules.

The committee is concerned that without additional effort to improve the production rate capacity for the THAAD missile, it could experience additional and significant production schedule delays. Therefore, the committee recommends \$310.5 million in PE 63881C, an increase of \$20.0 million, to purchase additional production tooling and test equipment, and to develop production process improvements, that will permit production of the THAAD interceptor missiles at the rates required to meet inventory objectives and schedules.

### **Ballistic missile defense targets**

The budget request included \$1.1 billion in PE 63888C for the Missile Defense Agency (MDA) for missile defense testing and targets, including \$540.7 million for targets to be used in missile defense tests. Of this amount for targets, \$158.0 million is requested for extended Medium-Range Ballistic Missile (eMRBM) targets.

As the Government Accountability Office (GAO) has noted, MDA initiated an undefinitized contract action for the eMRBM targets in April 2010. That contract action remains undefinitized more than a year later, and has a not-to-exceed amount of \$496.0 million. The total amount of funding planned and budgeted for the eMRBM targets for fiscal years 2010 through 2012 is \$392.0 million, significantly less than the \$496.0 million not-to-exceed amount. An MDA official acknowledged to GAO that the amount that would be needed through fiscal year 2012 is expected to be lower than the budgeted amount, which includes the \$158.0 million requested for fiscal year 2012. However, MDA will not know how much less will be needed until it definitizes the contract later this year.

The committee believes the budget request for eMRBM targets exceeds the amount needed. The committee recommends \$500.7 million for the targets portion of PE 63888C, a decrease of \$40.0 million for the eMRBM targets effort.

### **Standard Missile-3 Block IB**

The budget request included \$960.3 million in PE 63892C for the Missile Defense Agency for continued development and testing of the Aegis Ballistic Missile Defense system and the Standard Missile-3 (SM-3) Block IB interceptor missile.

The Aegis BMD system is the centerpiece of the European Phased Adaptive Approach (EPAA) to missile defense, each phase of which is built upon the four successive generations of the SM-3 interceptor. The SM-3 Block IB interceptor is planned to be deployed during Phase 2 of the EPAA, in the 2015 timeframe, both at sea and at an Aegis Ashore site on land in Romania. The Block IB interceptor is expected to constitute the large majority of the SM-3 inventory, with more than 350 missiles planned.

The Block IB missile has experienced technical difficulties and delays related to the solid-fueled Throttleable Divert and Attitude Control System (TDACS) that would steer the kinetic kill vehicle directly into a threat missile reentry vehicle. These delays have caused a delay in testing and production of the Block IB missile, and up to 30 additional Block IA missiles will be produced to fill

the gap. The first flight-test of the Block IB missile is scheduled for late summer 2012, and there are seven flight tests planned before a full-rate production decision would be made.

The cost of the effort to correct the TDACS problem has also caused a reduction in the initial number of Block IB missiles to be procured in fiscal year 2012, from 66 to 46. The production rate is planned to increase fourfold, from two per month in fiscal year 2012 to nearly eight per month in fiscal year 2017. The committee is concerned that the production line will not be able to achieve and sustain the planned increase in production rate, and that this could cause production delays, inventory shortfalls, and cost increases.

Therefore, the committee recommends \$990.3 million in PE 63892C, an increase of \$30.0 million, to purchase production tooling and special test equipment to permit an increase in the production rate of SM-3 Block IB, and to permit sustainment of that higher production rate.

#### **Sea-Based X-Band radar**

The budget request included \$177.1 million in PE 63907C for the Missile Defense Agency (MDA) for continued operation of the Sea-Based X-Band (SBX) radar. This level of funding is planned for the next 5 years, for a total of \$871.8 million dollars from fiscal years 2012 through 2016.

The SBX radar is a large MDA radar operated by the Navy. It is installed on a converted floating oil-drilling platform that moves at less than 10 miles per hour. It operates in the Pacific Ocean to support flight-tests, but does not have a permanent homeport. Hypothetically, it could be available to support missile defense operations, but only if it is located in the right location at the right time, which could be difficult because of its slow speed.

During the February 2010 flight-test of the Ground-based Mid-course Defense system (designated FTG-06), SBX was the only sensor, and it failed part way through the test, which failed to achieve an intercept. This SBX failure required a software correction to fix the problem. The SBX system, which has been in service only a few years, entered a shipyard in May 2011 for 3 months for maintenance.

The committee believes that \$177.0 million per year is an excessive cost to operate and maintain a test asset that may not be in place for missile defense operations. The committee recommends \$157.1 million in PE 63907C, a decrease of \$20.0 million. The committee directs MDA to explore options with the Navy for less costly and more efficient ways to operate and maintain the SBX radar, and to inform the congressional defense committees, prior to the submission of the President's budget request for fiscal year 2013, of its findings and any plans to reduce the annual expense of the SBX radar system.

#### **U.S.-Israeli cooperative ballistic missile defense programs**

The budget request included \$106.1 million in PE 63913C for the Missile Defense Agency for U.S.-Israeli cooperative missile defense programs, including: \$11.8 million to improve the existing Arrow Weapon System, \$53.2 million for continued development of the

Arrow-3 upper-tier interceptor missile, and \$41.1 million for co-development of a short-range missile defense system called "David's Sling." These systems are part of Israel's layered defenses against missiles of differing ranges, from longer-range missiles from Iran or Syria, to short-range ballistic missiles and large-caliber rockets of the type fired at Israel by Hezbollah from Lebanese territory in the summer of 2006, to the very short-range rockets fired from Gaza. The United States is co-managing and jointly developing these systems to ensure that they are compatible and interoperable with U.S. missile defense systems.

The committee recognizes that the missile threat to Israel from ballistic missiles and rockets of varying ranges is increasing, and that effective missile defenses are an important component of Israel's security and regional stability. The committee understands that development of the Arrow-3 and David's Sling systems are behind their intended schedules, and according to the budget request "the technology and schedule for Arrow-3 have been assessed by MDA as high risk." The committee believes it is important to enhance development of these systems to reduce their technical and schedule risk, while also improving the capability of the existing Arrow Weapon System, in a manner that is consistent with the terms and conditions of the joint Project Agreements governing the management of these cooperative projects.

Therefore, the committee recommends an increase of \$50.0 million in PE 63913C, including \$25.0 million to enhance the development, testing, and integration of the David's Sling short-range ballistic missile defense system, \$20.0 million for the Arrow System Improvement Program, and \$5.0 million for continued development and risk reduction of the Arrow-3 upper-tier interceptor.

### **Corrosion prevention and control shortfall**

The budget request included \$19.7 billion for Research, Development, Test, and Evaluation (RDT&E), of which only \$3.2 million was for the Department of Defense (DOD) Corrosion Program. The DOD consequently identified to the committee a fiscal year 2012 corrosion control shortfall in requirements of \$32.1 million and a \$34.7 million shortfall in fiscal year 2011.

The Government Accountability Office has consistently reported to Congress that corrosion is costly and can have negative effects on military equipment in terms of cost, readiness, operator and maintenance burdens, and safety. The DOD estimated in 2010 that corrosion of military equipment costs the military services over \$22.0 billion per year. The committee notes that the Corrosion Policy and Oversight Office within the DOD Corrosion Program delivers a 57 to 1 ratio return on investment to the taxpayer through corrosion project opportunities and activity requirements. Ensuring proper corrosion prevention and control plays a major role in the sustainment costs and life cycle range of many current and future weapon systems including the F-22, F-35, and various ground vehicles, ships, and aircraft.

The committee continues to urge the Secretary of Defense to fully fund the corrosion control requirements in the fiscal year 2013 base budget request.

Accordingly, the committee recommends an increase of \$32.1 million in RDT&E for the DOD Corrosion Program to address the identified shortfall.

#### **Standard Missile-3 Block IIA co-development**

The budget request included \$424.5 million in PE 64881C for the Missile Defense Agency for co-development with Japan of the Standard Missile-3 (SM-3) Block IIA interceptor for the Aegis Ballistic Missile Defense (BMD) system.

The SM-3 Block IIA interceptor is being developed cooperatively by the United States and Japan as the next-generation of Aegis BMD capability. It will have significantly greater range and discrimination capability compared to the SM-3 Block IB interceptor, and is intended to provide defense against intermediate-range ballistic missiles (IRBM), as well as some capability against some first-generation intercontinental ballistic missiles from nations such as North Korea and Iran.

The SM-3 Block IIA is planned to be deployed as part of Phase 3 of the European Phased Adaptive Approach to missile defense, in the 2018 timeframe, both on land and at sea. It is expected to be deployed at an Aegis Ashore site in Poland at that time.

The committee is concerned that the inherent complexity of a binational development program, and the level of technical sophistication of the SM-3 Block IIA interceptor, increase the development and schedule risk of the program.

The committee believes that the SM-3 Block IIA interceptor, combined with future variants of the Aegis Weapon System, will form the core of the U.S. and Japanese missile defense capability against future North Korean and Iranian IRBMs, and believes additional effort is warranted to provide developmental and schedule risk reduction.

The committee recommends \$444.5 million in PE 64881C, an increase of \$20.0 million, to purchase equipment to test software integration, and to accelerate software integration as a risk reduction measure for development of the SM-3 Block IIA interceptor in order to reduce development risk and provide additional schedule margin.

#### **Defense Technical Information Center programmatic decrease**

The budget request included \$56.3 million in PE 605801KA for the Defense Technical Information Center (DTIC).

The committee acknowledges the importance of DTIC's efforts to act as a hub connecting users and data in the research and engineering community. However, the committee remains concerned about DTIC's growth plans and budget growth, including an over 45 percent growth in the budget request for the Information Analysis Centers. The committee understands these Centers provide valuable information, but encourages them to investigate cost-sharing mechanisms with their customers. Hence, the committee recommends a decrease of \$4.0 million in this program element line.

**Development, test, and evaluation**

The budget request included \$15.8 million in PE 605804D8Z for development, test, and evaluation which was a decrease of about \$3.0 million from the fiscal year 2011 budget request, and about \$10.0 million below the fiscal year 2011 appropriation of \$25.9 million.

The committee notes the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111–23) required the Department of Defense to rebuild its systems engineering and developmental testing organizations to ensure that design problems are understood and addressed early in the acquisition process. Furthermore, the committee notes that the Department’s defense-wide systems engineering budget request is over two and half times greater than for the developmental, test, and evaluation budget request. Hence, the committee recommends an increase of \$5.0 million in the above program element line.

**Demonstrations and pilot projects on cybersecurity**

The Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) contained a provision (sec. 215) that requires the Secretary of Defense to conduct demonstrations and pilot projects to support improved acquisition practices and operational capabilities for cybersecurity. Congress appropriated \$10.0 million in fiscal year 2010, and a total of \$40.0 million in fiscal year 2011, for classified and unclassified cybersecurity demonstrations and pilots. The Department of Defense conducted multiple pilot projects over the last year with these funds, and is planning for new pilots and subsequent phases of pilots already underway. The committee is impressed by the results to date and supports continuation and expansion of these activities.

The Department of Defense requested \$52.6 million for the Defense Industrial Base cybersecurity pilot spread across multiple components under the Information Systems Security Program. However, the Department requested no funds to sustain the other pilot initiatives.

The committee is concerned that the Department has not identified an official who shall have primary responsibilities for policy direction and management of the pilot activities. To date, the pilots have been selected and overseen in an ad hoc manner by the Office of the Chief Information Officer (CIO) and the Office of the Under Secretary of Defense for Policy (USDP). The Department also has not yet established procedures and mechanisms for transitioning, as appropriate, cyber pilot projects into the acquisition process or directly into operational use.

The committee is mindful of the fact that the CIO is still evolving and its personnel base is not settled. However, the committee believes that the CIO’s Office is the most logical sponsor of the pilots. The CIO’s Office would coordinate with the USDP, and consult with U.S. Cyber Command, the Defense Information Systems Agency, the National Security Agency, and the military departments. The committee could support a delegation of pilot execution authority from the CIO to another component within the Office of the Secretary of Defense.



The committee directs the CIO to develop a management structure and transition process for the cyber pilot activities.

Elsewhere in this report, the committee discusses the necessity of adding capabilities to the Department's cybersecurity defenses to rapidly and reliably discover attacks that have not been seen before. This discovery requirement should be a primary consideration in the selection of cyber pilot initiatives for fiscal year 2012.

The committee recommends \$20.0 million for cybersecurity pilots and demonstrations for fiscal year 2012 in PE 32019K to be allocated by the CIO. The committee directs that all funds in this program be allocated in accordance with the requirements of section 4001, through a competitive, merit-based process.

### **File Sanitization Tool**

The budget request included \$348.6 million in PE 33140G for the Information Systems Security Program. Several years ago, military networks, including classified networks, were infected with a propagating virus that was initially introduced via USB flash drive or "thumb drive" removable media devices. This event was used within and by the executive branch as a sort of "exhibit A" to emphasize to leadership and Congress that cyber threats were all too real. This event was followed by the recent Stuxnet worm, which is also believed to have been implanted via a thumb drive.

The committee is concerned, however, about the Defense Department's follow through. The use of thumb drives and other removable media was restricted for a time, and the National Security Agency (NSA) on an urgent basis developed a device called the File Sanitization Tool (FiST) to check and cleanse the content of thumb drives. This device was developed and basically available for use within months of the original incident. It took another 16 months before the predecessor to U.S. Cyber Command issued a directive mandating use of FiST.

Subsequently, a data call was issued to all Department of Defense components to determine how many of these devices needed to be procured to enable secure file transfer from one network to another. This data call resulted in the identification of an initial requirement of over 700 FiST devices. Over the next two years, however, only 57 devices have actually been purchased and deployed, even though they cost only a few thousand dollars apiece. NSA was left to wonder what happened, doubting that the requirement had gone away, since thumb drive use was resumed in mid-2009. And the committee is left to wonder whether the alarm conveyed to Congress about this entire episode was reflected in words only.

Further interactions with the Department have not settled the issue. On the one hand, especially in the aftermath of the Wikileaks disaster, the Department really has dramatically, and one assumes permanently, reduced the number of computers and personnel allowed to use any removable media. In addition, it is true that the Department is increasing the availability and use of electronic, in-line security guards for file uploading and transfer, which can in principle perform many or all of the FiST functions.

On the other hand, the disparity between the original estimates for FiST devices and the small number actually in use is so great that doubt persists. The Office of the Secretary of Defense and NSA

recently sent out another data call through U.S. Cyber Command for FiST devices. At the time the committee prepared this report, the results were not available.

The committee recommends an authorization of \$3.0 million above the requested amount for NSA to provide additional FiST devices pending the results of the new data call.

### **Defense Advanced Research Projects Agency programs**

The budget request included \$2.98 billion for the research and management activities of the Defense Advanced Research Projects Agency (DARPA). While DARPA's fiscal performance has notably improved, the committee is still concerned about the timeliness of sustained funding execution. The committee recommends a reduction of \$150.0 million from DARPA's overall budget to reflect continuing concerns about timely and effective execution of funds by the agency, as well as concerns about specific programs.

DARPA is pursuing the development of a vertical takeoff and landing road-worthy vehicle under the Transformer Vehicle program. The committee expresses doubts about the probability of successfully meeting the ambitious goals of this program and will watch this program carefully. The committee notes other similar ambitious programs, such as the Submersible Aircraft, have not been successful and have been terminated.

The committee supports DARPA's efforts to revolutionize manufacturing technologies and methods. The Fast, Adaptable, Next-Generation Ground Combat Vehicle is such a program where model-based design tools and highly adaptable foundry-style manufacturing techniques are being explored with respect to combat vehicle design and production. The committee is aware that force protection and related armor technologies are an integral component of any ground combat vehicle and is concerned that DARPA and the FANG program are not adequately addressing the force protection requirements of ground combat vehicles. Hence, the committee directs DARPA to work with the Army and other relevant entities to ensure that force protection requirements are addressed as a priority design variable.

The committee commends DARPA's efforts to develop solutions for portable, tactical power and energy generation, and storage needs for warfighters—particularly at forward operating bases (FOB) that are reliant upon vulnerable fuel-supply routes. The committee is supportive of the various programs in the Agency's energy portfolio, but raises issues about the Small Rugged Reactor Technologies program. The committee is concerned that DARPA is not addressing sufficiently the broad spectrum of policy and regulatory issues associated with deploying a small nuclear power source to a FOB, or other remote location, and directs the Agency to work with its transition partner(s) to address these safety and security issues, fuel cycle and other sustainment issues, as well as issues regarding public relations and strategic communications that would have to be addressed when deploying such a system to a host nation. Furthermore, the committee is aware of new developments in the commercial sector focusing on small nuclear reactors and urges DARPA to ensure that its program leverages those activities that are relevant to the maximum possible extent.

The committee fully supports DARPA's efforts to seek new innovative solutions to complex military problems. However, the committee is concerned with the apparent lack of clarity of the Unconventional Warfighters program, including its use of animals. The committee urges DARPA to better define the goals, objectives, and means to successfully execute this program.

The committee appreciates DARPA's efforts to cooperate with the National Aeronautics and Space Administration (NASA) to help instill a more innovative approach for space technology development at NASA. However, the committee is concerned about two programs that appear to be emerging as a result of this interaction. The committee is concerned that the Horizontal Launch Study is leading to a new DARPA program for an airborne launch system that is not well defined. Hence, the committee directs DARPA not to spend more than \$1.0 million of \$8.0 million requested in PE 603287E for horizontal launch activities until a well defined plan for the program is presented to the congressional defense committees. In addition, this plan should address how this proposed program will fundamentally lower launch costs compared to the Pegasus program that DARPA successfully developed in 1990, and how projected launch costs compare to currently available commercial launch costs or equivalent payloads.

Lastly, the committee is concerned about DARPA's potential plans for a follow up program to the Manned Geostationary Earth Orbit Servicing Study. The committee fully supports the development of advanced robotics systems for servicing spacecraft and has been an advocate of broader efforts within the Department of Defense to design modular spacecraft with common interfaces and "plug-and-play" components that would facilitate on-orbit servicing. However, the committee is concerned about the Department engaging in any human spaceflight-related activities. Hence, the committee directs DARPA to focus solely on unmanned space technology.

### **Items of Special Interest**

#### **Advanced affordable turbine engine program**

The committee is aware of the Army's Advanced Affordable Turbine Engine (AATE) science and technology program. The objective of this program is to develop a significantly more powerful turbo-shaft helicopter engine providing improved operational capability for the UH-60 Black Hawk, AH-64 Apache, and Future Force rotorcraft. Other goals of the program are 25 percent better fuel economy, 65 percent greater horsepower to weight ratio, 35 percent less production and maintenance cost, and 20 percent greater design life. The committee understands that the Army intends to transition the program out of science and technology to the Program Executive Office (PEO) Aviation in the third quarter of fiscal year 2012 for engineering and manufacturing development (EMD). Upon transfer to PEO Aviation, the program will be known as the Improved Turbine Engine Program (ITEP).

The budget request includes \$21.5 million in PE 23744A for ITEP to begin EMD and to support the planned contract award to the selected prime contractor for system development and platform

integration. The committee notes that the program's current funding profile does not support more than one engine developer through EMD. Section 202 of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111-23) requires that the acquisition strategy for a major defense acquisition program include measures to ensure competition, or the option of competition, throughout the life cycle of a program if such measures are cost effective.

Accordingly, the committee directs the Assistant Secretary of the Army for Acquisition, Logistics, and Technology to provide a briefing to the congressional defense committees, not later than September 30, 2011, on the Army's acquisition strategy to transition the AATE program to ITEP including the cost effectiveness and schedule implications of possible measures to support competition after the Milestone B decision.

### **Air Force weather modernization plan**

The mission of the Air Force Weather Agency is to maximize America's power through the exploitation of timely, accurate, and relevant weather information, anytime, everywhere. This capability plays a crucial role in daily operations and missions throughout the world from Afghanistan and Libya to Japan and here in the United States. Fundamental to the success of these operations and missions is access to accurate and timely weather information—both terrestrial as well as in space—with the requisite spatial and temporal resolution. In order to maintain and improve these capabilities, it is important that the Air Force Weather Agency remain at the cutting edge of scientific and technical areas relevant to space-based and terrestrial weather observations, data analysis and forecasting, and real-time information dissemination.

In order to aid its long-term planning, the committee directs the Air Force to develop a strategic weather modernization plan with technology roadmaps over the next 10 years to sustain, modernize, and field weather technologies and capabilities as needed in order to meet current and future mission requirements and submit this plan to the congressional defense committees not later than 1 year from the enactment of this Act.

This plan should also include the Department of Defense's global weather observation capability, which includes the weather satellites that have a broad range of active and passive sensors capable of measuring surface, atmospheric, and space weather conditions. However, these weather satellites are aging and their remaining service lives are limited. The administration's decision to cancel the National Polar-orbiting Operational Environmental Satellite System (NPOESS) has only exacerbated the problem. Two programs have been established as successors to NPOESS—the Joint Polar Satellite System (JPSS) with the National Oceanographic and Atmospheric Administration (NOAA) and the Defense Weather Satellite System (DWSS) with the Air Force. There is a need to ensure these two new satellite systems are funded and fielded on time since the JPSS satellites are intended to replace existing satellites that provide information to the Department of Defense in the afternoon, and the DWSS satellites are intended to replace existing satellites that provide information to the Department of Defense in the early morning.

The committee notes that because of the delays and ultimate cancellation of the NPOESS program, an NPOESS prototype satellite, called the NPOESS Preparatory Project (NPP) must now serve as an interim operational satellite for the afternoon orbit. Furthermore, as a result of reductions in the NOAA budget in fiscal year 2011, the JPSS program is now approximately 1 year behind schedule. The projected launch date for the first JPSS weather satellite is well beyond the expected life of the current afternoon satellite and possibly even beyond the life of the prototype NPP satellite. The first DWSS launch is also now scheduled for beyond the expected life of the current Defense Meteorological Satellite Program satellite number 19, which is currently planned to be launched in 2012. Given the criticality of these satellite constellations, this strategic weather modernization plan should include the weather satellites and options if the launch and deployment of JPSS and DWSS are delayed further.

### **Army robotics**

Robotic ground vehicles have the potential to meet current and future Army requirements for critical operational capabilities including explosive ordnance disposal, intelligence, surveillance, and reconnaissance, and large-scale transportation of supplies. The development of effective and reliable ground robotic systems requires much more research in order to achieve a better understanding of autonomous, partially autonomous, and remote control systems. The Army has invested in a number of ground robotics projects ranging from basic research on autonomous systems to more applied research investigating aspects of intelligent ground systems such as fully autonomous leader/follower dynamics, tactical formations, and human machine interfaces. The scientific challenges in the research and development of effective and reliable ground robotics control systems can be daunting. However, as the military has learned with unmanned air systems, the potential operational payoff can be exceptionally high.

Robotics development is underway in a number of Department of Defense agencies. Leading the research effort in ground robotics and autonomous control systems is the Army's Tank and Automotive Research Development and Engineering Center working collaboratively with industry and academia, as well as the Army Research Laboratory with the Robotics Collaborative Technology Alliance. The Army also works closely with the Robotic Systems Joint Project Office that is dedicated to continuous improvement of unmanned system capabilities to meet current and future joint military requirements.

The committee understands that Army leadership is in the process of determining operational and technical requirements for ground robotics vehicles that will guide the development of a long-term research, development, and acquisition strategy. The committee is looking forward to seeing this strategy by the end of 2011 and looks forward to working with the Army to ensure that its research and development investments in robotic ground vehicles will meet current and future needs.

### **Army Rotorcraft science and technology**

Rotorcraft have been crucial to the success of U.S. military operations around the world, especially in Afghanistan where the rugged terrain hampers large-scale timely maneuvers by ground forces. Despite their critical importance, the Department of Defense's strategy for rotorcraft modernization has been focused on providing "near-term 'as-needed' vertical lift capability advancements in an incremental approach"—as observed in the Department's congressionally-directed Future Vertical Lift (FVL) Strategic Plan released last year. In an attempt to address long-term strategic needs with opportunities to insert more revolutionary technologies, the FVL Strategic Plan laid out a time-phased decisions roadmap for the development of next-generation vertical lift aircraft, as well as associated science and technology research. Both were based upon a capabilities-based assessment that identified 55 tasks with numerous gaps grouped into 6 capability areas focused on vertical lift for troop movement; fire support; reconnaissance, surveillance and target acquisition; network-enabled command and control; vertical lift for sustainment and supply; and enhanced safety and survivability of rotorcraft.

As a result of these renewed efforts on advanced rotorcraft, the Army initiated a Joint Multi-Role (JMR) Technology-enabled Capability Demonstrator (TCD) program and released a Broad Area Announcement earlier this year for JMR demonstrator configuration trades and analysis. These efforts are expected to culminate in JMR TCD flight demonstrations in fiscal years 2017–2020 that would support development and potential fielding of the first JMR platform in the 2030 timeframe. In addition, the Navy increased investments in an Autonomous Aerial Cargo/Utility System, and in support of a Medium Range Maritime Unmanned Aerial System.

While the committee encourages the Department and services to revitalize the state of its rotorcraft research and development, it still has a number of concerns. While the JMR is considered "joint", the committee understands that only the Army has articulated and is actively developing requirements for a future rotorcraft capability. Hence, the committee directs the Air Force and Navy, if they desire to be participants with the JMR program, to provide their requirements input and notify the congressional defense committees of their plans no later than September 30, 2011.

The committee notes that the FVL Strategic Plan identifies four classes of JMR platforms (light, medium, heavy, and ultra), and that development timelines for fielding these new platforms will require the current fleet of rotorcraft to be operational well past the 2040 timeframe. The committee encourages the Army to seek the broadest range of new technological ideas, including those from small businesses and for low-cost flight demonstrations, to maximize innovation in areas such as performance, survivability and affordability for enhancements to the current fleet in the interim and for the next-generation of military rotorcraft. In addition, the committee strongly urges the Army to have at least two technology demonstrators in its final TCD selection process to ensure the greatest open and full competition.

Lastly, the committee strongly urges the Army to investigate competitive prize awards—as have been successfully applied in

other fields—either for full or scaled technology demonstrations at the vehicle or component level. Given the challenges associated with scaling rotorcraft performance, the committee encourages the Army to consider requesting an independent entity such as the Army Science Board, the Board on Army Science and Technology of the National Academies, or a federally funded research and development center to assess the current state of the science of rotorcraft scalability so that less expensive scaled demonstrations may be able to inform how more costly full-scale designs will perform.

#### **Assessment of recent impacts in rare earth metals markets**

In April 2010, the Government Accountability Office (GAO) reported (GAO-10-617R Rare Earth Materials in the Defense Supply Chain) that the use of rare earth materials is widespread in components of major defense weapon systems, including precision guided munitions, stealth technology, electric drive ship programs, missile systems, and command and control systems. The GAO report indicated that current capabilities to process rare earth metals into finished materials are limited mostly to Chinese sources. Congress addressed this issue in Section 843 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) by directing the Secretary of Defense to undertake an assessment of supply and demand for rare earth materials in defense applications and to develop a plan to ensure the long-term supply of critical materials.

The committee directs the Department to include in the assessment and plan, an analysis of the impact of any developments since enactment of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 such as reduced export quotas, new taxes on rare earth exports, or the stockpiling of rare earth materials in the global rare earths marketplace.

#### **Assessment of the defense industrial base**

The 2010 Quadrennial Defense Review states that “America’s security and prosperity are increasingly linked with the health of our technology and industrial bases.” The committee strongly agrees with this observation and supports the important roles and responsibilities of the Office of the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy—a position created in the Ike Skelton National Defense Authorization Act (NDAA) for Fiscal Year 2011 (Public Law 111-383). The committee understands that the Department, through this office, is currently conducting a broad defense industrial base assessment, known as a “Sector by Sector, Tier by Tier (S2T2)” study. Given that section 812 of the NDAA for Fiscal Year 2004 (Public Law 108-136) directed the Secretary to submit an annual report on the United States’ defense industrial base capabilities, the committee looks forward to seeing the results of this S2T2 study in the next submission of this annual report to the congressional defense committees.

To further the health and vitality of the defense industrial base, the committee has been supportive of the use of Defense Production Act (DPA) of 1950 (Public Law 81-774) title 3 funds for sustaining and advancing the industrial base sectors that are critical to national security. The committee is interested in how the determina-

tion of DPA title 3 projects will be linked to the outcome of the S2T2 study that will presumably identify those sectors of the defense industrial base that may require additional resources, such as through DPA title 3 funds. Therefore, the committee directs the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy to submit an annual report by April 1, to the congressional defense committees containing a prioritized list of potential investments required to address industrial base shortfalls to be expected to be funded by the Department in future years through the DPA title 3 program.

### **Ballistic missile defense overview**

The budget request included \$10.7 billion for missile defense, including \$8.6 billion for the Missile Defense Agency (MDA) and nearly \$2.1 billion for Army and related missile defense programs. This represents an increase of \$450.0 million over the amount requested for fiscal year 2011 for missile defense. Future budget plans for missile defense retain this significant level of funding; the planned budget for MDA from fiscal years 2011 to 2016 is roughly \$52.0 billion. As part of the Secretary of Defense efficiencies initiative, MDA found \$2.4 billion in efficiencies over the 5-year period from fiscal year 2012 through 2016, while maintaining the same planned missile defense program content.

The February 2010 Ballistic Missile Defense Review (BMDR) established a number of policy and strategy priorities in missile defense, and the budget request would provide funds to continue to implement them.

In the area of homeland defense, 30 Ground-Based Interceptors (GBI) have been deployed in Alaska and California, and the Ground-based Midcourse Defense (GMD) system is providing protection of the United States from potential future missile attacks from nations such as North Korea and Iran. The GMD system experienced two flight-test failures in 2010 with its newest model of GBI, one in January, and one in December. MDA believes it has corrected the problems from the first failure, and is working to correct the problem from the second failure as its top priority. (This issue is addressed elsewhere in this report.)

However, in addition to its efforts to ensure the successful correction to the December flight-test problem, MDA is also providing enhancements to GMD system, and taking steps to hedge against future threat uncertainties, as indicated in the BMDR. These enhancements include installing a second fire control node at Fort Greely, Alaska, and planning to install a new communications terminal on the East Coast of the United States. The hedging options include installing seven spare GBI silos at Fort Greely, and keeping six old silos available in mothballed status, instead of decommissioning them.

In the area of regional defense, there have been several notable developments. At its November 2010 Lisbon Summit, the North Atlantic Treaty Organization (NATO) decided to develop a missile defense system to defend the territory, population, and forces of NATO Europe. It also endorsed the U.S. European Phased Adaptive Approach (EPAA) to missile defense as a valuable contribution to this NATO system.



In March 2011, the Navy deployed the USS *Monterey*, an Aegis Ballistic Missile Defense (BMD) cruiser, to Europe as the first step in implementing Phase 1 of the EPAA. The *Monterey* is equipped with Standard Missile-3 (SM-3) Block IA interceptors, which demonstrated the ability to defeat an intermediate-range missile target using launch data from a forward-based radar during a flight-test in April 2011. The other component of EPAA Phase 1 is the planned deployment of an AN/TPY-2 radar in southeastern Europe by the end of the year, the same type of radar used in the Aegis BMD flight-test in April. The United States has entered discussions with NATO allies about the location for the radar. This radar will also provide enhanced data for the GMD system, and improve its capability for homeland defense.

In May 2010, the United States and Romania announced the agreed location in Romania for an Aegis Ashore missile defense site to be deployed in the 2015 timeframe for Phase 2 of the EPAA. The United States plans to deploy a land-based Aegis BMD system there with SM-3 Block IB missiles, as well as aboard Aegis BMD ships. The first flight-test of the SM-3 Block IB missile is planned for late summer of 2011, to be followed by 11 additional intercept flight tests prior to the Phase 2 deployment. MDA plans to produce more than 300 Block IB missiles, starting with 46 planned for procurement in fiscal year 2012.

Phase 3 of the EPAA will involve deployment in the 2018 timeframe of the next-generation of the Aegis BMD system with the SM-3 Block IIA missile, at an Aegis Ashore site in Poland and at sea. Poland is moving toward final approval of the negotiated deployment agreement. Phase 3 will provide a capability to defend against large numbers of medium-range and intermediate-range missiles, using advanced sensor data to achieve early intercepts.

In Phase 4 of the EPAA, the SM-3 Block IIB is planned to be deployed on land in the 2020 timeframe. It is intended to have the ability to defend all of Europe against possible future intermediate- and intercontinental-range ballistic missiles from Iran, and to have the ability to augment the GMD system in defending the Homeland against such long-range Iranian missiles. MDA is currently working to define the system design, and developing technologies that will be incorporated into the missile.

The committee notes that the SM-3 Block IIB development program is being managed initially by the MDA technology development organization, rather than by the Aegis BMD program office. The committee expects the SM-3 Block IIB development program to be coordinated closely with the Aegis BMD program office, and to transition to that office as soon as is programmatically sound (MDA has indicated by 2013) in order to ensure it benefits from the successful Aegis BMD development and management philosophy.

As announced in the BMDR, the Phased Adaptive Approach to regional missile defense will be used in the Middle East and Asia, tailored to the circumstances of each region. The United States has a strong cooperative missile defense program with Japan, including co-development of the SM-3 Block IIA missile that is planned for deployment in Phase 3 of the EPAA. Japan has four Kongo-class ships with SM-3 Block IA missiles, and will be able to increase their capability with the Block IIA missile.

In the Middle East, the United States is working with its Gulf Cooperation Council partners on concepts for an integrated air and missile defense system to provide enhanced defense against Iranian regional missile threats. The United Arab Emirates has expressed interest in purchasing the U.S. Terminal High Altitude Area Defense (THAAD) system now being produced for the U.S. Army.

After delays in the initial production of the THAAD missile, MDA plans to procure 68 missiles in fiscal year 2012. Current plans call for 9 THAAD batteries, each with 6 missile launchers and 48 missiles. THAAD will provide enhanced land-based terminal defense against short- and medium-range ballistic missiles, both within and outside the atmosphere. The first 2 THAAD batteries have been delivered to the Army, and 24 additional missiles will be delivered in fiscal year 2012.

One of the key enablers of Phases 3 and 4 of the EPAA will be new sensor systems to track threat missiles and permit earlier launch and engagement of large numbers of threat missiles. In addition to planning to build additional AN/TPY-2 radars as forward-based sensors for regional defenses, MDA is developing two new sensor systems: the Airborne Infrared (ABIR) system and the Precision Tracking Space System (PTSS). The delay in the enactment of the Department of Defense and Full-Year Continuing Resolution Appropriations Act, 2011 (Public Law 112-10) fiscal year 2011 defense appropriation delayed each of these programs 1 year.

The ABIR program is intended to develop infrared missile tracking sensors to be deployed on unmanned aerial vehicles (UAV) that would provide fire-control quality target tracks for regional missile defense engagements. It would take several UAVs simultaneously airborne at the right time and in the correct areas to provide needed coverage, with possible limitations based on airspace overflight access, non-persistence, and poor weather.

The PTSS program is planned to develop and integrate infrared missile tracking satellites that will provide constant coverage of threat ballistic missiles after their rocket motors finish burning. MDA has engaged two defense laboratories with extensive satellite development experience to work with industry in designing the first two prototype satellites, using stable and simple requirements, mature and low-cost technology, and a non-proprietary design. The Government Accountability Office has indicated these are good acquisition practices, but has also noted concerns about an optimistic acquisition schedule. The committee requests that, as part of its annual review of missile defense programs, GAO assess MDA's management of PTSS, and make any recommendations for acquisition improvement.

MDA plans to verify the capability and integration of the two prototype satellites with the missile defense command and control system, which will provide the Aegis BMD system with early fire-control quality engagement tracks for large numbers of threat missiles. Industry will then compete to build the production satellites. PTSS sensor information would also improve the capability of the GMD system for homeland defense.

As noted last year, the committee believes that these programs are making significant improvements to homeland and regional missile defense, and that they represent important progress in im-

plementation of the policies and strategies elaborated in the BMDR.

### **Blue Devil Block 2**

The budget request included \$53.1 million in PE 63203F for the development of Advanced Aerospace Sensors, including the Blue Devil Block 2 Quick Reaction Capability (QRC). The committee notes that early reports indicate that the Blue Devil Block 1 deployment in Afghanistan is making significant contributions in Regional Command South, particularly in support of prosecuting high-value targets (HVT). The committee has supported the Blue Devil Block 2 program, but is concerned about recent turmoil in program plans.

Blue Devil Block 1 evolved from experiments conducted several years ago by the National Security Agency (NSA) and several other organizations to operationally integrate multiple types of sensors to enable real-time tipping from one sensor to another. For example, a signals intelligence (SIGINT) intercept and geolocation would be used to immediately cue observation of the target on wide-area airborne surveillance (WAAS) imagery, and then tracking of the target with narrow-field-of-view full motion video.

Blue Devil block 1 makes use of legacy Angel Fire WAAS sensors on small, manned aircraft, that are modified for higher resolution by reducing the field-of-view, coupled with arrays of fixed (but movable) SIGINT nodes that are used for intercept and geolocation. There are many platforms and systems that advertise “multi-sensor integration,” but almost always the different sensors are tasked independently or they do not or cannot view the same piece of terrain at the same time. Blue Devil is different: this QRC is designed to give ground forces a new capability to detect, locate, identify, and track targets seamlessly, building on concepts and practices pioneered by special forces to tightly integrate sensors and pursuit operations.

Blue Devil Block 2 is to build on Block 1 by providing much greater persistence with a long-endurance airship, an advanced WAAS camera with much wider field of view and increased resolution, and much more flexible SIGINT capabilities by moving from a ground-based architecture to a single sensor suite on the airship.

The Air Force transferred responsibility for Blue Devil recently to the Big Safari Program Office, which promptly proposed wholesale changes to the program—an entirely different platform, continued use of legacy WAAS cameras, and different SIGINT sensors. The Intelligence, Surveillance, and Reconnaissance Task Force intervened to prevent most of these changes, but the SIGINT situation remains muddled.

The committee is told that U.S. Central Command does not require coverage of so-called high-band targets in Block 2, even though that capability is deployed in Block 1 and reportedly is the capability most relied on for successful HVT prosecution. This inconsistency is compounded by the fact that a high-band capability may again be a requirement for a second phase of block 2. The precision geolocation system selected by NSA and Big Safari cannot operate against high-band targets, and indeed has not yet flown at all. In contrast, the system originally planned for Block 2 has been

operationally deployed on other platforms, and can prosecute high-band targets. Yet, NSA rated them as equivalent in maturity and performance.

Blue Devil Block 2, based on an airship platform, under the original plans and schedule, would have been a natural stepping stone from short-duration aircraft to long-endurance hybrid air vehicles. The airship would have an endurance of 4–5 days, as compared to, potentially, a month for the Long Endurance Multi-Intelligence Vehicle (LEMV) that the Army is acquiring. However, the Army now plans to deploy the LEMV to Afghanistan in the same timeframe as Blue Devil Block 2. Moreover, the Army is now planning to rapidly equip LEMV, after it is first demonstrated, with the same sensor systems that were originally planned for Blue Devil Block 2.

These developments raise the question of the value of Blue Devil Block 2. The sensor changes raise questions about how effective and useful it will be, while progress in the LEMV program raises the issue of whether Blue Devil Block 2 funds would be better invested in LEMV program acceleration and expansion. The committee directs the ISR Task Force to examine these tradeoffs and advise the committee on the most rational way ahead prior to conference on the National Defense Authorization Act for Fiscal Year 2012.

### **Defense microelectronics strategy**

Microelectronics components play a vital pervasive role across the national defense enterprise. Despite the size of this enterprise, the demand for defense microelectronics represents less than 0.1 percent of global demand given the large commercial market. However, the defense community has unique requirements for microelectronics components such as radiation-hardened, space-qualified components, or trusted systems. Furthermore, many aging defense systems require microelectronics components that are obsolete and no longer commercially available. Balancing the requirements for high performance defense-unique microelectronics, with the cost savings of commercial products, requires a long-term strategic plan on how the Department of Defense will manage its microelectronics supply chain.

Recognizing these challenges, Congress has expressed interest in the status of the defense microelectronics industry over the years, but has focused on individual components such as printed circuit boards, or the importance of trusted systems. What has been lacking has been a more comprehensive, strategic view encompassing all elements of the microelectronics sector.

The committee understands that the Assistant Secretary of Defense for Research and Engineering is developing a more comprehensive strategy and plans to secure the microelectronics supply chain for components including resilient advanced microprocessors, application-specific integrated circuits, field programmable gate arrays, printed circuit boards, photonics devices, and other related electronics components for the next-generation of military and intelligence systems. Furthermore, the committee understands that the scope of this strategy will address the full spectrum of the supply chain including design, mask development and inspection, fabrication, packaging and assembly, and testing. The committee looks

forward to the Department briefing the congressional defense committees on this strategy by September 30, 2011.

### **Department of Defense space science and technology strategy**

The committee has been a strong supporter of the Department of Defense's space science and technology (S&T) activities to ensure that advanced technologies are developed and inserted into future space capabilities to keep our technological edge in today's contested space environment and to continue to provide improved global services and capabilities for the warfighter. However, given the broad scope of these space S&T activities and the large number of organizations across the Department involved, the committee has repeatedly asked for a space S&T strategy that would serve as an overarching strategic framework to guide, focus, and coordinate these activities, as well as to avoid unnecessary duplication of effort. To date, the Department has developed two space S&T strategies at the direction of Congress—one in 2004, and the most recent in 2011. The first did not appear to have any enduring impact on the coordination and execution of the Department's space S&T activities because it was not institutionalized and accepted by all the various stakeholders and there did not appear to be any formal tie to the development and resourcing of programs within the executing services and agencies.

The committee remains concerned about the Department's state of planning and coordination of space S&T and is disappointed in the most recent strategy because it does not provide a clear picture on how it will be implemented. Furthermore the strategy should guide the development of a more detailed roadmap or plan that will be periodically updated where the goals are quantified, to the extent possible, so that the department can assess how well it is following its strategy. The committee expects that any S&T strategy at the departmental level serve as an overarching guide to most or all of the S&T activities related to that topic. Furthermore, the committee expects the Executive Agent for Space and the Assistant Secretary of Defense for Research and Engineering to use this strategy in their appropriate roles of providing oversight and guidance to the services and relevant defense agencies.

The committee notes that unlike its space S&T activities, the Department's aeronautics S&T activities are significantly better coordinated by a National Aeronautics Research and Development (R&D) Plan that the Department has a key role in updating every 2 years. Furthermore, the Assistant Secretary of Defense for Research and Engineering uses this Plan as guidance to develop a more specific R&D capabilities-based plan in coordination with the services and related defense agencies who use these overarching plans to help guide their specific related programs. The committee hopes that the Department takes lessons learned from its aeronautics community and applies them to the space S&T community. Without taking stronger coordinating and long-term strategic actions on space S&T, the committee is concerned that a fundamental goal of the new National Security Space Strategy of "providing improved U.S. space capabilities" will not be sufficiently met.

### **Global Hawk communications system re-architecture**

The budget request included \$423.5 million in PE 35220F for development of the Global Hawk unmanned aerial system. The Air Force plans to initiate the communications system re-architecture (CSRA) in fiscal year 2012.

The committee has serious concerns about the original plans for the CSRA, which consisted of two phases for the upgrade of the beyond line-of-sight (BLOS) satellite communications (SATCOM) subsystem that would not be common with the Navy's Broad Area Maritime Surveillance (BAMS) system. The Air Force has maintained that the components of the Navy's BLOS SATCOM solution would not meet Air Force requirements for data rates and processing capacity margins.

There is strong evidence that the BAMS modem, power amplifier, and radome components can with minor modifications meet the Air Force data rate requirement and the Air Force requirement for Ku-band instead of the Navy requirements for X-band. The requirement that the Air Force has put forward for the High Data Rate Airborne Terminal for reserve processing capacity is not required for Global Hawk and for that matter does not appear to be required for the airborne portion of any future SATCOM terminal. The higher level of processing capacity might be needed in the future for error correction on the ground, where the processing of large volumes of collected data would take place, but not on the aircraft side.

Using and modifying the BAMS BLOS SATCOM for the Global Hawk CSRA is consistent with the Navy-Air Force agreement to promote maximum commonality between the two programs; would enable the Air Force to achieve its objective Global Hawk capabilities much faster, and would save hundreds of millions of dollars.

The Office of the Secretary of Defense and the Air Force are almost finished with an Analysis of Alternatives (AoA) on this issue. It appears that the AoA will recommend collapsing the two phases of the Global Hawk CSRA into one, and the use of BAMS SATCOM terminal components to meet the Global Hawk requirement. If the AoA outcome differs significantly from this expectation, the committee will revisit this issue in conference on the National Defense Authorization Act for Fiscal Year 2012.

### **High Performance Computing Modernization Program**

In the fiscal year 2012 budget request, the Department of Defense transferred the High Performance Computing Modernization Program from the Assistant Secretary of Defense for Research and Engineering to the Army. While the Department did not provide a good justification for this move, the committee will allow the transfer. However, the committee is concerned about the long-term viability of the program and wants to ensure that the program is adequately resourced and remains joint in planning and execution and that users' needs are met across the services and defense agencies, as well as ensuring that classified computing requirements are satisfied. High performance computing is becoming increasingly critical as modeling and simulation of systems or phenomenology with complex multi-disciplinary scientific and technical approaches is required. The committee will watch carefully the transfer and execu-

tion of this program under the Army to see if this was a beneficial action on behalf of the broader Departmental research, development, test, and evaluation community.

### **Joint Trauma Analysis and Prevention of Injury in Combat Program**

The committee has been a strong supporter of the Department of Defense's research activities to better understand, prevent, and treat blast injuries. In addition, the committee appreciates the complex multi-disciplinary nature of this research that spans the medical, engineering, physical sciences, and operational communities and urges the Department of Defense to continue to strengthen closer collaboration at all levels between these communities. The Joint Trauma Analysis and Prevention of Injury in Combat (JTAPIC) Program provides an example of the close collaboration that is necessary for data collection, analysis, and dissemination of information to customers ranging from service materiel developers and testers to Surgeons General to the communities responsible for doctrine, and changes to tactics, techniques, and procedures.

The committee encourages the Department to continue to support this activity that takes a systems approach to mitigating the effects from combat threats. Furthermore, the committee urges the Department to ensure that resources are available to improve the quality and timeliness of forensic data collection efforts on the battlefield that will ultimately aid in advancements in protection of mounted and dismounted soldiers.

### **Lease of Blue Devil Block 1 aircraft**

The Air Force recently deployed the first Block of the Blue Devil intelligence, surveillance, and reconnaissance (ISR) aircraft program to Afghanistan. Block 1 is based on modifications and enhancements to the sensor package on the Angel Fire ISR aircraft that were first employed in support of Marine Corps operations in Iraq. The Air Force is operating these aircraft under a 5-year lease that is due to expire in September, 2013. As noted elsewhere in this report, so far, the Blue Devil Block 1 system has performed very well in Afghanistan. These successful operations are causing the Air Force to focus on the very real possibility that theater commanders will want to sustain the Block 1 deployment past the lease expiration date.

Under the terms of section 2401 of title 10, United States Code, the Secretary of the Air Force cannot extend or renew the lease under existing law without specific authorization. The committee directs the Secretary of the Air Force, in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics, and with the Intelligence, Surveillance, and Reconnaissance Task Force, to determine whether the Air Force will need to sustain Blue Devil Block 1 capability past September, 2013, in order to meet the operational requirements of forward deployed forces. If the Secretary determines there is a need, he should promptly: (1) develop a leasing plan, in accordance with section 2401 of title 10, United States Code, for the Blue Devil program; or (2) develop an acquisition program to provide that capability.

### **Medical Countermeasures Initiative**

The budget request included \$214.0 million in a variety of defense-wide research and development budget lines for the Medical Countermeasures Initiative (MCMI). This initiative is intended to advance significantly the development and manufacturing of bio-defense countermeasures, including vaccines and therapeutics.

This initiative is a logical and valuable progression from the earlier Transformational Medical Technologies Initiative, supported by the Chemical and Biological Defense Program and the Defense Advanced Research Projects Agency, in which the Department explored the scientific advances, processes, and technologies available to develop biodefense countermeasures far more quickly, flexibly, and affordably than has been the case in the past. These goals are driven by the increased risks of biological threats, including genetically engineered threats, potential terrorist threats, and naturally occurring disease outbreaks like pandemic influenza.

The committee notes that this initiative is a coordinated and collaborative interagency effort, guided by updated national strategy and guidance documents, and involves close cooperation between the Department of Defense and the Department of Health and Human Services. The committee observes that such close interagency coordination and collaboration is a relatively new phenomenon, one encouraged by Congress over the past decade. The committee commends the administration for focusing on this issue and making interagency coordination a high priority.

The MCMI program is intended to establish an advanced development and manufacturing facility, in partnership—and on a cost-shared basis—with industry and academia. The Department will not own the facility, which will ensure this approach is more cost-effective and efficient than would otherwise be the case.

The committee observes that section 1601 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108–136) required the Secretary of Defense to “carry out a program to accelerate the research, development and procurement of biomedical countermeasures, including but not limited to therapeutics and vaccines, for the protection of the Armed Forces . . .”. The committee believes the MCMI program is an appropriate and welcome effort to meet these important objectives.

### **Medium-range vertical lift unmanned aerial systems**

In unveiling the results of his efficiency initiative, the Secretary of Defense announced that the Navy and Army would use some of the efficiency savings to fund new medium range vertical take-off and landing (VTOL) unmanned aerial systems (UAS) for intelligence, surveillance, and reconnaissance (ISR). Roughly speaking, “medium range” translates to Predator-class performance in terms of range and payload. This common performance benchmark alone begs the question of commonality between the Army and Navy, which led the Office of the Secretary of Defense to mandate an Analysis of Alternatives that would examine the degree of overlap between the services in requirements and technical solutions.

This evaluation is taking place against a backdrop of (1) concerns about the state of rotorcraft technology, performance, and investment across the Defense Department, (2) growing budget pressures



that will limit the Department's ability to invest in new development programs, and (3) the desires of the Navy and Army for significant near-term VTOL UAS acquisitions based on available systems and technology.

The Army aviation community's priorities appear to be on the Joint Multi-Role aircraft and the armed, manned helicopter reconnaissance mission. The Army Deputy Chief of Staff for Intelligence represents the Army community that has the chief interest in a VTOL UAS, based on the positive experience with the Defense Advanced Research Projects Agency-developed A160 Hummingbird in the wake of the cancellation of the Army Fire Scout program.

The Army is offering little if any technology funding for an altogether new medium-range VTOL UAS, and appears to be seeking a solution for its requirement that is based on existing platforms and technology.

The Navy is interested in a substantial investment in technology and engineering development for a new medium-range VTOL UAS for operations from ships. This need is connected to the decision to retire the EP-3 and Special Projects Aircraft fleets and replace them with a variety of sea-based systems. However, the Navy's technology investment priorities appear to lie in the areas of avionics, and platform handling and command and control, rather than in rotorcraft platform technology. Yet, the latter is precisely the area that the Defense Department emphasized as most in need of investment and innovation in the Future Vertical Lift study provided to Congress in 2010. That report reinforced the widespread view that the Department must not continue to invest in incremental improvements to rotorcraft whose basic airframe designs are now decades old and which inherently limit safety and performance. The analogy that is often made is that while we are now working on 5th-generation fixed-wing fighters, we are stuck on 2nd generation rotorcraft.

Also, the Navy, like the Army, is unhappy with the performance of the Fire Scout helicopter, in terms of basic range and payload. The Special Forces have an immediate need for a sea-based VTOL ISR and precision strike capability that exceeds what Fire Scout can provide. The Navy would like to solve its Fire Scout problem and meet this Special Forces need by substituting a different, larger helicopter for the Schweizer MQ-8B. However, this course is estimated to require more than the 2 years normally allowed for Quick-Reaction Capability acquisitions for urgent operational needs.

The committee directs the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with the Under Secretary of Defense for Intelligence, and the Chairman of the Joint Requirements Oversight Council, to develop an integrated strategy for medium-range vertical takeoff and landing (VTOL) unmanned aerial systems. This strategy shall be integrated with the Department's strategy for future vertical lift science and technology investment and modernization to achieve substantial gains in rotorcraft performance and safety across all categories of rotorcraft platforms and missions. The strategy shall also take into account the Navy's and Army's near-term VTOL UAS acquisition plans to determine whether the funds required for these initiatives would

be better spent on the objective VTOL MRUAS. The committee directs that this strategy be developed in time to be reflected in the fiscal year 2013 budget request.

#### **Nanotechnology research**

The Department of Defense (DOD) is one of 25 federal agencies that are part of the National Nanotechnology Initiative (NNI) that was launched in 2001. The goals of the NNI are to: advance a world-class nanotechnology research and development (R&D) program; foster the transfer of new technologies into products for commercial and public benefit; develop and sustain educational resources, a skilled workforce, and the supporting infrastructure and tools to advance nanotechnology; and support responsible development of nanotechnology. As a participant in the NNI, DOD leverages its own and other federal investments, primarily in basic research, to discover and exploit unique properties of materials at the nanoscale to enable new applications enhancing future weapon systems capabilities.

Given the broad applicability of nanotechnologies to important areas such as power and energy, electronics and sensors, and advanced materials and coatings, the committee seeks to ensure that the DOD is engaging with as broad a research community as possible to maximize its access to innovative ideas and products. Hence, the committee directs the Department to provide a briefing to the Committees on Armed Services of the Senate and the House of Representatives no later than 180 days after the enactment of this Act reviewing its sources of nanotechnology research and engineering for defense purposes. Furthermore, the briefing should address whether these sources are adequate to ensure that the Department has sufficient scientific and technical access across the spectrum of nanotechnology R&D from emerging basic research to applied manufacturing techniques for its purposes, and if not, what steps are needed to address any deficiencies identified.

#### **Navy manned reconnaissance**

The budget request included no funds for Research, Development, Test, and Evaluation (RDT&E) in PE 35207N for the EP-3 and Special Projects Aircraft (SPA). The planned RDT&E investment in these aircraft in the future years of the budget is very modest—around \$13.0 million annually. The Navy's fiscal year 2012 budget request documentation also indicates that the Navy is planning to consolidate EP-3 and SPA squadrons, reduce the number of aircraft in each fleet, and substantially reduce the number of personnel assigned to support and operate these reconnaissance aircraft.

These decisions come immediately after Congress felt compelled, in legislation, to prohibit the Navy from retiring these aircraft, and to ensure that they are upgraded to keep pace with the requirements of the combatant commands, until such time as the Navy has deployed replacement capabilities that, in the aggregate, meet or exceed the capabilities of the EP-3 and SPA systems. An annual certification is required by the Under Secretary of Defense for Intelligence and the Vice Chairman of the Joint Chiefs of Staff.

The committee is waiting for the first certification under the law, and is aware of concerns that the reduced fleet size and personnel reductions will in fact result in reduced support for the combatant commands over the next decade—precisely what the law was intended to prevent. The planned level of RDT&E investment in these aircraft also raises doubts that they will be kept current with new threats. The Navy has new plans for what will eventually replace the EP-3 and SPA aircraft, but the main components are many years away.

The committee reserves judgment on the Navy's requested funding level and programmatic actions for fiscal year 2012 until it has received and reviewed the certification required by the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383). The committee notes that the Department of Defense and Full-Year Continuing Resolution Appropriations Act, 2011 (Public Law 112-10) provided \$49.0 million for research and development for the EP-3 and SPA systems in addition to the original budget request. Coming late in the fiscal year, these funds should help compensate for any deficiencies in support that may be identified in the forthcoming certification.

#### **Navy open architecture**

The Navy has been on a path to transition surface ship systems to an open business model, commonly referred to as Open Architecture (OA), for approximately 9 years. The goal of employing OA systems is to bring to bear competition and innovation to achieve improved performance and affordability through use of modular designs, allowing public access to design specifications, reusing software code, mandating common interface standards, and achieving seamless interoperability between system hardware and software applications. The budget request includes funds in various accounts to install the next version of the Aegis combat systems software and hardware in a version called Advanced Capability Build 2012, or ACB 12. This configuration will form a single OA computer program baseline for use in all of the Navy's Aegis-equipped ships.

The Navy should be commended for the progress it has made in the past 3 years toward achieving an open business model for its ship combat systems.

The committee understands that, despite the Navy's progress, there is at least one other step the Navy could take that could foster greater contributions from a wide set of sources.

The Navy currently maintains a repository that serves as a software "library" that contains software provided by industry for industry and government reuse. A process is in place that allows companies and other government entities to check out and verify software programs against new technology. The committee understands that, while this is a great step forward, the current process may be somewhat opaque to some. The committee has heard complaints that: (1) the process is often cumbersome; (2) validation of software programs deposited by the government is very difficult; (3) software programs deposited may be incomplete or missing essential components that would enable successful running of the program.

The committee believes the Navy should consider establishing a more formal mechanism for facilitating interaction with industry, academia, and other government entities interested in participating in the Navy's program. Local government entities have been using a concept of establishing so-called "innovation centers" to foster such cooperation.

An innovation center approach would house Navy open architecture systems in use by the fleet today and would provide an environment to speed up new technology development and testing without compromising the Navy's essential test and evaluation facilities in use for other programs. A Navy-led laboratory facility with state-of-the-art software and hardware could create an atmosphere where third parties could test and evolve their software/hardware in an environment that is not only sanctioned by the government but mirrors the combat systems operating environment on naval ships. Third parties, particularly those without substantial corporate knowledge or resources, could gain from the exposure to integrators who would also be working in the facility. The committee believes that this could lead to more rapid introduction of innovative technology into the fleet.

The committee directs the Secretary of the Navy to provide a report to the congressional defense committees on the advisability of developing such an innovation center to support the Navy's OA roadmap. The Secretary should provide this report with submission of the fiscal year 2013 budget.

#### **Paladin Integration Management**

The budget request includes \$120.1 million in PE 64854A for the Paladin Integration Management (PIM) program. The M109A6 Paladin self-propelled howitzer is the 6th version of this artillery weapon system originally designed in the 1950s and first produced in the 1960s. Paladin is the primary artillery system in the Army's Heavy Brigade Combat Team (HBCT), and the Army's only self-propelled howitzer system. The new PIM howitzer significantly upgrades the combat-proven M109A6 Paladin's reliability, maintainability, performance, responsiveness, and lethality. PIM also takes advantage of commonality, and therefore ownership cost savings, with the family of Bradley fighting vehicles.

In the Senate report accompanying S. 1390 (S. Rept. 111-35) the National Defense Authorization Act for Fiscal Year 2010, the committee noted that the PIM program was the Army's only howitzer modernization effort after cancelation of the Future Combat Systems' Non-Line of Sight Cannon program. The Army responded by making PIM a priority, revised the PIM acquisition strategy and schedule, and requested above threshold reprogramming authority to realign funds to meet PIM shortfalls. In January 2011, Congress approved the reprogramming of \$76.3 million to support continued PIM development, integration, and government developmental testing, as well as to maintain the planned test schedule.

The committee understands that following earlier programmatic challenges, the effort is now proceeding to plan, with formal Army developmental tests underway. The prior year funds approved by Congress for reprogramming to the PIM program, plus funds requested by the Army for fiscal year 2012, are all required to ensure

the cost, performance, and schedule stability of the PIM program. Accordingly, the committee supports the full funding of the program as requested. The committee supports the Army's position on PIM as a critical modernization program, and directs the Secretary of the Army to regularly inform the congressional defense committees on the program's progress.

#### **Surface ship torpedo defense**

The Navy has been developing an anti-torpedo torpedo defense system (ATTDS) within the surface ship torpedo defense program. The ATTDS consist of a torpedo warning system (TWS) and a countermeasures anti-torpedo (CAT). Last year, the Navy was planning to field the ATTDS with the combined capability of the TWS and the CAT, with an initial operating capability (IOC) in fiscal year 2015, beginning with cruisers and destroyers.

Since last year, the Navy has bifurcated and delayed the program and now intends to do the two subcomponents of the ATTDS system separately. The Navy would achieve an IOC for the TWS in fiscal year 2017 and for the CAT in fiscal year 2021.

The committee understands that the Navy is seeking to field some prototype versions of the TWS and the CAT in 2015 on different ships, but those prototypes would not have the benefit of testing or a robust logistics support system. The committee also understands that this delay is not due to technical issues, but merely reflects a lower funding priority for this program in fiscal year 2013 and beyond.

This lower funding priority and resultant delay in fielding full capability is at odds with testimony the committee received about the importance to war fighting capability of fielding a full ATTDS system as soon as possible.

The committee encourages the Navy to review this decision and, if the combined ATTDS system is as important as the testimony to the committee indicated it was, reallocate funds to support the original IOC dates in its fiscal year 2013 budget request.



## **TITLE III—OPERATION AND MAINTENANCE**

### **Subtitle A—Authorization of Appropriations**

#### **Operation and Maintenance Funding (sec. 301)**

The committee recommends a provision that would authorize appropriations for operation and maintenance activities at the levels identified in section 4301 of division D of this Act.

### **Subtitle B—Energy and Environmental Provisions**

#### **Modification of energy performance goals (sec. 311)**

The committee recommends a provision that would amend section 2922(e) of title 10, United States Code, to establish a clear and effective trajectory to meet the long-term goal regarding the use of renewable energy to meet facility energy needs for the Department of Defense.

The committee also recommends a provision that would include direct use solar technology to the existing list of energy efficient products in facilities, which the committee believes will better assist the Department of Defense in reducing utility costs. Currently, direct use solar technology is being used on various military installations but is not included as an energy efficient product.

#### **Streamlined annual report on the Defense Environmental Programs (sec. 312)**

The committee recommends a provision that would streamline the reporting requirement on the Defense Department's environmental programs. Currently, section 2706 of title 10, United States Code, contains reporting requirements that form the basis of the Defense Department's Annual Report to Congress on the Defense Environmental Programs.

The committee believes that the level of detail required by section 2706 is no longer warranted and that the report has become costly and unduly burdensome. The annual report to Congress on the defense environmental programs has grown to over 1,000 pages and the Defense Department estimates that the fiscal year 2010 report cost about \$1.4 million to prepare. The Defense Department's reporting has expanded beyond the statutory requirement and the Department has added detail and data, such as that found in Appendix C (Installation Restoration Program and Military Munitions Response Program Status Tables) and Appendix D (Environmental Restoration Narratives), which were not envisioned by the requirements set forth in section 2706. Certain information contained in the annual report, however, continues to be of value to Congress in the exercise of its oversight responsibility regarding the Department's annual environmental programs.

Accordingly, the committee recommends modifications to the reporting requirement which are designed to substantially shorten and streamline the annual report so that the information submitted to Congress reflects the evolution and maturity of the defense environmental programs while still providing targeted information that is important to a solid understanding of the progress, funding requirements, and trends in this major defense program.

Also, the committee recommends repealing the existing reporting requirements contained in section 2706 of title 10, United States Code. A provision to that effect is included in a separate title of this bill.

**Payment to Environmental Protection Agency of Stipulated Penalties in connection with Jackson Park Housing Complex, Washington (sec. 313)**

The committee recommends a provision that would authorize the Secretary of the Navy to transfer not more than \$45,000.00 to the Hazardous Substance Superfund Jackson Park Housing Complex special account for the payment of a stipulated penalty assessed by the Environmental Protection Agency on October 7, 2009, against the Jackson Park Housing Complex for the failure of the Navy to submit a draft Final Remedial Investigation/Feasibility Study for the Jackson Park Housing Complex Operable Unit in accordance with the requirements of the applicable interagency agreement.

**Requirements relating to Agency for Toxic Substances and Disease Registry investigation of exposure to drinking water containment at Camp Lejeune, North Carolina (sec. 314)**

The committee recommends a provision that would prohibit the use of funds for the final adjudication of claims filed regarding water contamination at Camp Lejeune. It would also require the Secretary of the Navy to report to the congressional defense committees when disputes arising between the Navy and the Agency for Toxic Substances and Disease Registry (ATSDR) cannot be resolved within 60 days of the dispute arising, and require the Navy to make every effort to coordinate with ATSDR on matters to be released to the public.

**Discharge of wastes at sea generated by ships of the armed forces (sec. 315)**

The committee recommends a provision that would amend the Act to Prevent Pollution from Ships, section 1902 of title 33, United States Code, and set discharge standards for U.S. Navy and U.S. Coast Guard vessels operating at sea.

The Act to Prevent Pollution from Ships (APPS) implements the International Convention for the Prevention of Pollution for Ships (MARPOL). The proposed amendment would codify Navy practices and ensure that discharge standards in the open ocean are consistent with the standards authorized through APPS for environmentally-sensitive special areas, as designated by MARPOL.

It is imperative that the Navy and Coast Guard continue to look for ways to enhance their ability to manage solid waste at sea and to limit discharges to the greatest extent feasible. To this end, the



committee directs the Secretary of the Navy to continue efforts to improve shipboard solid waste management, to assess commercially-available equipment through programs like the Technology Identification and Assessment Process, and to consider new technologies to further reduce the discharge of solid waste from ships and submarines. The committee urges the Navy to provide information and assistance to the U.S. Coast Guard on any such developments.

### **Subtitle C—Work Place and Depot Issues**

#### **Minimum capital investment for certain depots (sec. 321)**

The committee recommends a provision that would amend section 2476 of title 10, United States Code, to clarify that investment funds included in the capital budget of a depot go directly to modernize or improve efficiency of depot facilities equipment, work environment, or processes in direct support of depot operations. The provision clarifies that the capital investment program does not include funds spent to repair, maintain, or sustain existing facilities, infrastructure, or equipment. The provision would also expand the definition of covered depot by the capital investment program to include ammunition plants.

#### **Limitation on revising the definition of depot-level maintenance (sec. 322)**

The committee recommends a provision that would prohibit the Department of Defense from making revisions to the definition of depot-level maintenance unless the Secretary of Defense submits a report prepared by the Defense Business Board taking into consideration the total industrial capacity of organic depots and private sector industry, and establishing additional transparency and accountability in the development of the core workload requirements, and in the allocation of workload under the requirements in section 2466 of title 10, United States Code.

#### **Designation of military industrial facilities as centers of industrial and technical excellence (sec. 323)**

The committee recommends a provision that would amend section 2474(a)(1) of title 10, United States Code, to authorize the inclusion of all military industrial facilities in the authority to designate Centers of Industrial and Technical Excellence (CITE). The committee believes expanded CITE designation authority will significantly improve the Department of Defense's core competencies and allow military industrial facilities to more effectively and efficiently enter into public private partnerships that better align with the core repair and manufacturing functions than the majority of current public private partnerships under the Arsenal Support Program Initiative.

#### **Report on depot level maintenance and recapitalization of certain parts and equipment (sec. 324)**

The committee recommends a provision that would direct the Director of the Defense Logistics Agency (DLA), in consultation with the military departments, to submit a report to the congressional

defense committees, on the status of the DLA Joint Logistics Operations Center's drawdown, retrograde, and reset program for the equipment from Iraq and Afghanistan, and the status of the overall supply chain management of depot level activities.

#### **Subtitle D—Reports**

##### **Study on Air Force test and training range infrastructure (sec. 331)**

The committee recommends a provision that would direct the Secretary of the Air Force to conduct a study on the ability of the major air test and training range infrastructure to support the full spectrum of Air Force operations. The Secretary shall incorporate the results of the study into a master plan for requirements and proposed investments to meet Air Force training and test needs through 2025.

##### **Study on training range infrastructure for special operations forces (sec. 332)**

The committee recommends a provision that would direct the Commander of the United States Special Operations Command to conduct a study on the ability of existing training ranges used by special operations forces to support the full spectrum of missions and operations. The committee notes that the study will be conducted in consultation with the Office of the Secretary of Defense, the Joint Staff, and the secretaries of the military departments.

The Commander of United States Special Operations Command testified in March 2011:

“The shortage of readily available, local ranges currently hampers special operations forces’ ability to meet deployment training timelines and causes our operators to ‘travel to train,’ further increasing their already excessive time away from home.”

##### **Guidance to establish non-tactical wheeled vehicle and equipment service life extension programs to achieve cost savings (sec. 333)**

The committee recommends a provision that would direct the Secretary of Defense to conduct a survey of the quantity and condition of non-tactical wheeled vehicles and base-level commercial equipment in the fleet of the military departments and report to Congress on the advisability of establishing service life extension programs for such classes of vehicles.

##### **Modified deadline for annual report on budget shortfalls for implementation of operational energy strategy (sec. 334)**

The committee recommends a provision, as requested by the Department of Defense, that would amend the date on which the budget certification is delivered to Congress from the Office of the Assistant Secretary of Defense for Operational Energy Plans and Programs. The current submission deadline is 10 days after the President's budget request arrives and this provision would change the deadline to March 31 each year, which is consistent with other

Department of Defense entities that have budget certification authority, such as the Director of Operational Test and Evaluation.

#### **Subtitle E—Other Matters**

##### **Extension of authority for Army industrial facilities to enter into cooperative agreements with non-Army entities (sec. 341)**

The committee recommends a provision that would amend section 4544 of title 10, United States Code, to significantly increase the number of cooperative arrangements that may be entered into with non-Army entities. The provision would also extend the expiration date of such authority from 2014 to 2025.

##### **Working-capital fund accounting (sec. 342)**

The committee recommends a provision that would amend section 2208(k) of title 10, United States Code, to align the two separate dollar thresholds for procurement of capital assets. The committee notes that the Department of Defense currently has to track and depreciate items that are bought outside the capital asset program, resulting in two sets of financial records for accounting and budgeting purposes. The committee believes these efforts to be duplicative and impractical.

##### **Commercial sale of small arms ammunition and small arms ammunition components in excess of military requirements, and fired cartridge cases (sec. 343)**

The committee recommends a provision that would amend section 346 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) to clarify that the only cartridge cases subject to the provision are intact expended small arms cartridge cases and that the provision does not apply outside the continental United States or override established Department of Defense (DOD) explosives safety or trade security controls.

The Department would be permitted to melt down and recycle intact fired cartridge cases covered by the provision only if they are in excess of commercial demands. DOD would be responsible for assessing commercial demands for the purpose of implementing this requirement; the committee understands that the Department may choose to conduct market surveys or studies to assess commercial demands for this purpose.

##### **Authority to accept contributions of funds to study options for mitigating adverse effects of proposed obstructions on military installations (sec. 344)**

The committee recommends a provision, as requested by the Department of Defense, that would make a technical amendment to section 358(g) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) to clarify that contributions received under that provision from developers remain available until expended. The purpose of such voluntary contributions is to offset the cost of measures undertaken by the Secretary of Defense to mitigate adverse impacts on military operations,

readiness, and the cost of studying options for impact mitigation for projects that may pose an obstruction to military installations.

**Utility disruptions to military installations (sec. 345)**

The committee recommends a provision that directs the Secretary of Defense to develop guidance for commanders of military installations inside the United States on planning measures to minimize the effects in the event of a disruption of services by a utility that sells natural gas, water, or electric energy to a military installation in the United States.

The committee remains concerned that the Department of Defense needs to develop appropriate action plans for military installations in the event of unforeseen circumstances. The committee also directs the Government Accountability Office to review the Department's actions no later than 2 years after the date of the enactment of this Act.

**Budget Items**

**Army funding decrease for unjustified growth**

The budget request included \$34.7 billion for Operation and Maintenance, Army (OMA), of which \$1.1 billion was for Other Service Support. The committee is concerned that the Army could not provide detailed justification for funding growth within two subactivity group accounts, Joint Department of Defense Support and Public Affairs Strategic Communications, contained in the Other Service Support within the fiscal year 2012 budget request.

Accordingly, the committee recommends a decrease of \$5.0 million in OMA, in Other Service Support for unjustified program growth in Joint Department of Defense Support and a decrease of \$5.0 million in OMA, in Other Service Support for unjustified program growth in Public Affairs Strategic Communications.

**Reduction in funding for contract services**

The budget request included \$70.5 billion in base budget operation and maintenance (O&M) accounts for contract services. Overall, the Department's Fiscal Year 2009 Inventory of Contracts for Services indicates that the Department is now spending more than \$150.0 billion a year for contract services in its base budget—more than double the \$72.0 billion obligated by the Department for contract services in fiscal year 2000. The Under Secretary of Defense for Acquisition, Technology, and Logistics testified in September 2010:

“I just tell you, the low-hanging fruit really is [in contract services]. There's a lot of money. There has been a very, very high rate of growth over the last decade, in services. They have grown faster than everything else. . . . So, there's a lot we can do.

\* \* \* \* \*

“I think great savings can be had there, across the Services' spend. It's essential that we look there, because that's half the money.”

The proposed fiscal year 2012 base budget O&M funding level represents a growth of \$7.5 billion over fiscal year 2010 base budget O&M funding levels for contract services. While a substantial share of this growth is attributable to the transfer of equipment maintenance funding from overseas contingency operations to the base budget, O&M funding for contract services other than equipment maintenance has grown by \$1.1 billion since fiscal year 2010. At a time when the Department is seeking efficiencies in every area of its operations, a continued increase in funding for contract services—above funding levels already bloated by a decade of unconstrained growth—cannot be justified.

Accordingly, the committee recommends that amounts available for contract services in the base budget O&M accounts be reduced by \$1.1 billion, to return such funding to the fiscal year 2010 level (adjusted for net transfers of functions previously funded with amounts available for overseas contingency operations), with the reduction distributed as follows:

- O&M, Navy Active: –\$122.8 million
- O&M, Army Active: –\$121.7 million
- O&M, Air Force Active: –\$144.2 million
- O&M, Defense-Wide: –\$694.8 million

The committee expects the Department to achieve these savings by: (1) fully implementing the management structure required by section 2330 of title 10, United States Code, and the processes for identifying, reviewing, and validating requirements pursuant to section 863 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383); (2) terminating or narrowing the scope of contracts and task orders to eliminate the purchase of lower priority services; (3) negotiating lower labor rates and overhead rates in contracts and task orders; (4) eliminating contracts and task orders for the performance of inherently governmental functions and reducing the scope of contracts and task orders for functions closely related to inherently governmental functions; and (5) implementing the improved purchasing practices directed in the “Better Buying Power” initiative developed by the Under Secretary of Defense for Acquisition, Technology, and Logistics. The committee notes that the Air Force, which has been more aggressive than the other military departments in implementing the management structure required by section 2330, conducted a disciplined review of \$5.6 billion of service contracts over the last year and identified \$1.4 billion of expected savings over the next 8 years. The committee expects the Army and the Navy to develop management structures and review processes similar to those adopted by the Air Force, and to be equally aggressive in identifying and pursuing potential savings.

#### **Reduction in funding for Department of Defense business systems**

The budget request included \$4.6 billion to maintain current services for more than 1,500 business systems across the Department of Defense (DOD). DOD’s maze of hundreds of overlapping and ill-coordinated business systems is not only expensive to maintain, it has also impeded the Department’s progress toward an effective business systems architecture that can produce accurate

and timely information to support management decisions. The reluctance of many DOD officials to adapt to new business processes and systems has forced the Department to develop costly interfaces and work-arounds to link outdated and unnecessary systems into the new architecture.

At a time when the federal budget is under increasing strain and no area of federal funding can be off limits for cuts, the Department cannot afford to spend hundreds of millions of dollars to maintain obsolete business systems that are no longer needed. For this reason, the committee recommends a cut of \$230.0 million, or 5 percent, distributed to the Department's operation and maintenance (O&M) and working capital fund (WCF) accounts for the operation and maintenance of existing business systems as follows:

- O&M, Air Force: –\$26.2 million
- O&M, Army: –\$46.0 million
- O&M, Navy: –\$52.9 million
- O&M, Marine Corps: –\$5.7 million
- O&M, Defense-Wide: –\$27.6 million
- WCF, Air Force: –\$9.5 million
- WCF, Army: –\$9.6 million
- WCF, Defense-Wide: –\$52.6 million

The committee expects the Department to achieve these savings by: (1) aggressively implementing the new approval requirement for the operation and maintenance of existing business systems, contained in section 1002 of the bill; and (2) eliminating funding to maintain business systems that are obsolete, no longer needed, or not a part of the objective business systems architecture of the Department.

### **Management efficiencies in the military intelligence program**

The budget request included a classified amount in base budget operation and maintenance (O&M) accounts for the military intelligence program. In his August 9, 2010, speech on the Department of Defense (DOD) efficiencies initiatives, the Secretary of Defense stated:

“[S]ince September 11th, the U.S. government has seen a proliferation of new intelligence organizations and operations. . . . [I]n the defense arena, large and well-staffed intelligence structures now exist in the services, the defense agencies, the combatant commands, and in the war theaters. . . . [W]e should not flinch from eliminating unnecessary redundancy and directing more resources to places where they are needed . . . . We must also take further steps to end needless duplication within the department's intelligence community.”

On this basis, the Secretary directed that “a zero-based review of the department's intelligence missions, organizations, relationships, and contracts.”

The zero-based review directed by the Secretary resulted in a relatively narrow proposal to consolidate certain functions, which is projected to result in \$41.0 million in savings in the Defense Intelligence Agency in fiscal year 2012. Any other consolidations or re-

ductions were deferred for possible consideration in the fiscal year 2013 budget cycle. The committee has been informed that the so-called “zero-based review” did not even consider the feasibility of flattening management structures or reducing manpower within intelligence agencies, or the elimination or streamlining lower priority functions within such agencies.

At a March 29, 2011, hearing of the Subcommittee on Readiness and Management Support, the DOD Comptroller testified that:

“Secretary Gates has said he was disappointed in the review. . . . [W]e tried, and I don’t think we’ve gotten as far as we’d hoped. And I think it deserves some continued effort. And I think if Secretary Gates were here, he’d probably state it even more forcefully.”

At a time when the Department is seeking efficiencies in every area of its operations, a more serious review of the Department’s intelligence missions, organizations, relationships, and contracts is required, consistent with the objectives announced by the Secretary in his August 9, speech. Accordingly, the committee recommends that amounts available for the military intelligence program in the base budget O&M accounts be reduced by a percentage commensurate with the overall reductions achieved by the Secretary’s efficiencies initiatives in other areas, with the reduction distributed as follows:

- O&M, Navy Active: – \$11.3 million
- O&M, Army Active: – \$29.9 million
- O&M, Air Force Active: – \$46.6 million
- O&M, Defense-Wide: – \$41.3 million

The committee expects the Department to achieve these savings by: (1) accelerating the consideration of streamlining initiatives currently contemplated for the fiscal year 2013 budget; (2) reviewing and flattening management structures and reducing manpower requirements (including both government personnel and contractor personnel) where feasible; and (3) eliminating or streamlining lower priority functions.

### **Unobligated Operation and Maintenance balances**

The budget request included \$34.7 billion for Operation and Maintenance, Army (OMA), \$39.4 billion for Operation and Maintenance, Navy (OMN), \$5.9 billion for Operation and Maintenance, Marine Corps (OMMC), \$36.2 billion for Operation and Maintenance, Air Force (OMAF), and \$30.9 billion for Operation and Maintenance, Defense-wide (OMDW).

The committee notes that the sustained challenges associated with combat operations in Iraq and Afghanistan have created a difficult fiscal management situation, especially for the Army and Marine Corps. However, the Department of Defense continues to under-execute its Operation and Maintenance appropriations. The Government Accountability Office (GAO) has informed the committee that the average annual Operation and Maintenance unobligated balances for fiscal years 2006–2010 were \$1.1 billion for the Army, \$247.6 million for the Navy, \$287.3 million for the Air Force, \$86.7 million for the Marine Corps, and \$239.8 million for Defense-

wide. These continued excessive unobligated balances are not consistent with sound stewardship of taxpayer dollars.

The committee concludes that with better financial management, it should be possible to reduce the OMN, OMAF, and OMDW accounts by 50 percent of the average unobligated balance identified by the GAO without adverse effect. In light of the fiscal management challenges faced by the Army and Marine Corps as they bear the brunt of sustained ground combat operations in Afghanistan, the committee concludes that a lower reduction of 25 percent of the average unobligated balance identified by the GAO is appropriate in the case of the OMA and OMMC accounts.

Accordingly, the committee recommends a decrease of \$275.0 million to OMA, a decrease of \$21.6 million to OMMC, a decrease of \$123.8 million to OMN, a decrease of \$143.7 million to OMAF, and a decrease of \$119.9 million to OMDW.

**Reduction in non-dual status technician limitation**

The amount authorized to be appropriated for Army National Guard Operation and Maintenance includes the following change from the budget request. The provision underlying this change in funding is discussed in greater detail in title IV of this committee report.

[Change in millions of dollars]	
Reduction in non-dual status technician limitation .....	- 20.0

**Operation and maintenance, Air Force administration and other servicewide activities reduction**

The budget request included \$36.2 billion for Operation and Maintenance, Air Force (OMAF), of which \$1.8 billion was for Administration and Other Servicewide Activities.

The committee is concerned that the Air Force executed new spending from their efficiencies initiatives in the fiscal year 2012 budget request and unlike the other military departments, allotted more than half of its savings to increases in OMAF.

The committee recommends a decrease of \$165.0 million in OMAF for administration and a decrease of \$104.0 million in OMAF for other servicewide activities based on unjustified growth.

**Funding decrease for unexecuted museum**

The budget request included \$36.2 billion for Operation and Maintenance, Air Force (OMAF), of which \$1.0 billion was for Other Servicewide Activities. The committee has learned that the Air Force budgeted \$14.0 million in anticipation of receiving a space shuttle for a museum, which did not occur.

Accordingly, the committee recommends a decrease of \$14.0 million in OMAF, in Other Servicewide Activities.

**Defense Security Cooperation Agency**

The budget request included \$682.8 million in Operation and Maintenance, Defense-wide (OMDW), for the Defense Security Cooperation Agency (DSCA). Of this amount, the request included \$500.0 million for the Global Train and Equip program to build the capacity of foreign military forces to meet emerging security



threats. The requested amount for the Global Train and Equip program would be \$150.0 million in excess of the program's currently authorized level for fiscal year 2012 of \$350.0 million under section 1206 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3456), as most recently amended by section 1207 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383).

As it has previously stated, the committee continues to believe that the authority for the Global Train and Equip program is primarily intended to address emerging needs to build the capacity of foreign military forces, particularly developing or other countries that otherwise would be unable to build such capacity on their own, to conduct counterterrorism operations. This authority is also intended to build the capacity of foreign military forces to conduct stability operations and special operations. The committee reiterates that the section 1206 authority is not intended to duplicate or substitute for other foreign military assistance authorities, nor to sustain previous section 1206 programs over multiple years.

In justifying its budget request for the Global Train and Equip program, the Department emphasized the terrorism threat emanating from the Arabian Peninsula. The committee has for some time been deeply concerned about the growing threats to U.S. interests and the Homeland emanating from Yemen and Somalia. To address these specific threats, the committee would provide two tailored train and equip authorities in separate sections of title XII of this Act. The first would provide up to \$75.0 million to build the capacity of the Yemen Ministry of Interior counter terrorism forces. The committee's concerns regarding the uncertain political situation in Yemen are addressed in another section of this report, and the committee will continue to monitor developments closely. The second provision would provide up to \$75.0 million to build the capacity of countries in East Africa that share a border with Somalia and those nations participating in the African Union Mission in Somalia.

The budget request also included \$2.3 million for the DSCA's Security Cooperation Assessment Office (SCAO). The SCAO is a new initiative by DSCA to gather, analyze, and assess the impact of the Department's security cooperation programs and initiatives. The committee believes such an assessment of DSCA's programs is necessary and in a different section of this report directs the Comptroller General of the United States to conduct such an audit of DSCA's programs and develop recommendations on how, if necessary, to improve DSCA's current model.

Therefore the committee recommends a decrease of \$152.3 million to OMDW for DSCA, consisting of a decrease of \$150.0 million to the Global Train and Equip program and a decrease of \$2.3 million to the SCAO.

#### **Defense-wide funding decrease for ahead of need request**

The budget request included \$81.7 million in Operation and Maintenance, Defense-wide (OMDW), for the Office of Economic Adjustment (OEA), of which \$33.0 million was for grant funding to purchase items related to the relocation of Marines to Guam.

The committee has requested a reevaluation of the relocation of Marines to Guam and is concerned that the funds requested for OEA are therefore ahead of need. Accordingly, the committee recommends a decrease of \$33.0 million in OMDW for the OEA.

**Department of Defense Education Activity Operations and Maintenance funding**

The amount authorized to be appropriated for the Department of Defense Education Activity Operations and Maintenance account includes the following changes from the budget request. The provisions underlying these changes in funding levels are discussed in greater detail in title V of this committee report.

[Changes in millions of dollars]	
Impact aid for schools with military dependent students .....	25.0
Impact aid for children with severe disabilities .....	5.0
Total .....	30.0

**Reimbursement for expenses deferred to fund foreign operations**

The budget request included \$170.8 billion in Operation and Maintenance (O&M) for the Department of Defense (DOD).

The committee recommends an increase of \$406.6 million in O&M to the total amount provided to the DOD in section 4301 of this bill to be used by the Secretary of Defense to reimburse expenses deferred to fund foreign operations.

**Items of Special Interest**

**Army energy security implementation strategy**

The committee supports the Army’s development of its Energy Security Implementation Strategy which includes: reduced energy consumption, increased energy efficiency across platforms and facilities, increased use of new renewable and alternative energy, assured access to sufficient energy supplies, and reduced adverse impacts on the environment. However, the committee notes that the Army needs to develop quantitative targets and timelines for these goals such as have been established by the other Services such as the Navy and Air Force.

Furthermore, given the vulnerabilities of our extended logistics supply lines in current global conflicts—as well as possible future engagements, the committee urges the Army to increase the pace and focus of its initiatives to develop, test, field, and maintain operationally-effective and cost-effective alternative fuels for its transportation systems that are capable of increasing the Department of Defense’s energy independence and enhancing its capacity to displace petroleum-based fuels for military applications on a continuing basis.

**Civil Reserve Air Fleet transportation of military personnel, equipment and supplies**

The Commander, United States Transportation Command (TRANSCOM), informed the committee that he was concerned about the potential effects of a proposed rule by the Federal Aviation Administration (FAA) in the Code of Federal Regulations re-

lating to issues of crew rest requirements for non-scheduled airlines. This matter causes him concern because he believes that an FAA rule in this area could negatively affect Civil Reserve Air Fleet (CRAF) participants who carry out many TRANSCOM missions supporting the military services.

The Commander of TRANSCOM pointed out that many military support flights are short-notice, on-demand missions in response to emergent requirements of developing situations, such as the recent examples of Iraq, Afghanistan, Libya, Japan, and Bahrain demonstrate. He expressed concern that the proposed rule could add enormous administrative burdens to CRAF participants, greatly reducing delivery velocity of personnel, equipment, and supplies to the point of need, and constraining the flexibility he needs to support of national security requirements, without adding any real value in terms of safety.

The committee directs the Commander of TRANSCOM to provide a report to the appropriate committees of Congress assessing: (1) the potential effects of the proposed rulemaking; (2) why TRANSCOM believes that application of a proposed rule to CRAF participants would add little, if any, value in terms of safety; (3) what steps TRANSCOM has taken to bring these concerns to the attention of the FAA; (4) what response TRANSCOM has received from the FAA regarding TRANSCOM's concerns; and (5) what steps are available to TRANSCOM and other government agencies who rely on CRAF support to mitigate the effects of a potential FAA rule making.

In this section, the committee means to the term "appropriate committees of Congress" to include: (1) the Committee on Armed Services, the Committee on Commerce, Science, and Transportation, and the Committee on Appropriations of the Senate; and (2) the Committee on Armed Services, the Committee on Transportation and Infrastructure, the Committee on Science, Space, and Technology, and the Committee on Appropriations of the House of Representatives.

#### **Department of Defense decisions on in-sourcing of functions currently performed by contractors**

Section 2463 of title 10, United States Code, requires the Department to implement procedures to ensure that consideration is given to in-sourcing functions currently performed by contractors, with a special focus on functions closely associated with inherently governmental functions. Section 323 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) prohibits the Secretary from establishing arbitrary goals or quotas for in-sourcing and requires that any in-sourcing decision that is made on the basis of costs use the costing methodology outlined in Directive-Type Memorandum (DTM) 09-007, entitled "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contactor Support."

In April 2009, the Secretary of Defense announced a plan to replace up to 30,000 contractor employees with civil servants over a 5-year period. This in-sourcing initiative was designed to achieve two objectives: (1) to reduce the Department's reliance on contractors to perform critical functions, such as the management of the

acquisition system; and (2) to save money by replacing contractors with less expensive civil servants. The committee is aware of instances in which the military departments appear to have moved forward with quota-driven in-sourcing efforts arising out of this plan without clearly demonstrated cost savings or other benefits to the Department.

In August 2010, the Secretary stated that he was not satisfied with the savings achieved from the in-sourcing initiative and announced a 3-year freeze on the size of the Department's civilian workforce. Further, he determined that, with some exceptions "for critical areas such as the acquisition workforce," no more full-time civilian positions would be created to replace contractor employees after fiscal year 2010.

The committee believes that the Department's hiring efforts should focus on the acquisition workforce and other critical capabilities needed by the Department. At a time when the Department desperately needs to rebuild its in-house capabilities in critical mission areas, the effort and expense required to hire new civilian employees to replace contractor employees should not be wasted on the conversion of routine commercial functions that can readily be performed by contractors at less expense. To the extent that the Department chooses to continue other in-sourcing efforts initiated prior to the Secretary's moratorium, or to initiate new cost-based in-sourcing efforts, the committee expects such in-sourcing efforts to be conducted in full compliance with the requirements of section 323 and the costing methodology required by DTM 09-007.

#### **Department of Defense efficiencies initiative and critical workforce capabilities**

On May 8, 2010, the Secretary of Defense gave a speech at the Eisenhower Library, in which he announced his intention of reforming the business operations of the Pentagon in an effort to root out duplication, waste, and excess spending. The Secretary stated:

"The Defense Department must take a hard look at every aspect of how it is organized, staffed, and operated—indeed, every aspect of how it does business. In each instance we must ask: First, is this respectful of the American taxpayer at a time of economic and fiscal duress? And second, is this activity or arrangement the best use of limited dollars, given the pressing needs to take care of our people, win the wars we are in, and invest in the capabilities necessary to deal with the most likely and lethal future threats?"

On August 9, 2010, the Secretary announced a number of specific efficiencies measures that the Department would adopt, including, among others, a 3-year freeze on civilian personnel in the Office of the Secretary of Defense and the defense agencies (later expanded to cover the military departments as well) and a suspension of in-sourcing measures under which the Department would replace contractors with government employees.

The committee supports the Secretary's objectives of reducing "duplication, overhead, and excess in the defense enterprise" and

instilling “a culture of savings and restraint” across the Department of Defense.

At the same time, however, the committee is cognizant of the need to ensure that personnel ceilings and in-sourcing restrictions included in the Secretary’s efficiencies initiatives do not undermine ongoing efforts to ensure that the Department of Defense (DOD) has the capability it needs to oversee the hundreds of billions of dollars it spends every year on the acquisition of products and services, and to perform other critical government functions.

DOD acquisition programs cost billions of dollars more than they should—in significant part, because our acquisition workforce was dramatically cut in the 1990s and no longer has the capacity to perform its essential functions. Section 852 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181) established an Acquisition Workforce Development Fund to help the Department of Defense address this problem.

Over the last year, the Secretary of Defense has stated that the Department must continue to rebuild its acquisition workforce, even as it seeks efficiencies in other areas. When he first announced his plans for a civilian workforce freeze and a suspension of in-sourcing efforts on August 9, 2010, the Secretary stated his intent to make an exception for “critical areas such as the acquisition workforce.” The Deputy Secretary of Defense reinforced this point at a September 2010, Senate Committee on Armed Services hearing: “The effort to seek efficiencies in our civilian staff will not undercut the ongoing process of adding contracting officers, system engineers, and weapons testers in our acquisition system.”

The committee notes that the acquisition workforce includes not only contracting officers and auditors, but also cost estimators, systems engineers, developmental testers, and the entire range of experts that DOD needs to ensure that it acquires the right products at the best possible price, without wasting taxpayer money. Moreover, there are other critical capabilities—such as financial management and business systems expertise—that the Department continues to need to ensure that taxpayer money is spent wisely. In some cases, in-sourcing may be the most effective tool to build needed in-house capability to perform these critical functions.

The committee directs the Department to: (1) continue to use the Acquisition Workforce Development Fund for its statutory purpose of rebuilding the acquisition workforce; and (2) ensure that staffing levels for the acquisition workforce and other critical functions are based on human capital planning and other reasoned assessments designed to ensure that the Department has the capabilities it needs, not on arbitrary ceilings or prohibitions applied across the Department in an effort to achieve short-term savings.

#### **Department of Defense Inspector General report on Qarmat Ali**

In 2003, U.S. service members, including members of the National Guard, serving in Iraq were exposed to sodium dichromate, a hazardous and carcinogenic chemical, at the Qarmat Ali Water Injection Facility. Since then several members of Congress have requested information regarding this issue. In a letter to the Secretary of Defense, dated September 15, 2009, this committee re-

quested an evaluation of the adequacy and timeliness of the Department's efforts to identify and contact soldiers who were or may have been exposed to sodium dichromate to determine if those soldiers were experiencing medical problems related to the exposure and to ensure that they have access to appropriate care. In that letter the committee also asked the Secretary to identify any additional actions that may be necessary and specify whether any require authorization or funding from Congress. On September 17, 2010, the Office of the Inspector General of the Department of Defense responded on behalf of the Secretary and provided a report entitled, "Exposure to Sodium Dichromate at Qarmat Ali in 2003: Part 1—Evaluation of Efforts to Identify, Contact and Provide Access to Care for Personnel." The response also explained that a "second part of the review, which is based on a request originating from seven of your colleagues on the United States Senate Democratic Policy Committee to review the Army and contractor actions taken at the Qarmat Ali facility in 2003" was under way and that a draft report was expected to be issued by the end of 2010. To date, this second report has not been received.

The committee believes it is important to have a full accounting of any environmental assessments performed by the contractor prior to service members entering the site; an assessment of the health risks associated with exposure to hazardous chemicals at Qarmat Ali prior to site encapsulation; and a better understanding of the site assessment by the Defense Health Board.

Accordingly, the committee directs the Secretary of Defense to ensure that the second part of the review is completed expeditiously and submitted to the congressional defense committees within 60 days.

### **Energy metering and other energy efficiency technologies**

The committee encourages the Department of Defense (DOD) to maximize the use of emerging sustainable technologies, where fiscally prudent, for electrical systems, including advanced metering for electrical networks, distributed energy generation systems, and high efficiency transformers that have the ability to greatly reduce federal energy consumption.

As such, the committee is concerned that the DOD is not effectively analyzing data gathered by installation energy meters on its military installations. The committee remains encouraged by the DOD's decision to make significant investments with regard to installing energy meters to become more energy efficient. However, the committee is concerned that the lack of effective tracking measures and analytics leaves the DOD unable to clearly determine reduced costs from energy metering.

Accordingly, the committee directs the DOD to take appropriate steps to analyze data gathered by energy meters in an effective and efficient manner in accordance with section 8253 of title 42, United States Code.

### **Military commuter centers**

Force structure changes, base realignment and closure, community growth and off-base housing projects have resulted in increased traffic congestion on local transportation systems and on

military installations. While military and civilian personnel have the authority to take pro-active actions, many bases and facilities inhabited by Department of Defense (DOD) personnel lack a central office or designated official responsible for providing individuals with the information and resources to carpool, vanpool, or utilize mass transit. Utilization of commuter options would decrease local traffic congestion and decrease energy consumption, thereby working towards energy efficiency goals of the military services.

The committee therefore encourages the Deputy Under Secretary of Defense for Installations and Environment, in conjunction with the Director of the Office of Economic Adjustment, to take appropriate steps to promote the utilization of carpools, van pools and mass transit options at military installations and facilities with a substantial DOD civilian or military presence and workforce. Such steps should include, in appropriate cases, the designation of a central office or designated official responsible for providing information and resources needed to encourage the use of such transportation options.

#### **Net-Zero energy usage on military installations**

The committee notes that on October 5, 2009, the President signed Executive Order (EO) 13514, which set sustainability goals for federal agencies to make improvements in their environmental, energy, and economic performance. The EO implemented high performance sustainable federal building design, construction, operation and management, maintenance, and deconstruction goals by ensuring that all new federal buildings that enter the planning process are designed to achieve zero-net-energy by 2030.

The committee notes that the EO defined a “zero-net-energy building” as “a building that is designed, constructed, and operated to require a greatly reduced quantity of energy to operate, meet the balance of energy needs from sources of energy that do not produce greenhouse gases, and therefore result in no net emissions of greenhouse gases and be economically viable.”

In response to the EO, the Department of Defense (DOD) announced in early 2011 a series of initiatives, including a collaborative task force with the Department of Energy to study Net Zero Energy Installation (NZEI) pilot sites for each service. The Task Force NZEI defined a net zero facility as “a military installation that produces as much energy on or near the installation, as it consumes in its buildings and facilities (maximizing the use of renewable energy resources).” The intent of the study is to create a repeatable template for installations to assess their potential for energy conservation, renewable energy production, and improved energy security.

The committee also notes that in April 2011, the Department of the Army established goals that, as part of their overall effort to conserve natural resources, net zero installations will consume only as much energy or water as they produce and eliminate solid waste to landfills. The Army identified six net zero pilot installations in each of the energy, water, and waste categories and two integrated installations striving towards net zero by 2020.

The committee understands that the Department plans to achieve these goals through a series of initiatives including the use

of energy savings performance contracts, utility partnerships, utility energy savings contracts, privatization, and the use of DOD appropriations. The committee supports these goals and expects the Department to work to achieve them in a cost-effective manner without undermining the operational effectiveness of DOD facilities. The committee also notes that the goal of 2020 is ambitious and requires the concerted effort of key decision makers in the Department guided by some sort of plan. Therefore, the committee directs the Secretary of the Army to submit to the congressional defense committees a proposed investment plan not later than February 1, 2012, for implementation of the Department of the Army's Net Zero pilot programs. This plan shall include:

- (1) A description of the Army's goals under all three categories of the Net Zero pilot program, including energy, water, and waste; and
- (2) A plan for the funding and other resources programmed to carry out the plan, and the timeline for funding.

**Program management of weapon systems in the sustainment phase**

The committee understands that the Air Force is considering locating program management personnel for weapon systems in the sustainment phase at Headquarters, Air Force Materiel Command, or another central location rather than at the Air Logistics Centers where they are currently located. This appears to be intended as a cost-saving measure designed to allow for a reduction of billets across Air Force Materiel Command. The committee is aware of concerns that the proposed relocation could undermine a close working relationship between program managers and depot maintainers that has been beneficial to the Air Force.

For these reasons, the Committee directs the Air Force to provide a report to the Committees on Armed Services of the Senate and the House of Representatives no later than October 1, 2011, that includes the following: (1) an explanation of and rationale for the Air Force's proposal for locating program management personnel for weapon systems in the sustainment phase at Headquarters, Air Force Materiel Command, or another central location; (2) an assessment of the benefits to the government from the proposed change, including any reduction in billets and the expected savings that would result; and (3) an assessment of the cost or risk to the government from the proposed change, including any synergies and efficiencies that might be lost by separating these two functions.

**Protection of resources at Fort Huachuca, Arizona**

The committee notes that a recent decision by the United States District Court for the District of Arizona vacated a Biological Opinion (BO) carried out in 2007 between the United States Army and the United States Fish and Wildlife Service (FWS) pursuant to the Endangered Species Act (ESA), section 1536 of title 16, United States Code, to address the impacts of the Army's proposed ongoing and future operations at Fort Huachuca on the critical habitats of the Huachuca water umbel and the Southwestern Willow Flycatcher. These endangered species' habitats along the San Pedro River in Southern Arizona may be affected indirectly by the Fort's



pumping of groundwater from the regional aquifer—the Sierra Vista sub-watershed—and capture of San Pedro River discharge. As a result of the court’s ruling, the FWS must reinitiate and complete formal consultation with the Army with respect to the impacts of the Fort’s ongoing and future military operations.

The committee notes that Fort Huachuca is home of the U.S. Army Intelligence Center and the U.S. Army Network Enterprise Technology Command/9th Army Signal Command. Libby Army Airfield is located on post along with the Black Tower Unmanned Aerial System training complex and associated air strips. These serve as test and training sites for unmanned aerial systems from all Services and other federal agencies. Fort Huachuca is a critical national asset, primarily due to the capability maintained in a series of electronic range complexes and the associated first order survey test sites that offer an ideal, quiet, electromagnetic open-air testing environment unparalleled in the country for the U.S. military, other federal agencies, and foreign partners. The Fort’s topography, climate, air space, and training ranges make it uniquely capable to carry out critical operations, training, and testing missions pertaining to command, control, and communications, and intelligence, surveillance, and reconnaissance.

The committee is concerned that, despite substantial efforts and resources by the Department of the Army and Fort Huachuca to reduce the impact of groundwater pumping over the last 10 years, the court ruling may have a detrimental impact on the ability of the Fort to balance collaboration with FWS on the preservation of endangered species with the critical need to meet current and future national security requirements. The committee notes that a similar concern persists around the country at other installations as military leaders manage the need for adequate military training with requirements to comply with protections contained in various acts for natural resources and endangered species. The committee has supported efforts by the Department of Defense to address these concerns by implementing collaborative plans between federal agencies. The committee expects that the direction from the court for FWS and the Army to reinitiate and complete formal consultations will result in an outcome that protects the Huachuca Water Umbel and the Southwestern Willow Flycatcher, while also preserving current missions and operations, as well as the prerogative for future missions, at Fort Huachuca.

The committee notes that the court cited reliance by FWS on mitigation measures “that are not reasonably specific, nor reasonably certain to occur.” In particular, the court ruling raised a concern that the FWS must ensure that the proposed implementation measures in the BO refer to “specific and binding plans” with a “clear, definite commitment of resources for future improvements” subject to “deadlines or otherwise-enforceable obligations to implement measures in a way that satisfies the jeopardy.” The committee notes that the Secretary of the Army, within certain constraints, has the ability to provide that plan to FWS.

Therefore, the committee directs the Secretary of the Army to provide to this committee no later than December 31, 2011, a plan of specific projects or initiatives with a funding strategy for future improvements, and the deadlines for those improvements at Fort

Huachuca and other similar facilities, that will be required to satisfy commitments, consistent with regional plans included in the BO for the preservation of the Huachuca Water Umbel and the Southwestern Willow Flycatcher and their critical habitats.

#### **Readiness support for Navy unfunded requirements**

The committee remains concerned that as a result of almost a decade of combat operations and high operations tempo, a 1-year backlog of deferred ship and aircraft depot maintenance remain unexecuted by the Navy. The committee notes that a failure to address this backlog for active and reserve ships and aircraft will continue to jeopardize and erode materiel readiness, further reduce the service life of the fleet, increase long-term sustainment costs, and further increase strategic risk for the Nation.

Despite this backlog, the Navy continues to underfund critical readiness accounts. As a result, the unfunded requirements list prepared by the Chief of Naval Operations included \$367.0 million in funding for ship depot maintenance, \$73.0 million in funding for aircraft spare parts, \$27.0 million in funding for aircraft logistics, and \$317.0 million in funding for aircraft spare parts.

In the current budget environment, the committee does not believe that it would be responsible to add funding to address these requirements without an offset identified by the Navy. The committee urges the Secretary of the Navy and Chief of Naval Operations to identify necessary funding through reprogramming requests and to fully fund ship and aircraft depot maintenance requirements in the budget requests for fiscal year 2013 and future years.

#### **Required action relating to water contamination at Camp Lejeune**

The Agency for Toxic Substances and Disease Registry (ATSDR) is the federal entity congressionally mandated under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601 et seq.) to perform epidemiological and other human health studies on National Priority List Superfund sites. ATSDR is the lead federal health entity studying the effects of water contamination at Marine Corps Base Camp Lejeune, North Carolina.

In 2009, the National Academies of Sciences released a literature review entitled, “Contaminated Water Supplies at Camp Lejeune—Assessing Potential Health Effects,” which was mandated by section 318 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364; 120 Stat. 2143) for the purpose of conducting a comprehensive review and evaluation of the available scientific and medical evidence regarding associations between prenatal, child, and adult exposure to drinking water contaminated with trichloroethylene and tetrachloroethylene at Camp Lejeune. In that review, the National Academies of Sciences did not conduct a health risk assessment of trichloroethylene, tetrachloroethylene, benzene, and vinyl chloride.

The committee recognizes the importance of ensuring the dissemination of accurate information regarding the contaminants that were present in Camp Lejeune’s water supply and associated

adverse health effects to ensure the information does not mislead or confuse the public or dissuade potentially affected persons from participating in planned scientific research studies involving the contamination. In this regard, the committee is concerned about characterizations of the 2009 National Academies of Sciences literature review in the public domain, including letters sent by the Department of the Navy on January 25, 2011, to Camp Lejeune Water Contamination Registrants. The discovery of records and dissemination of accurate information pertaining to the contamination of Camp Lejeune drinking water systems should not depend on specific requests from Camp Lejeune Water Contamination Registrants, but rather on a shared goal of ensuring the scientific accuracy of the studies conducted pursuant to the Annual Plan of Work of the ATSDR and the responsibility of the Secretary of the Navy to provide relevant information.

Accordingly, the committee directs the Secretary of the Navy to:

(1) issue a revised corrected letter to Camp Lejeune Water Contamination Registrants that clarifies that the 2009 National Academies of Sciences literature review did not conduct a risk assessment of benzene and vinyl chloride, and ensure that all official correspondence sent to the public and all information present on Department of the Navy and United States Marine Corps websites and other public domains references the correction to provide the public with accurate information about possible human health effects of exposure to toxic water;

(2) finalize the communications agreement between the Department of the Navy and the Agency for Toxic Substances and Disease Registry regarding the procedure for the public release of information pursuant to section 7.5 of the Department of the Navy—Agency for Toxic Substances and Disease Registry Memorandum of Understanding;

(3) retract and remove the United States Marine Corps July 2010 booklet entitled, “Camp Lejeune Historic Drinking Water: Questions and Answers” from the United States Marine Corps website and other public domains; and

(4) replace the United States Marine Corps July 2010 publication of the above referenced booklet with a revised booklet that—

(A) is coordinated with the Agency for Toxic Substances and Disease Registry prior to its release,

(B) acknowledges the significance of trichloroethylene, tetrachloroethylene, benzene, and vinyl chloride contaminants that were present in Camp Lejeune’s water supply, and

(C) addresses and reflects the concerns that the Agency for Toxic Substances and Disease Registry has expressed in formal written correspondence to the Department of the Navy; and

(5) certify in writing to the Committees on Armed Services for the Senate and the House of Representatives, not later than August 15, 2011, that the actions contained in subparagraphs (1) through (4) above have been completed.

### **Requirement for Department of Defense input regarding the Logistics Management Institute's depot study**

The committee is concerned that a lack of Department of Defense (DOD) input regarding the findings and recommendations of the Logistics Management Institute's (LMI) study does not provide Congress with a comprehensive view prior to enacting legislation that could have unintended consequences. While no statute can anticipate every potential requirement or situation, the committee believes that the inherent flexibility of the existing statutes (10 United States Code 2460 and 10 United States Code 2464) permit the defense community to conform to the intent of the law while simultaneously adapting to evolving depot maintenance and sustainment requirements.

Section 322 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417) required the Secretary of Defense to contract for a study on the capability and efficiency of the depots of the DOD to provide the logistics capabilities and capacity necessary for national defense. Section 322 also tasked the Government Accountability Office to evaluate the findings and recommendations of the LMI study and required the DOD and military services to comment, but DOD's official response did not specifically address any findings or recommendations.

Accordingly, the committee directs the Secretary of Defense to direct the Under Secretary of Defense for Acquisition, Technology, and Logistics and the secretaries of the military services to provide a report to Congress no later than March 1, 2012, which at a minimum, will include the DOD's and the military services' views on the LMI study's findings and recommendations, specify any statutory and policy changes needed to implement the recommendations, identify actions and timelines for accomplishing ongoing and planned actions to implement the recommendations, and estimate the various costs and benefits associated with implementing the recommendations.

### **Security surveillance at forward operating bases**

The committee encourages the Department of Defense to consider the full spectrum of surveillance and protection capabilities for use at forward operating bases (FOB). Given the dispersed nature of FOBs, which often face austere environments, the committee encourages the Department to explore additional measures, as appropriate, to ensure effective security and surveillance protection capabilities are available to our forces deployed to FOBs.

### **Updated requirement for ammunition plant and arsenal plans**

Ammunition plants and arsenals are of critical importance to the defense industrial base, serving as the sole producer of critical components and materials that are absolutely essential to the mission of the Department of the Army and the Nation's national security. As such, the committee continues to believe that establishing a long-range investment strategy for each plant and using that plan to develop budgets and guide funding decisions is the best way to ensure that scarce resources are focused on the highest priorities identified by the managers and leaders at each plant.

In July of 2010, after visiting Lake City Army Ammunition Plant (LCAAP) in Missouri, the Vice Chief of Staff of the Army, directed that the Army place a greater emphasis on quality work environment (QWE) improvements at Army ammunition plants and arsenals. At the same time, the Vice Chief directed the Army to reprogram \$80.4 million to address significant QWE shortcomings at LCAAP. The committee supports the Vice Chief's initiative to place greater emphasis on QWE at LCAAP and other ammunition plants and arsenals, but believes that all such improvements should be planned and prioritized along with other investments in long-range investment master plans for such facilities.

The committee further notes that other Department of Defense industrial operations such as depots have developed comprehensive long-range modernization plans that benefit from a minimum level of recapitalization funding each year. These long-range plans are essential to ensuring that department industrial operations can meet current and future mission requirements with effective, efficient and modern facilities and equipment, while also providing a safe work environment for plant and arsenal employees. The committee notes that in response to a request in the Senate report accompanying section 3001 (Senate Report 110-335) of the Defense Authorization Act for Fiscal Year 2009, the Department of the Army has provided annually a report on facilities and construction planning at Army ammunition plants and arsenals that details priorities for the current budget year.

The committee directs the Secretary of the Army to continue this report for the next 3 years but to include in the report a comprehensive long-range plan for each ammunition plant and arsenal that establishes a prioritized investment strategy for each year in the future-years defense program accompanying the budget request for that year to correct unsafe, hazardous, or environmentally harmful working conditions, to upgrade deteriorated facilities to an adequate condition, to modernize equipment and manufacturing processes to industry standards, and to incorporate investments in new technology that will improve efficiencies in production. The committee also notes that not all requirements of the report have been submitted to the committee as requested. Therefore, the committee directs the Secretary to submit an investment master plan for each ammunition plant and arsenal no later than May 1, 2012.



## TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

### Subtitle A—Active Forces

#### End strengths for active forces (sec. 401)

The committee recommends a provision that would authorize active-duty end strengths for fiscal year 2012, as shown below:

	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
Army .....	569,400	562,000	562,000
Navy .....	328,700	325,700	325,700
Marine Corps .....	202,100	202,100	202,100
Air Force .....	332,200	332,800	332,800

The committee remains concerned about the proper size of the active forces as we reduce our forces in Iraq this year and in Afghanistan over the coming years. The committee supports the Army’s plan to reduce by the end of fiscal year 2013 its Temporary End Strength Increase (TESI), the 22,000 additional soldiers requested by the President and approved by Congress in 2009. TESI has allowed the Army to overcome the effects of its large non-deployable population and to end its use of the stop loss authority. The committee also supports the Army and Marine Corps plans to reduce permanent end strength in a responsible and considered manner through fiscal year 2017, but would urge the Department to continually update plans and projections to stand ready to accelerate the planned reductions if conditions warrant.

While the committee supports in principle the reduction of permanent end strength in the ground forces, and an acceleration of that reduction if possible, we remain concerned in the near term about insufficient dwell time. As Secretary McHugh and General Casey testified recently before the committee, “soldiers require at least 2 to 3 years to fully recover, both mentally and physically, from the rigors of a 1 year combat deployment.” As of March of this year, active component dwell time stood at 1 to 1.6, far short of the goal of 1 year to 2 or 3. Additionally, the committee believes future reductions in force, while necessary, must be accomplished in a responsible manner, taking into account the wartime service and contribution of service members, particularly those with over 15 years of service. The nation owes it to our service members and their families, especially after enduring the challenges of 10 years of war, to carefully balance many factors in deciding how to draw down responsibly and fairly.

The committee supports the administration’s request and recommends active-duty end strengths for fiscal year 2012 for the

Army of 562,000, the Navy of 325,700, the Marine Corps of 202,100, and the Air Force of 332,800.

### Subtitle B—Reserve Forces

#### End strengths for Selected Reserve (sec. 411)

The committee recommends a provision that would authorize Selected Reserve end strengths for fiscal year 2012, as shown below:

	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
The Army National Guard of the United States .....	358,200	358,200	358,200
The Army Reserve .....	205,000	205,000	205,000
The Navy Reserve .....	65,500	66,200	66,200
The Marine Corps Reserve .....	39,600	39,600	39,600
The Air National Guard of the United States .....	106,700	106,700	106,700
The Air Force Reserve .....	71,200	71,400	71,400
The Coast Guard Reserve .....	10,000	10,000	10,000

#### End strengths for Reserves on active duty in support of the Reserves (sec. 412)

The committee recommends a provision that would authorize full-time support end strengths for fiscal year 2012, as shown below:

	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
The Army National Guard of the United States .....	32,060	32,060	32,060
The Army Reserve .....	16,261	16,261	16,261
The Navy Reserve .....	10,688	10,688	10,688
The Marine Corps Reserve .....	2,261	2,261	2,261
The Air National Guard of the United States .....	14,584	14,584	14,584
The Air Force Reserve .....	2,992	2,992	2,992

#### End strengths for military technicians (dual status) (sec. 413)

The committee recommends a provision that would authorize end strengths for military technicians (dual status) for fiscal year 2012, as shown below:

	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
The Army Reserve .....	8,395	8,395	8,395
The Army National Guard of the United States .....	27,210	27,210	27,210
The Air Force Reserve .....	10,720	10,720	10,720
The Air National Guard of the United States .....	22,394	22,394	22,394

#### Fiscal year 2012 limitation on number of non-dual status technicians (sec. 414)

The committee recommends a provision that would establish limits on the number of non-dual status technicians who may be employed in the Department of Defense as of September 30, 2012, as shown below:



	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
The Army National Guard of the United States .....	1,600	1,600	1,600
The Air National Guard of the United States .....	350	350	350
The Army Reserve .....	595	595	595
The Air Force Reserve .....	90	90	90

The committee recommends maintaining Army National Guard non-dual status technician end strength at 1,600, consistent with prior years. The committee notes that under a Presidential waiver of end strength limitations, the Army National Guard currently employs over 3,000 non-dual status technicians, many of whom serve at State headquarters rather than supporting operational units. Further, in section 513 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383), Congress provided temporary hiring authority for non-dual status technicians necessary to replace deployed dual status technicians. This provision should alleviate short-term shortages caused by deploying technicians. The committee considers the end strength limitations of this section sufficient to meet permanent peacetime requirements. The committee urges the Department to meet any additional long-term civilian personnel needs through existing civilian personnel hiring processes, rather than through the non-dual status technician program.

**Maximum number of Reserve personnel authorized to be on active duty for operational support (sec. 415)**

The committee recommends a provision that would establish limits on the number of Reserve personnel authorized to be on active duty for operational support under section 115(b) of title 10, United States Code, as of September 30, 2012, as shown below:

	Fiscal year		
	2011 authorization	2012 request	2012 recommendation
The Army National Guard of the United States .....	17,000	17,000	17,000
The Army Reserve .....	13,000	13,000	13,000
The Navy Reserve .....	6,200	6,200	6,200
The Marine Corps Reserve .....	3,000	3,000	3,000
The Air National Guard of the United States .....	16,000	16,000	16,000
The Air Force Reserve .....	14,000	14,000	14,000

**Subtitle C—Authorization of Appropriations**

**Military personnel (sec. 421)**

The committee recommends a provision that would authorize funds to be appropriated for military personnel accounts of the Department of Defense for fiscal year 2012.

**Budget Item**

**Military personnel funding changes**

The amount authorized to be appropriated for military personnel programs in section 421 of this Act includes the following changes from the budget request:

[Changes in millions of dollars]

Reduction of Army referral bonus .....	- 25.0
Hostile fire pay proration .....	- 30.0
Reduction of unobligated military personnel balances .....	- 325.6
Total .....	- 380.6

The committee recommends allowing the authority for the health professions referral bonus and the Army referral bonus to expire. The administration's budget request did not include funding for the health professions referral bonus, and given the favorable recruiting environment and the Army's plan to reduce end strength beginning this year, the committee recommends reducing the Military Personnel budget by the \$25,000,000 budgeted for the Army referral bonus.

The committee recommends a provision contained elsewhere in this Act that would require the Department to prorate hostile fire/imminent danger pay by the day. Accordingly, the committee recommends reducing the budget for hostile fire/imminent danger pay by \$30,000,000.

A Government Accountability Office (GAO) estimate indicates that the services continue to under execute their Military Personnel accounts each year. The committee recommends reducing the Military Personnel accounts by a total of \$325,620,000, which reflects the average potential impact identified by GAO based on historical rates of unobligated balances.

## **TITLE V—MILITARY PERSONNEL POLICY**

### **Subtitle A—Officer Personnel Policy Generally**

#### **Increase in authorized strengths for Marine Corps officers on active duty (sec. 501)**

The committee recommends a provision that would amend section 523(a)(1) of title 10, United States Code, to increase the grade strength limitations for active-duty Marine Corps officers in the grade of major, lieutenant colonel, and colonel to enable the Marine Corps to shape its force to meet current and future manpower requirements.

#### **Voluntary retirement incentive (sec. 502)**

The committee recommends a provision that would amend chapter 36 of title 10, United States Code, to authorize a voluntary retirement incentive payment of up to 12 times an officer's monthly basic pay to certain officers with between 20 and 29 years of active-duty service. This authority, which was requested by the Department of Defense, would expire not later than December 31, 2018, and would be used to reduce end strength in a responsible manner during the planned force drawdown.

#### **National Defense University outplacement waiver (sec. 503)**

The committee recommends a provision that would amend section 663 of title 10, United States Code, to authorize the Secretary of Defense, in an individual case, to assign a graduate of the National Defense University who is not designated as a joint qualified officer to a joint assignment other than a joint duty assignment. The provision would also exclude from the requirement to be assigned to a joint duty assignment after graduation those joint qualified officers and other officers who graduate from a school within the National Defense University following pursuit of a program on an other-than-in-residence basis.

#### **Modification of definition of “joint duty assignment” to include all instructor assignments for joint training and education (sec. 504)**

The committee recommends a provision that would amend section 668(b)(1)(B) of title 10, United States Code, to change the definition of joint duty assignment to include instructor positions that provide significant experience in joint matters.

### **Subtitle B—Reserve Component Management**

#### **Authority for order to active duty of members of the Selected Reserve and certain members of the Individual Ready Reserve for preplanned missions (sec. 511)**

The committee recommends a provision that would amend chapter 1209 of title 10, United States Code, to authorize the secretary of a military department to order units, and certain members of the Selected Reserve or the Individual Ready Reserve, without the consent of the members concerned, to active duty for not more than 365 consecutive days for preplanned missions. The service secretaries would be authorized to exercise this authority only if the manpower and associated costs of the active duty and a description of the mission are included in the budget materials covering the fiscal year or years in which the units or members are anticipated to be ordered to active duty. No more than 60,000 reserve component members may be on active duty under this authority at any one time.

The committee believes that implementation of this provision by the services is consistent with the goal of enhancing the operational reserve. This new authority is not designed for use for emergent operational or humanitarian missions, but rather to enhance the use of reserve component units that organize, train, and plan to support operational mission requirements to the same standards as active component units under service force generation plans in a cyclic, periodic, and predictable manner. Other provisions of law, including sections 12302 and 12304 of title 10, United States Code, provide authority to order members of the reserve component to active duty for emergent operational or humanitarian missions.

The committee expects the services to comply with Department of Defense policies regarding dwell time when selecting units and individuals for involuntary order to active duty under this authority, and to continue to rely on volunteers to the maximum extent feasible.

#### **Modification of eligibility for consideration for promotion for certain reserve officers employed as military technicians (dual status) (sec. 512)**

The committee recommends a provision that would amend section 14301 of title 10, United States Code, to clarify that reserve officers employed as military technicians (dual status) who have been retained beyond their mandatory removal date for years of service under either section 10216(f) or 14702(a)(2) of title 10, United States Code, are not eligible for consideration for promotion by a mandatory promotion board convened under section 14101(a) of title 10, United States Code.

#### **Modification of time in which preseparation counseling must be provided to reserve component members being demobilized (sec. 513)**

The committee recommends a provision that would amend section 1142(a)(3)(B) of title 10, United States Code, to authorize commencement of preseparation counseling for demobilizing members

of a reserve component less than 90 days before the projected date of discharge or release from active duty when operational requirements make it unfeasible to do so at an earlier date.

**Report on termination of military technician as a distinct personnel management category (sec. 514)**

The committee recommends a provision that would direct the Secretary of Defense to conduct an independent study of the feasibility and advisability of terminating the military technician program as a personnel management category and to report to the congressional defense committees on this study, including any recommendations for statutory or administrative change, no later than 1 year after the date of enactment of this Act.

**Subtitle C—General Service Authorities**

**Repeal of mandatory high-deployment allowance (sec. 521)**

The committee recommends a provision that would repeal the authority and requirement to pay the high-deployment allowance under section 436 of title 37, United States Code.

**Prohibition on denial of reenlistment of members for unsuitability based on the same medical condition for which they were determined to be fit for duty (sec. 522)**

The committee recommends a provision that would amend section 1214a of title 10, United States Code, to prohibit the denial of reenlistment of a service member who has been determined by a Physical Evaluation Board (PEB) to be fit for duty based on a subsequent administrative determination that the member is unsuitable for deployment or worldwide assignment based on the same medical condition that was considered by the PEB.

The committee is concerned about misunderstanding of the intent of section 1214a of title 10, United States Code, as reflected in service policies or practices that would deny reenlistment to otherwise eligible service members who have been determined to be fit for duty by a PEB, but unsuitable for continued service based on the same medical condition considered by the PEB. The committee expects the secretaries concerned to ensure that service members' potentially disqualifying medical conditions are evaluated within the Disability Evaluation System and that such members are not processed for administrative separation or denied reenlistment on the basis of non-worldwide assignability or unsuitability based on the same medical condition for which they have been found to be fit for duty by a PEB.

The committee also encourages service secretaries to place members on the temporary disability retired list in appropriate cases where it is yet to be determined whether the member's disability is permanent and stable. These members should not be retained on active duty for protracted periods to determine whether their condition will stabilize.

**Expansion of regular enlisted members covered by early discharge authority (sec. 523)**

The committee recommends a provision that would amend section 1171 of title 10, United States Code, to expand from 3 months to 1 year the period prior to the expiration of an enlistment term during which a service member may be discharged without loss of benefits. The member would not be entitled to pay and allowances for the period not served. This authority, which was requested by the Department of Defense, would be used to reduce end strength in a responsible manner during the planned force drawdown.

**Extension of voluntary separation pay and benefits (sec. 524)**

The committee recommends a provision that would amend section 1175a of title 10, United States Code, to extend until December 31, 2018, the authority to provide voluntary separation pay and benefits to eligible members of the armed forces who are voluntarily separated from active duty. This authority, which was requested by the Department of Defense, would be used to reduce end strength in a responsible manner during the planned force drawdown.

**Employment skills training for members of the armed forces on active duty who are transitioning to civilian life (sec. 525)**

The committee recommends a provision that would amend section 1143 of title 10, United States Code, to authorize service secretaries to carry out one or more programs to provide certain service members with job training and employment skills training to help prepare the members for employment in the civilian sector.

**Policy on military recruitment and enlistment of graduates of secondary schools (sec. 526)**

The committee recommends a provision that would require service secretaries to treat a graduate who receives a diploma from a secondary school that is legally operating or otherwise completes a program of secondary education in compliance with the laws of the State in which the graduate resides, in the same manner as a graduate of a secondary school as defined by section 9101(38) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801(38)) for purposes of recruitment and enlistment in the armed forces.

**Subtitle D—Education and Training**

**Enhancement of authorities on joint professional military education (sec. 541)**

The committee recommends a provision that would amend sections 2151 and 2154 of title 10, United States Code, to authorize graduates of the National Defense Intelligence College to receive credit for completion of joint professional military education Phase I. The provision would also eliminate the requirement that the curriculum for Phase II instruction at the Joint Forces Staff College be taught only in residence. This would effectively authorize ad-

junct faculty of the Armed Forces Staff College to teach the joint professional military education Phase II course of instruction at locations other than the Joint Forces Staff College primary campus in Norfolk, Virginia.

**Grade of commissioned officers in uniformed medical accession programs (sec. 542)**

The committee recommends a provision that would amend sections 2114(b) and 2121(c) of title 10, United States Code, to eliminate the requirement that officers serve in the grade of O-1 throughout their medical education. The provision would authorize medical students attending the Uniformed Services University of the Health Sciences (USUHS) and students participating in the armed forces Health Professions Scholarship and Financial Assistance Programs (HPSP), while on active duty, to serve in pay grade O-1, or in pay grade O-2 if they meet specified promotion criteria prescribed by the service secretary. The provision would also amend section 2004a of title 10, United States Code, to provide that an officer detailed as a student at a medical school would serve on active duty in the same grade with the same entitlement to pay as specified in section 2114(b) of title 10, United States Code.

The committee believes that requiring medical students who are commissioned officers to remain in the rank of ensign or second lieutenant throughout their medical educations undermines the goal set forth in section 2114(a) of title 10, United States Code, of producing medical officers who are motivated and dedicated to a career in the uniformed services. The service secretaries, in consultation with the Surgeons General and the President of USUHS, should establish criteria for promotion of medical students to the rank of lieutenant (junior grade) and first lieutenant and assign greater leadership responsibilities to those officers who earn promotions while assigned to USUHS or the HPSP. Recent experience at USUHS and Walter Reed Army Medical Center has amply demonstrated the importance of identifying medical students and officers in training who lack the potential for successful military service not only as physicians, but as military officers, and initiating corrective action in response to substandard performance. The committee believes that this 40-year-old policy of denying promotion to medical students serves no professional purpose and that extending the opportunity for advancement, which is an essential part of officer training at service academies and virtually every other officer development program, should be implemented.

**Reserve component mental health student stipend (sec. 543)**

The committee recommends a provision that would authorize the secretaries of the military departments to pay a stipend to qualified individuals who agree to be appointed an officer in a reserve component, and who are pursuing or will pursue a course of study leading to a degree in clinical psychology or social work in exchange for a service commitment of 1 year for every 6 months or portion thereof of stipend received.

**Enrollment of certain seriously wounded, ill, or injured former or retired enlisted members of the armed forces in associate degree programs of the Community College of the Air Force in order to complete degree program (sec. 544)**

The committee recommends a provision that would amend section 9315 of title 10, United States Code, to authorize the Secretary of the Air Force to allow continued participation in associate degree programs of the Community College of the Air Force (CCAF) by former or retired enlisted service members who had commenced but not completed a program of higher education at the CCAF at the time of their separation from active duty, and who have been categorized as seriously wounded, ill, or injured, by their service secretary.

**Consolidation of military department authority to issue arms, tentage, and equipment to educational institutions not maintaining units of Junior ROTC (sec. 545)**

The committee recommends a provision that would amend chapter 152 of title 10, United States Code, to consolidate in one section of law the existing authority contained in three separate sections of law for military departments to issue arms, tentage, and equipment to educational institutions not maintaining units of the Junior Reserve Officer Training Corps. The provision would require the educational institution to offer a course in military training prescribed by that secretary and have a student body of at least 100 physically fit students over 14 years of age.

**Temporary authority to waive maximum age limitation on admission to the military service academies (sec. 546)**

The committee recommends a provision that would authorize the service secretaries to waive the maximum age for admission of enlisted members of the armed forces to the United States Military Academy, the United States Naval Academy, or the United States Air Force Academy. Each Secretary could waive the age limit for up to five enlisted members per academic year for members who otherwise meet the eligibility requirements for admission to that academy, and who were prevented from being admitted before reaching the maximum age as a result of service on active duty in a theater of operations for Operation Iraqi Freedom, Operation Enduring Freedom, or Operation New Dawn. This authority would expire on September 30, 2016.

**Subtitle E—Military Justice and Legal Matters Generally**

**Reform of offenses relating to rape, sexual assault, and other sexual misconduct under the Uniform Code of Military Justice (sec. 551)**

The committee recommends a provision that would amend section 920 of title 10, United States Code, (Article 120 of the Uniform Code of Military Justice (UCMJ)) to separate Article 120, UCMJ, into three separate articles of the UCMJ: Article 120, UCMJ, would apply to the offenses of rape and sexual assault of any person; Article 120b, UCMJ, would apply to sexual offenses against children;



and Article 120c, UCMJ, would apply to other non-consensual sexual misconduct offenses. Article 120a, UCMJ, which applies to the offense of stalking, would not be changed. The provision would also repeal section 125 of title 10, United States Code (Article 125 of the UCMJ), the offense of sodomy. All offenses previously punishable as forcible sodomy under this statute would be punishable under the proposed changes to Article 120, UCMJ.

The changes in law included in this provision were recommended by the Joint Services Committee on Military Justice and the Secretary of Defense to address deficiencies in existing law that have been identified by military courts and which were addressed in the report of the Defense Task Force on Sexual Assault in the Military of December 2009.

**Authority to compel production of documentary evidence  
(sec. 552)**

The committee recommends a provision that would amend section 847 of title 10, United States Code, to authorize subpoenas duces tecum to compel production of documents and other tangible evidence for an investigation, including an investigation pursuant to article 32(b) of the Uniform Code of Military Justice (10 U.S.C. 832(b)), consistent with other federal criminal court practice.

**Procedures for judicial review of certain military personnel  
decisions (sec. 553)**

The committee recommends a provision that would amend sections 1034 and 1552, title 10, United States Code, to require that final decisions denying any requested correction of a personnel record provide a concise written statement of the factual and legal basis for the decision and a statement of the procedure and time for obtaining judicial review of the decision. The provision would also require that a decision of a military corrections board include a thorough advisory opinion if it involves a historically significant military event or the corrective action would include a promotion decision regarding a general or flag officer that would require Senate confirmation.

The provision would also amend chapter 79 of title 10, United States Code, to add a new section 1560 that would set forth the procedural conditions under which judicial review of decisions based on correction board actions would take place, including a requirement that an individual request correction of the record under section 1552 of title 10, United States Code, before judicial review can be made. The provision largely reflects case law and would authorize individuals to seek judicial review of final decisions issued pursuant to sections 1034 and 1552 of title 10, United States Code, within 3 years of the date the decision is received by the individual.

**Department of Defense support for programs on pro bono  
legal representation for members of the armed forces  
(sec. 554)**

The committee recommends a provision that would authorize the Secretary of Defense to provide support to one or more public or private programs designed to facilitate representation by attorneys

who provide pro bono legal assistance to service members who are in need of such representation.

**Subtitle F—Sexual Assault Prevention and Response**

**Director of the Sexual Assault Prevention and Response Office (sec. 561)**

The committee recommends a provision that would amend section 1611(a) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) to require that the Director of the Sexual Assault Prevention and Response Office be appointed from among general or flag officers of the armed forces or employees of the Department of Defense in a comparable Senior Executive Service position.

**Sexual Assault Response Coordinators and Sexual Assault Victim Advocates (sec. 562)**

The committee recommends a provision that would require the Secretary of Defense to issue guidance, not later than 60 days after the date of the enactment of this Act, to implement the appropriate recommendations of the Report of the Defense Task Force on Sexual Assault in the Military Services relating to the number, assignment, and credentials of Sexual Assault Response Coordinators and Sexual Assault Victim Advocates.

**Access of sexual assault victims to legal assistance and services of Sexual Assault Response Coordinators and Sexual Assault Victim Advocates (sec. 563)**

The committee recommends a provision that would require the service secretaries to prescribe regulations on the provision of legal assistance to victims of sexual assault and would amend chapter 80 of title 10, United States Code, to authorize victims of sexual assault to be provided with legal assistance and the services of Sexual Assault Response Coordinators and Sexual Assault Victim Advocates. It would also require that victims of sexual assault be informed of the availability of these options for help as soon as the victim seeks assistance from certain officials. The provision would also authorize a victim of a sexual assault to confidentially disclose the details of the assault to a military legal assistance counsel, a Sexual Assault Response Coordinator, a Sexual Assault Victim Advocate, certain healthcare personnel, or a chaplain without initiating an official investigation of the allegations, the option currently referred to as restricted reporting.

**Requirement for privilege in cases arising under Uniform Code of Military Justice against disclosure of communications between sexual assault victims and Sexual Assault Response Coordinators, Sexual Assault Victim Advocates, and certain other persons (sec. 564)**

The committee recommends a provision that would require the President to establish in the Manual for Courts-Martial, not later than 60 days after the date of enactment of this Act, an evidentiary privilege against the disclosure of certain communications by victims of sexual assault with Sexual Assault Response Coordinators,

Sexual Assault Victim Advocates, and such other persons as the President specifies.

**Expedited consideration and decision-making on requests for permanent change of station or unit transfer of victims of sexual assault (sec. 565)**

The committee recommends a provision that would require service secretaries to provide guidance on expedited consideration and decision-making on requests by victims of sexual assaults for a permanent change of station or unit transfer.

**Department of Defense policy and procedures on retention and access to evidence and records relating to sexual assaults involving members of the armed forces (sec. 566)**

The committee recommends a provision that would require the Secretary of Defense, in consultation with the Secretary of Veterans Affairs, to develop a comprehensive policy for the Department of Defense on the retention of and access to evidence and records relating to sexual assaults involving service members. The comprehensive policy would include policies and procedures (including systems of records) necessary to ensure preservation of records and evidence to ensure that service members and former service members who were victims of sexual assault during military service are able to substantiate claims for veterans benefits, to support criminal or civil prosecutions, and for other purposes relating to the documentation of the incidence of sexual assaults.

**Subtitle G—Defense Dependents' Education**

**Continuation of authority to assist local educational agencies that benefit dependents of members of the armed forces and Department of Defense civilian employees (sec. 571)**

The committee recommends a provision that would authorize \$25.0 million in Operation and Maintenance, Defense-wide, for continuation of the Department of Defense assistance program to local educational agencies that are impacted by enrollment of dependent children of military members and civilian employees of the Department of Defense.

**Impact aid for children with severe disabilities (sec. 572)**

The committee recommends a provision that would authorize \$5.0 million in Operation and Maintenance, Defense-wide, for impact aid payments for children with disabilities under section 8003(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(d)), using the formula set forth in section 363 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398), for continuation of Department of Defense assistance to local educational agencies that benefit eligible dependents with severe disabilities.

**Three-year extension and enhancement of authorities on transition of military dependent students among local educational agencies (sec. 573)**

The committee recommends a provision that would amend paragraph (2)(B) of section 574(d) of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364) to modify the authority for the Secretary of Defense to expand its reach to local educational agencies serving military dependent students living in the United States who do not attend Department of Defense Education Activity Schools. The provision would also extend this authority until September 30, 2016.

The committee commends the Department of Defense for utilizing this authority over the past few years to directly address the complex needs of military dependent children in local educational agencies in order to lessen the impact of transition between schools and of deployment.

**Subtitle H—Military Family Readiness**

**Modification of membership of Department of Defense Military Family Readiness Council (sec. 576)**

The committee recommends a provision that would amend subsection (b) of section 1781a of title 10, United States Code, to modify membership on the Department of Defense Military Family Readiness Council.

**Subtitle I—Other Matters**

**Cold War Service Medal (sec. 581)**

The committee recommends a provision that would authorize the Secretary of Defense to authorize the issuance of a Cold War Service Medal by the service secretaries.

**Enhancement and improvement of Yellow Ribbon Reintegration Program (sec. 582)**

The committee recommends a provision that would make enhancements to the Yellow Ribbon Reintegration Program to improve processes for determining best practices for information dispersal and outreach services, as well as to improve collaboration with state programs.

**Report on process for expedited determination of disability of members of the armed forces with certain disabling conditions (sec. 583)**

The committee recommends a provision that would require the Secretary of Defense to submit a report to Congress not later than September 1, 2012, on the feasibility and advisability of a process to expedite the determination of disability for service members with certain disabling diseases or conditions, including an evaluation of programs for expedited determinations of disability used by other departments and agencies of the Federal Government.

**Report on the achievement of diversity goals for the leadership of the armed forces (sec. 584)**

The committee recommends a provision that would require the Secretary of Defense to submit a report to the Committees on Armed Services of the Senate and the House of Representatives on the achievement of diversity goals for the leadership of the armed forces.

**Specification of period in which application for voter registration or absentee ballot from an overseas voter is valid (sec. 585)**

The committee recommends a provision that would amend section 104 of the Uniformed and Overseas Citizens Absentee Voting Act (42 U.S.C. 1973ff-3) to clarify that the prohibition on refusal by States to accept or process valid applications for voter registration and absentee ballots on the grounds of early submission applies to overseas voters in the same manner that it applies to uniformed service voters.

**Items of Special Interest**

**Comptroller General review of oversight of military academies and their preparatory schools**

The Comptroller General of the United States issued two reports in September, 2003, regarding oversight of the service academies and their preparatory schools. In GAO-03-1000, September 2003, the Comptroller General recommended enhancement of performance goals and measures to improve oversight of the operations and performance of the service academies. In GAO-03-1017, the Comptroller General recommended that the Secretary of Defense, in concert with the services and the service academies, align the preparatory schools' mission statements with Department of Defense guidance and the academies' expectations; establish quantified performance goals and measures for the schools; and enhance the existing oversight framework for assessing the schools' performance. The committee notes that Department of Defense Directive 1322.22, August 24, 1994, has not been updated to reflect implementation of these recommendations.

The committee directs the Comptroller General to conduct a follow-up review of Department of Defense oversight and admissions policies and procedures at the service academies and their preparatory schools. This review should include an assessment of the degree to which the recommendations of the Comptroller General contained in the 2003 reports have been implemented. The Comptroller General shall report to the Committees on Armed Services of the Senate and the House of Representatives no later than February 29, 2012, on the results of this review.

**Department of the Air Force Total Force Initiative**

The committee recognizes the Department of the Air Force actively pursues integration of the Reserve component into the Total Force. Through the Department's Total Force Integration initiative, associate units are comprised of both active duty and reserve component personnel and equipment. The integrated relationship be-

tween the active and reserve component is intended to maximize capability and manpower creating an efficient, cost-effective, and ready unit able to fulfill steady-state and contingency requirements.

The reserve component is an indispensable partner for the active duty in associate units. In addition to fulfilling traditional roles and responsibilities, the reserve component of an associate unit works closely with the active duty airmen to meet unit mission requirements. In several units, the active and reserve component units are fully integrated in each function. To resource reserve component requirements, Military Personnel Appropriations (MPA) man-days must be requested, resourced, and allocated.

The committee is aware there has not been a formal process in place for validating, resourcing, and allocating MPA man-days for reserve component associate units. Due to the lack of a formal process, unnecessary hardships have been encountered by many associate units and personnel, including unpredictable deployment schedules and the inability of reserve component units to consistently integrate with their active duty counterparts. These management challenges undermine Total Force Integration and should be addressed.

The committee notes the Department has recently identified a process for validating, resourcing, and allocating future reserve component associate unit requirements. The committee directs the Secretary of the Air Force to implement a formal process for validating, resourcing, and allocating MPA man-days for reserve component requirements of integrated units within the annual budget process. The Secretary shall provide a report to the congressional defense committees regarding implementation of this process no later than October 1, 2011. The report shall include: (1) the methodology for identifying and validating steady-state and contingency requirements; (2) an analysis of how the validated requirements will be incorporated in future budget requests; and (3) how the process will allow for more predictable and reliable allocation of MPA man-days to the associate units.

#### **Development of a single Department of the Navy military justice case processing and tracking system**

In the Senate report accompanying S. 3454 (S. Rept. 111–201) of the National Defense Authorization Act for Fiscal Year 2011, the committee directed the Inspector General of the Department of Defense (DODIG) to review the post-trial processes for court-martial record preparation and appellate review within the Department of the Navy. The committee also expressed its view that intervention is needed by the Department of the Navy's civilian and military leaders to resolve the long-standing problem of inability to track records of courts-martial conducted in the Navy and Marine Corps from trial through final appellate review.

The committee applauds the commitment by the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps, reflected in the Secretary's report of February 15, 2011, to implement a key recommendation of the DODIG by developing and implementing a single Navy and Marine Corps military

justice case processing and tracking system that will achieve system-wide visibility over the entire court-martial process.

The committee directs that the Department complete development and implementation of this system no later than July 1, 2013, and directs the Secretary of the Navy to provide reports to the Committees on Armed Services of the Senate and House of Representatives on the progress of the Department in achieving this objective. The reports shall include, at a minimum, discussion of estimated cost and future operating costs, system capability, designation of responsibilities for tracking of court-martial records of trial and convening authority actions from the date of trial through final appellate review, and estimated date of implementation of the system within the Navy and Marine Corps. Reports shall be submitted no later than July 1, 2012, and February 1, 2013, unless implementation is achieved sooner.

#### **Ensuring knowledge of the Uniformed Services Employment and Reemployment Rights Act**

The committee recognizes and is grateful for the vital support that civilian employers have provided in enabling Reservists and National Guardsmen to serve in defense of our Nation. A key organization in this regard is the National Committee for Employer Support of the Guard and Reserve (ESGR) and its approximately 4,500 volunteers who act as liaisons between the Department of Defense and private sector employers, providing informational briefings, mediation, and recognition of employers whose policies support and encourage participation in the National Guard and Reserve. The ESGR is also instrumental in increasing employer awareness of laws applicable to reservists particularly the Uniformed Services Employment and Reemployment Rights Act (USERRA) (Public Law 103-353). The committee believes that the Department should ensure that Reservists and Guardsmen are informed of their protections under USERRA and that they should be periodically surveyed with the goal of determining whether violations of USERRA are occurring and being reported, and whether trends can be identified that may require a remedial legislative response.

#### **Impact of operational tempo on special operations forces**

The committee notes that since the September 11, 2001, terrorist attacks, the number of deployed U.S. Special Operations Forces (SOF) has quadrupled. While the budget and personnel assigned to U.S. Special Operations Command (USSOCOM) has also increased during that time, the global demand for SOF continues to outstrip the available supply of such forces leading to frequent deployments and short dwell times.

The Commander of USSOCOM testified earlier this year that “the force is beginning to fray around the edges. The fabric is strong, the weave is tight, it’s not unraveling. But it’s showing signs of wear.” With regard to short dwell times faced by SOF, the Commander stated, “for some elements of our force, time at home with their families has become the abnormal condition. They have to adjust to being home rather than adjust to being away.”

The committee recognizes the continued sacrifice of SOF personnel and their families and applauds the efforts of USSOCOM to identify and proactively address the consequences of difficult and repeated deployments. Specifically, the committee strongly supports the creation of a “Pressure on the Force Task Force” by the Commander of USSOCOM to study the impact of high operational tempo on SOF personnel and their families and provide recommendations to the Command on mitigating current and future problems. The committee looks forward to learning more about the results of the Task Force’s study and recommendations, especially as they apply to family readiness, suicide prevention, and retention.

The committee also notes the success of the USSOCOM Care Coalition in providing support and advocacy for wounded, ill, or injured SOF personnel and their families. The Chairman of the Joint Chiefs of Staff has called the USSOCOM Care Coalition the “gold standard” of such efforts within the military. Accordingly, the committee encourages each of the military departments to identify and, where appropriate, adopt “best practices” of the USSOCOM Care Coalition where possible throughout their wounded warrior and family support programs.

#### **Independent Review Panel to Study the Judge Advocate Requirements of the Department of the Navy**

The committee appreciates the support by the Department of the Navy and the work of the members and staff who contributed to the “Independent Review Panel to Study the Judge Advocate Requirements of the Department of the Navy”, that was directed by section 506 of the National Defense Authorization Act for 2010 (Public Law 111–84). This Panel’s February 22, 2011, report, in conjunction with the report of the Inspector General of the Department of Defense (Evaluation of Post-Trial Reviews of Courts-Martial within the Department of the Navy) of December 10, 2010, provides a valuable reference for the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps to address deficiencies in the organizational structure regarding the role and responsibilities of the Judge Advocate General of the Navy and the Staff Judge Advocate to the Commandant of the Marine Corps and the requirements for and assignment of active-duty Navy and Marine Corps judge advocates.

The committee recognizes that the Department of the Navy faces intense budgetary pressures and the prospect of reduced active-duty end strength in future years. The demand for legal expertise in such areas as operational law, military justice, rule of law training as part of counterinsurgency operations, military commissions, legal assistance to Sailors, Marines, and their families, is not projected to decline, however, and the committee is concerned about the level of legal risk that service leaders have tolerated and may accept in the future.

The committee directs the Secretary of the Navy to submit a report no later than September 1, 2011, evaluating the report of the Independent Panel and addressing the recommendations of the Panel.



### **Military Adaptive Sports Program**

In 2010, the United States Army Warrior Transition Command developed adaptive sports programs for wounded, ill, and injured soldiers in partnership with private organizations including the U.S. Olympic Committee Paralympic Military Program and members of the Paralympic Network. This program culminated in May 2010, with the Warrior Games at which 100 soldiers and 87 athletes from each of the other military services and military veterans participated. Paralympics military program participation rates in Wounded Warrior Units have increased from 31 percent to 54 percent in the past 2 years. Adaptive sports clearly have become a critical component, along with traumatic brain injury and post traumatic stress disorder awareness and treatment and suicide awareness and prevention, of the total rehabilitation effort for wounded, ill, and injured service members and veterans.

The committee believes that adaptive sports programs provide vital rehabilitation and support to active-duty members and veterans of the wars in Iraq and Afghanistan. The committee urges the Under Secretary of Defense for Personnel and Readiness to coordinate Wounded Warrior care policies with the Director of Paralympics of the Veterans' Administration to ensure that programs, including national and regional competitions, avoid duplication, remain robust, and achieve maximum benefit.

### **Preventing foreclosures of service members' mortgages**

The committee encourages the Department of Defense to expand its efforts aimed at preventing foreclosures of service members' home mortgages. The focus of the Department's efforts should be on educating service members about their legal rights under the Servicemembers Civil Relief Act (SCRA) (Public Law 108-189) and other Federal and State-sponsored programs aimed at helping individuals avoid losing their homes or suffering severe financial setbacks as a result of military service or a change of station move.

The Department should continue its emphasis on developing financial responsibility in its service members through education and information about where to find timely, expert advice when needed. Members of the reserve components, in particular, should periodically be made aware of the protections available to them under the SCRA, including their right to initiate litigation when appropriate to avoid foreclosure.

The Department should continue to take proactive measures to inform mortgage lenders about their obligations under the SCRA, the penalties for violations of the SCRA, and the means available to them to verify whether a borrower is currently serving in the armed forces. The committee endorses the Department's initiative to make a website available and easily accessible to mortgage servicers through which they can verify whether a delinquent borrower is currently serving on active duty prior to initiation of foreclosure proceedings.

### **Reports on late processing of reports of promotion selection boards and federal recognition boards**

In the Senate report accompanying S. 2060 (S. Rept. 105-189) of the National Defense Authorization Act for Fiscal Year 1999, the

committee expressed concern about the length of time required to process reports of promotion selection boards. The committee directed the secretaries of the military departments to advise the Committees on Armed Services of the Senate and the House of Representatives when processing of a report of a promotion board exceeded 100 days from the date the report is signed by the board members until the date the report of the selection board is approved by the President or by the official to whom that authority has been delegated. The committee required that these "100 day" reports include an explanation for the delay, an assessment of when the board report will be approved, and an accounting for the processing time in each office through which the board report has passed, and required a follow-up report every 30 days after the 100th day.

The committee believes that this reporting requirement has improved oversight at each level of the review process and that it continues to serve an important purpose in ensuring timely action on reports of selection boards. The committee concludes that it is necessary to continue the current reporting requirement for promotion selection boards and to extend this reporting requirement to reports of federal recognition boards for National Guard officers that require Senate confirmation that are not approved within 100 days from the date the board report is signed by the board members. The committee directs the Secretaries of the Army and Air Force to commence reporting on federal recognition boards no later than August 1, 2011.

#### **Science, technology, engineering, and mathematics education in Department of Defense Education Activity Schools**

The committee notes the initiative by Department of Defense Education Activity (DODEA) officials to improve the performance of students in the areas of science, technology, engineering, and mathematics, known collectively as the "STEM" subjects. Specifically, in the fall 2011 semester, DODEA will launch a program providing innovative STEM-oriented classes to 12 schools across the globe. The committee understands that DODEA plans to expand the STEM initiative to other schools and grades if the current effort proves successful. The committee commends DODEA for this effort, and requests the Director of DODEA, in coordination with the Director of the DOD STEM Development Office, to provide the Senate Committee on Armed Services staff with a briefing by September 1, 2012, on the performance of this initiative and an assessment of options to expand opportunities for STEM education to additional schools and grades, consistent with the DOD STEM Education and Outreach Strategic Plan.

## **TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS**

### **Subtitle A—Bonuses and Special and Incentive Pays**

#### **One-year extension of certain expiring bonus and special pay authorities (sec. 611)**

The committee recommends a provision that would extend for 1 year the authority to pay the following bonuses and special pays related to the reserve forces: the Selected Reserve reenlistment bonus, the Selected Reserve affiliation or enlistment bonus, special pay for enlisted members assigned to certain high-priority units, the Ready Reserve enlistment bonus for persons without prior service, the Ready Reserve enlistment and reenlistment bonus for persons with prior service, the Selected Reserve enlistment and reenlistment bonus for persons with prior service, and income replacement for reserve component members experiencing extended and frequent mobilization for active duty service.

The provision would also extend for 1 year the authority to pay the following bonus and special pays related to health care professionals: the nurse officer candidate accession bonus, education loan repayment for certain health professionals who serve in the Selected Reserve, accession and retention bonuses for psychologists, the accession bonus for registered nurses, incentive special pay for nurse anesthetists, special pay for Selected Reserve health professionals in critically short wartime specialties, the accession bonus for dental officers, the accession bonus for pharmacy officers, the accession bonus for medical officers in critically short wartime specialties, the accession bonus for dental specialist officers in critically short wartime specialties, and bonus and incentive pay for officers in the health professions.

The provision would also extend for 1 year the authority to pay the following bonus and special pays related to nuclear officers: special pay for nuclear-qualified officers extending period of active service, the nuclear career accession bonus, the nuclear career annual incentive bonus, and special bonus and incentive pay for nuclear officers.

The provision would also extend for 1 year the authority to pay the following consolidated special pays and bonuses: the general bonus authority for enlisted members, the general bonus authority for officers, special aviation incentive pay and bonus for officers, hazardous duty pay, assignment or special duty pay, the skill incentive or proficiency bonus, and retention incentives for members qualified in critical military skills or assigned to high priority units.

The provision would also extend for 1 year the authority to pay the following other bonuses and special pays: the aviation officer

retention bonus, assignment incentive pay, the reenlistment bonus for active members, the enlistment bonus, the accession bonus for new officers in critical skills, the incentive bonus for conversion to military occupational specialty to ease personnel shortage, the incentive bonus for transfer between armed forces, and the accession bonus for officer candidates.

Finally, the provision would amend section 403 of title 37, United States Code, to reauthorize for a period of 1 year previously expired authority to pay additional basic allowance for housing in areas impacted by a major disaster or at installations experiencing a sudden increase in personnel.

**Modification of qualifying period for payment of hostile fire and imminent danger special pay and hazardous duty special pay (sec. 612)**

The committee recommends a provision that would amend sections 310 and 351 of title 37, United States Code, to require that hostile fire and imminent danger pay be prorated according to the number of days spent in a qualifying area, rather than on a monthly basis regardless of the number of such days.

**Subtitle B—Consolidation and Reform of Travel and Transportation Authorities**

**Consolidation and reform of travel and transportation authorities of the uniformed services (sec. 621)**

The committee recommends a provision that would add a new chapter 8 to title 37, United States Code, to consolidate and reform the existing statutory authorities related to travel and transportation allowances for members of the uniformed services, their dependents, other family members, and authorized travelers of the Department of Defense. The provision would authorize the Secretary of Defense to conduct pilot programs aimed at realizing cost savings in the administration of the defense travel program. The provision would also require the Secretary of Defense and the other administering secretaries to establish programs of compliance to ensure the integrity of the defense travel system, minimize fraud and waste, and ensure that benefits do not exceed actual expenses of travel or reasonable allowances based on commercial travel rates. Finally, the provision would require that all travel claims be processed electronically within 5 years of the date of enactment of this Act.

The committee recognizes that the current statutory framework authorizing travel and transportation benefits for the uniformed services has grown over the past 60 years, and while it has served the Department and service members well, the piecemeal accumulation of travel authorities has in part led to a byzantine and overly cumbersome regulatory environment. The committee believes that the Department should implement travel policy that is simple, clear, and efficient, and which provides for strict oversight of travel claims, to include electronic travel claim processing, consistent with past reports of the Government Accountability Office.

**Transition provisions (sec. 622)**

The committee recommends a provision that would require the Secretary of Defense, in consultation with the Secretaries of Homeland Security, Health and Human Services, and Commerce, to develop a transition plan with respect to the consolidation and reform of travel and transportation authorities found elsewhere in this Act. The plan would achieve this transition within a period not to exceed 10 years.

**Subtitle C—Disability, Retired Pay, and Survivor Benefits****Repeal of automatic enrollment in Family Servicemembers' Group Life Insurance for members of the armed forces married to other members (sec. 631)**

The committee recommends a provision that would amend section 1967 of title 38, United States Code, to remove service members from automatic enrollment as a dependent under the Family Servicemembers' Group Life Insurance program when they are insured on their own behalf under the Servicemembers' Group Life Insurance program.

**Limitation on availability of certain funds pending report on provision of special compensation for members of the uniformed services with injury or illness requiring assistance in everyday living (sec. 632)**

The committee recommends a provision that would limit the obligation and expenditure of travel funds of the Office of the Under Secretary of Defense for Personnel and Readiness until the Under Secretary provides to the congressional defense committees a report detailing the Department's implementation of the caregiver compensation authority in section 439 of title 37, United States Code, the qualifying criteria for payments thereunder, an assessment of the training needs of caregivers, the types of training provided or to be provided, and whether existing Department of Defense (DOD) programs are adequate to meet those needs.

Congress enacted the caregiver compensation authority in section 603 of the National Defense Authorization Act for 2010 (Public Law 111–84) at the request of the Department. The authority was amended in section 634 of the Ike Skelton National Defense Authorization Act for 2011 (Public Law 111–383) to establish the rate of the monthly stipend as the amount of the caregiver stipend under the Department of Veterans Affairs (VA) program of comprehensive assistance for family caregivers authorized in section 1720g of title 38, United States Code. The committee believes that DOD and VA caregiver programs should be seamless in their treatment of service members who transition to VA care.

The committee also notes that caregivers could benefit from the enhanced caregiver training under the VA program. A report from the Army Family Action Plan Conference in February 2011 identified this need. The committee urges the Department of Defense to work in collaboration with the VA to develop and provide adequate and effective training and other support to caregivers of active-duty service members who are transitioning into the VA system.

**Repeal of sense of Congress on age and service requirements for retired pay for non-regular service (sec. 633)**

The committee recommends a provision that would repeal section 635 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383).

**Item of Special Interest****Basic allowance for housing for areas with housing shortages**

The committee understands housing shortages exist at some military installations experiencing growth from force basing initiatives such as base realignment and closure, Grow the Force, Army Modularity, and Global Defense Posture and Realignment. A recent Government Accountability Office (GAO) report (GAO-11-462) stated that such housing deficits exist at 19 of 26 growth installations in the United States, ranging from 1 percent of estimated demand at Fort Polk, Louisiana, to more than 20 percent of estimated demand at Cannon Air Force Base, New Mexico. These deficits can cause service members difficulties in obtaining adequate and affordable housing for themselves and their families.

It is Department of Defense (DOD) policy to rely on the private sector as the primary source of housing for military personnel eligible to draw the Basic Allowance for Housing (BAH). However, as the GAO report indicates, the Department can improve the process it uses to set BAH rates, especially in those areas experiencing housing deficits, to help service members and their families obtain housing. GAO made several recommendations to DOD on ways to improve this process, and the committee is encouraged that DOD agreed to implement those recommendations. We urge DOD to do so expeditiously to ensure that installation officials and service members have the necessary information to make educated housing decisions, and to improve the accuracy and efficiency of the process overall, especially where available housing used to determine BAH rates is not fully representative of market costs for adequate housing.

## **TITLE VII—HEALTH CARE PROVISIONS**

### **Subtitle A—TRICARE Program**

#### **Annual cost-of-living adjustment in enrollment fees in TRICARE Prime (sec. 701)**

The committee recommends a provision that would amend section 1097a of title 10, United States Code, to limit any annual increase in TRICARE Prime enrollment fees to an amount equal to the percentage by which retiree pay is increased, beginning on October 1, 2012.

During the course of markup discussions, committee members considered limiting any increase in Prime enrollment fees to the National Health Expenditures per capita rate, as requested by the Administration. Ultimately the committee decided to limit any increase in fees beginning in fiscal year 2013 to retiree cost of living adjustment rates. The committee notes, however, that it plans to review options for enrollment fee adjustments to include the possibility of a phased approach in the future, as early as fiscal year 2014.

#### **Maintenance of the adequacy of provider networks under the TRICARE program (sec. 702)**

The committee recommends a provision that would amend section 1079b(a) of title 10, United States Code, to exclude TRICARE institutional, professional, and pharmacy networks from being considered subcontractors for purposes of Federal Acquisition Regulation or any other law, in order to maintain adequate TRICARE provider networks.

#### **Transition enrollment of Uniformed Services Family Health Plan Medicare-eligible retirees to TRICARE for Life (sec. 703)**

The committee recommends a provision that would amend section 724(e) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201) to require that those who enroll in the Uniformed Services Family Health Plan (USFHP) after September 30, 2011, transition to TRICARE for Life once they become Medicare-eligible due to age. This provision would have no impact on current USFHP enrollees.

#### **Modification of authorities on surveys on continued viability of TRICARE Standard and TRICARE Extra (sec. 704)**

The committee recommends a provision that would amend section 711 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181) to extend the length of time the Department of Defense is required to report on access to health care

under TRICARE Standard and TRICARE Extra from 2011 until 2015, and to modify the frequency of reports required to be conducted by the Comptroller General from twice per year to once every 2 years.

#### **Subtitle B—Other Health Care Benefits**

##### **Travel for anesthesia services for childbirth for command-sponsored dependents of members assigned to remote locations outside the continental United States (sec. 711)**

The committee recommends a provision that would amend section 1040(a) of title 10, United States Code, to authorize the Secretary of Defense to pay travel expenses to a location in the United States for a command-sponsored dependent of a service member assigned to a remote location outside the continental United States who requires or elects certain anesthesia services for childbirth.

Under current law, payment of travel expenses is authorized for required medical attention that is not available in the locality in order to travel to the nearest medical facility in which adequate medical care is available, which may not be in the United States. The provision would clarify that obstetrical anesthesia services for childbirth should be included in the scope of required medical attention.

##### **Transitional health benefits for certain members with extension of active duty following active duty in support of a contingency operation (sec. 712)**

The committee recommends a provision that would amend section 1145(a)(4) of title 10, United States Code, to clarify that, in the case of a reserve component member who is called to active duty in support of a contingency operation who then, without a break in service, is extended on active duty for any purpose, the 180-day period of Transition Assistance Management Program medical eligibility begins when the member is separated from active duty at the end of the extended active duty.

##### **Codification and improvement of procedures for mental health evaluations for members of the armed forces (sec. 713)**

The committee recommends a provision that would amend chapter 55 of title 10, United States Code, to require the Secretary of Defense to prescribe and maintain regulations relating to commanding officer and supervisor referrals of members of the armed forces for mental health evaluations. The regulations would seek to eliminate any stigma associated with seeking and receiving mental health services and would clarify the appropriate action to be taken by commanders and supervisory personnel who, in good faith, believe that a subordinate may require a mental health evaluation. The regulations would also prohibit the use of a referral of a service member for a mental health evaluation as a reprisal against a whistleblower.

The committee believes that section 546 of the National Defense Authorization Act for 1993 (Public Law 102-484), which was aimed at preventing use of mental health evaluations as reprisals against



whistleblowers, requires revision to address the current mental health issues and increased suicide rates in the armed forces. This provision would replace that section of law, retaining the prohibition of such unlawful retaliation. The policy recommended by this provision would recognize the role of commanders and supervisors in ensuring the well-being of assigned personnel.

The committee recommends that the Secretary include in the regulations the remedies available to a service member who believes that he or she was improperly referred for a mental evaluation.

### **Subtitle C—Health Care Administration**

#### **Expansion of state licensure exceptions for certain mental health-care professionals (sec. 721)**

The committee recommends a provision that would amend section 1094(d) of title 10, United States Code, to expand state licensure exceptions for certain behavioral health professionals to allow licensed providers to provide authorized services to military members and their families in any State, the District of Columbia, or a Commonwealth, territory, or possession of the United States.

#### **Clarification on confidentiality of medical quality assurance records (sec. 722)**

The committee recommends a provision that would amend section 1102(j) of title 10, United States Code, to clarify that medical quality assurance records are limited to records of any peer review activity by or for the Department of Defense to assess the quality of medical care.

### **Items of Special Interest**

#### **Colorectal cancer screening for Department of Defense beneficiaries**

The committee notes that, according to the Centers for Disease Control and Prevention, colorectal cancer is the second leading cause of cancer-related death in the United States, with nearly 150,000 new cases diagnosed each year and about 90 percent of people whose colorectal cancer is found early and treated survive 5 years later. Screening can find pre-cancerous growths so that they can be removed early and save lives. Unfortunately, screening compliance remains low. Screening techniques recommended by the American Cancer Society beginning at age 50, include tests that find polyps and cancer, such as: flexible sigmoidoscopy every 5 years; colonoscopy every 10 years; double-contrast barium enema every 5 years; and computed topographic (CT) colonography (virtual colonoscopy) every 5 years.

New screening techniques such as CT colonography or virtual colonoscopy are provided by several Department of Defense facilities. TRICARE's colon cancer screening benefit follows the U.S. Preventive Services Task Force guidelines.

Increased participation in colorectal cancer screening can have a positive impact on the overall health and welfare of Department of Defense beneficiaries. The committee urges the Secretary of De-

fense to continue a robust and active preventive services program to increase awareness and participation in all available cancer screening services.

### **Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury**

The committee views with concern the findings of a report by the Government Accountability Office issued in February 2011 (GAO-11-219, “Management Weaknesses at Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury Require Attention”), which identified weaknesses in areas that inhibit achievement of the purposes established by Congress for the centers to lead Department efforts in the prevention, diagnosis, mitigation, treatment, and rehabilitation of traumatic brain injury and post traumatic stress disorder. In a report to Congress in April 2011 (“Department of Defense Report to Congress on Department of Defense Medical Centers of Excellence”), medical leaders identified a need for improvement in the oversight and support of all Department medical centers of excellence, and outlined a process for “single service support” of medical centers of excellence, consolidating resource management support, establishing an oversight board, and clarifying core missions of the centers.

The committee urges the Assistant Secretary of Defense (Health Affairs) to continue to make improvements in the management, mission, and programs of the Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury to include evaluating organizational changes that could improve the Centers’ leadership and strategic direction.

Recent innovative publications, such as the “Co-occurring Conditions Toolkit: Mild Traumatic Brain Injury and Psychological Health” and a new mobile application of the mild traumatic brain injury pocket guide, demonstrate the value that the centers can provide to all health care providers who need access to clinical guidelines for concussion and psychological health care.

### **Exploration of care management options under TRICARE for Life and Uniformed Services Family Health Plan**

The committee believes that the Department of Defense (DOD) has a commitment to ensure quality health care and improved health outcomes to all beneficiaries in return for a career of military service to the Nation. The committee believes that DOD should strive for greater continuity of care for Medicare eligible beneficiaries who have access to comprehensive medical benefits through TRICARE for Life (TFL) but often lack coordinated and integrated health care management. Innovative care management strategies which seek to improve quality and utilization of care can improve health outcomes and reduce unneeded utilization of health care services.

The committee believes that after more than 15 years of experience with the TRICARE program, including quality managed care and preventive services provided by its partners in the Uniformed Services Family Health Plan (USFHP), DOD and the USFHP are uniquely positioned to partner with the Centers for Medicare & Medicaid Services (CMS) to demonstrate the benefits of continued

care management and improved health outcomes for DOD beneficiaries after they become eligible for Medicare. The committee is supportive of efforts by DOD and its health care contractors to develop creative approaches to achieve utilization improvements, cost savings, and health care outcome improvements for TFL beneficiaries while continuing to serve patients under Medicare, TFL, and the USFHP. The committee believes these efforts can be informed by the USFHP model of care as well as other patient centered care models.

To support such creative and innovative approaches to achieve improved health care outcomes, the committee directs DOD and the USFHP, after consultation with CMS, to develop and evaluate alternatives that would permit Medicare eligible beneficiaries to receive integrated and coordinated care, including preventive services.

The committee further directs that no later than February 1, 2012, the Secretary of Defense shall report to the Committees on Armed Services of the Senate and the House of Representatives on the Department's progress in developing and evaluating care management options under TFL and the USFHP. The report shall describe the health care options considered and evaluated, including options that would provide for an adequate population base to sustain the USFHP, such as the feasibility and advisability of lifting restrictions on enrollment of beneficiaries under the age of 65.

#### **Research on musculoskeletal injuries**

According to the Department of Defense, nearly three-fourths of all combat and non-combat related wounds suffered by service members in Operation Iraqi Freedom, Operation Enduring Freedom, and Operation New Dawn are related to musculoskeletal injuries. A 2010 study published by the Walter Reed Army Institute of Research found that musculoskeletal conditions are the most common reason for discharge among all services. Rehabilitation from such injuries is often long and difficult.

The fiscal year 2012 budget request includes \$11.0 million for research on musculoskeletal injuries. The committee encourages the Department of Defense to conduct clinical evaluation studies to enable more rapid and widespread deployment of advanced treatments for service members with these injuries.



## **TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS**

### **Subtitle A—Provisions Relating to Major Defense Acquisition Programs**

#### **Waiver of requirements relating to new milestone approval for certain major defense acquisition programs experiencing critical cost growth due to change in quantity purchased (sec. 801)**

The committee recommends a provision that would allow the waiver of certain requirements applicable to programs that experience critical Nunn-McCurdy breaches as a result of steep growth in unit costs, in cases where such cost growth is attributable entirely (or almost entirely) to changes in the number of units to be purchased. The provision recommended by the committee includes strict standards to ensure that all Nunn-McCurdy requirements remain applicable in any case where poor program management or performance contributes to the increase in unit costs.

#### **Modification of certain requirements of the Weapon Systems Acquisition Reform Act of 2009 (sec. 802)**

The committee recommends a provision that would repeal section 204(c) of the Weapon Systems Acquisition Reform Act (WSARA) of 2009 (Public Law 111–23), as requested by the Department of Defense (DOD). This repeal would eliminate a requirement for DOD to retroactively certify programs initiated prior to the enactment of WSARA as being in compliance with WSARA standards. In addition, the provision recommended by the committee would eliminate the requirement to continually review and revalidate WSARA waivers in cases where no value would be added by this process.

#### **Assessment, management, and control of operating and support costs for major weapon systems (sec. 803)**

The committee recommends a provision that would require the Secretary of Defense to issue guidance on actions to be taken to assess, manage, and control Department of Defense (DOD) costs for the operation and support (O&S) of major weapon systems. The required steps would include efforts to improve DOD processes for estimating O&S costs, collection and retention of data on O&S costs, and use of such data to inform system design and maintenance decisions. The Department would also be required to conduct independent logistics assessments prior to key decision points in the acquisition process and to use those assessments to identify and address factors that drive up O&S costs.

O&S costs are estimated to make up as much as 70 percent of the total life cycle cost of DOD's major weapon systems. In November 2009, the DOD Weapon System Acquisition Reform Product Support Assessment concluded that inadequate visibility of O&S costs "has been a long-standing barrier to effectively assessing, managing, and validating the benefits or shortcomings of product support strategies." In July 2010, the Government Accountability Office (GAO) reported that without such visibility, "DOD officials do not have important information necessary for analyzing the rate of O&S cost growth for major weapon systems, identifying cost drivers, and developing plans for managing and controlling these costs." The provision recommended by the committee would address these problems by requiring the implementation of key recommendations of the DOD Product Support Assessment, the GAO report, and a separate review completed by the DOD Director of Cost Assessment and Program Evaluation in June 2010.

**Clarification of responsibility for cost analyses and targets for contract negotiation purposes (sec. 804)**

The committee recommends a provision that would amend section 2334 of title 10, United States Code, to clarify that the Under Secretary of Defense for Acquisition, Technology, and Logistics is responsible for policies and guidance on cost analyses and targets to be used in contract negotiations.

**Modification of requirements for guidance on management of manufacturing risk in major defense acquisition programs (sec. 805)**

The committee recommends a provision that would amend section 812 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) to provide the Department with additional flexibility in developing manufacturing readiness standards for major defense acquisition programs. Under the provision recommended by the committee, the Department of Defense would be authorized to tailor manufacturing readiness levels and other manufacturing readiness standards to address the unique characteristics of specific industry sectors or weapon system portfolios.

**Management of developmental test and evaluation for major defense acquisition programs (sec. 806)**

The committee recommends a provision that would require that each major defense acquisition program of the Department of Defense be supported by a chief developmental tester and a lead developmental test and evaluation organization, and that the chief developmental tester for each such program be a government employee.

**Assessment of risk associated with development of major weapon systems to be procured under cooperative projects with friendly foreign countries (sec. 807)**

The committee recommends a provision that would require the Secretary of Defense to submit a risk assessment to the Committees on Armed Services of the Senate and the House of Representa-

tives in advance of any cooperative agreement with an allied nation that is expected to result in the award of a Department of Defense (DOD) contract for the engineering and manufacturing development of a major weapon system. The risk assessment would include an assessment of design, technical, manufacturing, and integration risks associated with the development and acquisition of the weapon system; any termination liability to which the United States would be committed by contract or by the cooperative agreement itself; the trade-off between program risk and potential termination liability; and a listing of any DOD acquisition requirements that are expected to be waived or modified in connection with the program. For the purpose of this provision, the term “engineering and manufacturing development” is intended to encompass the acquisition effort initiated by Milestone B of Department of Defense Instruction 5000.02, or any comparable effort under a modified or successor regulation.

The committee is deeply disappointed by the current status of the Medium Extended Air Defense System (MEADS). After the investment of more than \$1.5 billion of taxpayer money, DOD concluded earlier this year that the program remains a high risk for both cost and schedule, and the additional funding that would be needed to meet U.S. standards for fielding the system is unaffordable. However, the Department declined to terminate the program, because the Memorandum of Understanding on which the program is based commits the United States to continued funding up to an agreed upon cost ceiling even if it withdraws from the program. As a result, DOD has requested an additional \$406.6 million in funding in fiscal year 2012 for the continued development of a system that it has no intention of fielding (although system components will be available for DOD to purchase).

The committee expects that the risk assessment required by this provision will lead to more informed decisions about cooperative agreements and help avoid mistakes of this kind in the future.

### **Subtitle B—Acquisition Policy and Management**

#### **Inclusion of data on contractor performance in past performance databases for source selection decisions (sec. 821)**

The committee recommends a provision that would require the Under Secretary of Defense for Acquisition, Technology, and Logistics to develop a strategy for ensuring that timely, accurate, and complete information on contractor performance is included in past performance databases used for making source selection decisions.

The provision would also require the Under Secretary to revise the Defense Supplement to the Federal Acquisition Regulation to provide for agency evaluations of contractor performance to be included immediately in past performance databases, rather than waiting for contractor comment, rebuttal, and challenge, as provided in the existing regulations. The same approach to contractor comments was adopted in section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417), which established the Federal Awardee Performance and Integrity Information System.

A January 2011, memorandum from the Administrator for Federal Procurement Policy highlighted the “need to improve the quantity and quality of information available [in past performance databases] so that source selection officials have greater confidence in the reliability and relevance of the information there.” The memorandum reported that the Department of Defense (DOD) submitted past performance evaluations on only about half of eligible contract awards. Those assessments that DOD did submit adequately addressed quality and schedule issues only about half the time, and adequately addressed cost control issues only 20 percent of the time.

The February 2011, Interim Report of the Commission on War-time Contracting in Iraq and Afghanistan found that agency failure to record contractor performance assessments in official databases in a timely manner increases the risk of agencies’ awarding contracts to habitual poor performers. The report states:

“Federal past-performance policy provides for a lengthy comment, rebuttal, and review process, in which government officials and contractors record their database input sequentially. To avoid the delays these policies and procedures can create, government officials sometimes make an unduly generous assessment—or no assessment at all—of the true quality of contractors’ performance.”

**Implementation of recommendations of Defense Science Board task force on service contracting (sec. 822)**

The committee recommends a provision that would require the Under Secretary of Defense for Acquisition, Technology, and Logistics to develop a plan for implementing the recommendations of the Defense Science Board (DSB) Task Force on Improvements to Service Contracting, which was established pursuant to the directive of section 802 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84).

Over the last 10 years, the committee has initiated numerous legislative initiatives directed at addressing shortcomings in the acquisition of contract services by the Department of Defense (DOD). These provisions include:

- Section 821 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398), which required DOD to establish a preference for the use of performance-based service contracts, establish centers for excellence in service contracting, and improve the training provided to personnel engaged in contracting for services.
- Section 2330 of title 10, United States Code (enacted by section 801 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107) and amended by section 812 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109–163)), which requires DOD to establish a management structure for the procurement of contract services.
- Section 2330a of title 10, United States Code (enacted by section 801 of the National Defense Authorization Act for Fiscal Year 2002 and amended by section 807 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 109–181)), which re-



quires DOD to develop and review a comprehensive inventory of contract services.

- Section 806 of the National Defense Authorization Act for Fiscal Year 2008 (codified as section 235 of title 10, United States Code, by section 803 of the National Defense Authorization Act for Fiscal Year 2010), which requires DOD to specify annual amounts requested for contract services in budget justification documents submitted to Congress.

- Section 808 of the National Defense Authorization Act for Fiscal Year 2008, which requires DOD to conduct regular, independent management reviews of contracts for services.

- Section 863 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), which requires DOD to establish a process for identifying, assessing, reviewing, and validating requirements for the acquisition of contract services.

As noted by the DSB task force, DOD has made significant efforts to implement these requirements. For example, each of the military departments has appointed a senior executive to oversee the management of contract services and the Director of Defense Procurement and Acquisition Policy has begun to implement independent management reviews of contracts for services. The progress made by the Air Force Program Executive Officer for Services has been particularly impressive.

Despite these efforts, however, the DSB task force reported major deficiencies in DOD’s management, organization, and processes for the acquisition of contract services. For example, the task force found:

“Across the Department, there is little visibility into, and guidance for who, what, and how the DOD buys services. As a result, there is overwhelming pressure to simply execute operations and maintenance funds to the maximum amount allotted with little regard for the efficiencies that could be realized through a more centralized approach. . . .

“Across the acquisition workforce, rote compliance is rewarded and therefore, creativity is stifled. . . .

“The task force also observed an overall lack of appropriate training, education, and experience for all people involved. . . .

“Fundamentally, the entire defense workforce lacks knowledge and experience in services contracting, auditing, and oversight.”

In the current budget environment, the committee concludes that DOD must take significant additional steps to improve the management and oversight of its acquisition of contract services.

#### **Temporary limitation on aggregate annual amount available for contract services (sec. 823)**

The committee recommends a provision that would cap Department of Defense (DOD) spending for contract services in fiscal years 2012 and 2013 (not including spending from the Overseas Contingency Operations Account) at the level of the President’s budget request for fiscal year 2010. In addition, the provision

would require the Department to: (1) establish a negotiation objective of capping contractor labor rates and overhead rates at fiscal year 2010 levels; (2) obtain high-level approval for any contract or task order in excess of \$10.0 million at an annual cost exceeding fiscal year 2010 levels; (3) eliminate any contractor positions identified as being responsible for the performance of inherently governmental functions; and (4) reduce funding for staff augmentation contracts and contracts for functions closely associated with inherently governmental functions by 10 percent a year; and (5) use the management structure required by section 2330 of title 10, United States Code, to provide oversight and ensure compliance with the requirements of the provision.

The efficiencies initiatives announced by the Secretary of Defense on August 9, 2010, included a 3-year, 10 percent per year reduction in support contractors performing “staff augmentation services” and a 3-year freeze on DOD civilian personnel. The committee notes that “staff augmentation services” has a subjective definition, and this category of contractors is not tracked in any of the Department’s business systems. Moreover, many comparable functions are performed both by civilian employees of the Department and pursuant to contracts for services. Expected savings from the reduction in staff augmentation services and the civilian workforce freeze could easily be lost if other categories of services contracts are permitted to grow without limitation so that spending can shift to these contracts.

Over the last decade, DOD spending for contract services has more than doubled, from \$72.0 billion in fiscal year 2000 to more than \$150.0 billion (not including spending for overseas contingency operations), while the size of the Department’s civilian employee workforce has remained essentially unchanged. The Under Secretary of Defense for Acquisition, Technology, and Logistics testified in September 2010:

“I just tell you, the low-hanging fruit really is [in contract services]. There’s a lot of money. There has been a very, very high rate of growth over the last decade, in services. They have grown faster than everything else. . . . So, there’s a lot we can do.

\* \* \* \* \*

“I think great savings can be had there, across the Services’ spend. It’s essential that we look there, because that’s half the money.”

The committee notes that the Air Force has conducted a disciplined review of \$5.6 billion of service contracts over the last year and identified \$1.4 billion of expected savings over the next 8 years. The Air Force has informed the committee that an expanded review can be expected to result in substantial additional savings. In the view of the committee, the other military departments and defense agencies should be expected to conduct similar reviews, and to achieve similar savings.

The committee concludes that an across-the-board freeze on DOD spending for contract services comparable to the freeze that the Secretary of Defense has imposed on the civilian workforce is warranted to ensure that the Department maintains an appropriate

balance between its civilian and contractor workforces and achieves expected savings from planned reductions to both workforces.

**Annual report on single-award task and delivery order contracts (sec. 824)**

The committee recommends a provision that would streamline reporting requirements for single-award task and delivery order contracts pursuant to section 817 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314). The provision recommended by the committee would require a single annual report on single-award contracts awarded on the basis of exceptional circumstances, rather than a separate report on each single-award contract awarded during the year.

**Incorporation of corrosion prevention and control into requirements applicable to development and acquisition of weapon systems (sec. 825)**

The committee recommends a provision that would require the Department of Defense (DOD) to: (1) identify and disseminate recommendations from a recent corrosion study conducted by the DOD Director of Corrosion Policy and Oversight; (2) develop a plan for increased consideration of corrosion issues in the acquisition of major weapon systems; (3) consider specific steps to improve corrosion control in the F-22 Raptor and F-35 Lightning II Joint Strike Fighter aircraft programs; (4) consider corrosion issues in any certification of a major defense acquisition program under section 2366a or 2366b of title 10, United State Code; and (5) provide appropriate consideration to corrosion in the operational testing of major weapon systems. The provision would require the Director of the Office of Test and Evaluation (DOT&E) to consider corrosion, environmental severity, and duration in the adequacy of test and evaluation plans. In addition, the DOT&E annual report would be required to include an assessment of the adequacy of each major defense acquisition program in considering material degradation.

The affordability and suitability of a weapon system is greatly affected by the material degradation characteristics of the system over its entire useful service life. The recently released, congressionally-mandated report by the Director of Corrosion Policy and Oversight, entitled "Corrosion Evaluation of the F-22 Raptor and F-35 Lightning II Joint Strike Fighter," identified several areas in the design, development, and testing processes of these weapon systems where corrosion and material degradation were not appropriately addressed. This resulted in serious corrosion issues on the F-22 that went undiscovered until well into production and fielding, and caused significant consequences in both cost and readiness. These problems could and should have been avoided. The evaluation also pointed out some systemic problems with how corrosion and material degradation are considered in the acquisition of new systems.

Section 2228 of title 10, United States Code, established the Office of Corrosion Policy and Oversight. The Director of the Office is required to: (1) oversee and coordinate DOD efforts to prevent and mitigate corrosion; (2) develop and recommend policy guidance on the prevention and mitigation of corrosion; (3) determine the

adequacy of DOD funding levels for the prevention and mitigation of corrosion; (4) monitor and oversee DOD corrosion prevention and mitigation efforts; (5) work with the Defense Acquisition University to develop corrosion training; and (6) work with other elements of the Department to ensure the implementation of requirements and criteria for the testing and certification of new corrosion-prevention technologies and to establish a coordinated research and development program for the prevention and mitigation of corrosion.

The provision recommended by the committee would build on these authorities to ensure that full consideration is given to corrosion prevention and mitigation at every stage of the acquisition process for major weapon systems. The provision would require the Milestone Decision Authority (MDA) to fully consider corrosion issues at the time of any certification of a major defense acquisition program prior to Milestone A and Milestone B. The committee expects the MDA to duly consider corrosion and material degradation in connection with Milestone B, in connection with his certifications that—

- the program is affordable when considering the ability of the DOD to accomplish the program's mission using alternative systems;
- the program is affordable when considering the per unit cost and the total acquisition cost;
- reasonable cost and schedule estimates have been developed to execute the product development and production plan under the program;
- the program demonstrates a high likelihood of accomplishing its intended mission;
- the DOD has completed an analysis of alternatives with respect to the program;
- the Joint Requirements Oversight Council has accomplished its duties with respect to the program pursuant to section 181(b), title 10, United States Code, including an analysis of the operational requirements for the program; and
- the technology in the program has been demonstrated in a relevant environment.

Once fielded, military systems frequently operate in corrosive environments. Therefore, to help ensure corrosion and material degradation do not become limiting factors during the useful service life of a weapon system, corrosion issues should be fully considered in both the design and testing of new systems.

**Prohibition on use of funds for certain programs (sec. 826)**

The committee recommends a provision that would prohibit the Department of Defense from carrying out any program that creates a price evaluation adjustment for specified categories of businesses, unless consistent with constitutional requirements established by the federal courts.

**Subtitle C—Amendments Relating to General Contracting  
Authorities, Procedures, and Limitations**

**Treatment for technical data purposes of independent research and development and bid and proposal costs (sec. 841)**

The committee recommends a provision that would clarify the treatment of independent research and development (IR&D) and bid and proposal (B&P) costs for the purposes of section 2320 of title 10, United States Code, governing rights in technical data. The provision recommended by the committee would ensure government-purpose rights (the right to use the data to ensure competition for future government purchases) in technical data for an item or process that is developed through the expenditure of IR&D and B&P costs in the case of: (1) an item or process for which the contractor contributed less than 10 percent of the cost of development; or (2) an item or process that is integrated into a major system and either: (a) cannot be segregated from the system as a whole; or (b) was developed predominantly at government expense.

**Extension to all management employees of applicability of the senior executive benchmark compensation amount for purposes of allowable cost limitations under government contracts (sec. 842)**

The committee recommends a provision that would amend section 2324 of title 10, United States Code, to extend the existing cap on allowable costs for defense contractor executive compensation to apply to all contractor management employees. Under current law, the cap applies only to the five most highly-compensated management employees in each segment of the company. The committee concludes that the extension of the provision is justified to ensure that the Department is not required to reimburse defense contractors for unreasonable or excessive compensation paid to company executives.

**Covered contracts for purposes of requirements on contractor business systems (sec. 843)**

The committee recommends a provision that would amend section 893 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) to clarify which defense contracts are covered contracts for the purpose of the authority to withhold payments under section 893.

**Compliance with defense procurement requirements for purposes of internal controls of non-defense agencies for procurements on behalf of the Department of Defense (sec. 844)**

The committee recommends a provision that would clarify the standards that a non-defense agency would have to meet to be suitable for interagency contracting by the Department of Defense. The provision recommended by the committee would require a non-defense agency to certify that the agency is compliant with: (1) the Federal Acquisition Regulation and other laws and regulations that apply to the procurement of property and services by federal agen-

cies; and (2) laws and regulations that apply to procurements of property and services made by the Department of Defense through other federal agencies.

**Prohibition on collection of political information (sec. 845)**

The committee recommends a provision that would prohibit the Department of Defense from requiring a contractor to submit political information as a part of a solicitation or at any other point during the performance of a contract. The provision includes exceptions for: (1) the enforcement of regulatory and law enforcement requirements; and (2) audit activities necessary to administer requirements relative to unallowable costs.

**Waiver of “Buy American” requirement for procurement of components otherwise producible overseas with specialty metal not produced in the United States (sec. 846)**

The committee recommends a provision that would amend section 2533b of title 10, United States Code, to authorize the Secretary of Defense to waive the requirement for the United States manufacturer of a weapon system component to use specialty metals melted or produced inside the United States if the Secretary determines that, in the absence of the waiver, the component would be produced overseas, using foreign specialty metals.

**Comptroller General of the United States reports on non-competitive and one-offer contracts awarded by the Department of Defense (sec. 847)**

The committee recommends a provision that would require the Comptroller General to review and evaluate noncompetitive contracts and one-offer contracts awarded by the Department of Defense (DOD) in fiscal years 2012, 2013, and 2014.

The committee notes that one of the major objectives of the “Better Buying Power” initiative announced by the Under Secretary of Defense for Acquisition, Technology, and Logistics is to promote improved competition for DOD contracts. The initiative includes a number of measures designed to decrease the number of one-offer contracts awarded by the Department. The reviews conducted by the Comptroller General pursuant to this provision should help DOD and Congress to evaluate the effectiveness of these steps and to determine whether additional steps are needed.

**Subtitle D—Provisions Relating to Wartime Contracting**

**Prohibition on contracting with the enemy in the United States Central Command Theater of Operations (sec. 861)**

The committee recommends a provision that would authorize the head of a contracting activity to void a contract or restrict the award of future contracts to a contractor who has been determined by the Commander of United States Central Command to be actively opposing U.S. forces in Afghanistan. The provision would also authorize the termination for default of a contractor who fails to exercise due diligence to ensure that none of the funds under a

contract are awarded to persons who are actively opposing U.S. forces in Afghanistan.

As a result of the establishment of Task Force 2010 and Task Force Spotlight last year, U.S. forces in Afghanistan have begun to fuse intelligence and contracting efforts to establish better oversight over contracting and subcontracting in Afghanistan. This improved oversight has revealed instances in which some contractors or subcontractors are working directly or indirectly with insurgents and powerbrokers who are actively working against U.S. forces in Afghanistan.

The Department of Defense has informed the committee that time-consuming legal procedures could be required under current law before such contracts could be terminated. As a result, U.S. taxpayer money could continue to flow to persons supporting enemy forces for weeks or even months after the problem has been identified. On March 15, 2011, the Commander, United States Forces Afghanistan, testified that legislation addressing this issue would “be very helpful to us” and “the sooner the better.”

The committee concludes that contracts with the enemy have the potential to seriously undermine U.S. national security objectives in the Central Command Theater of Operations and should be considered to be void as against public policy.

**Additional access to contractor and subcontractor records in the United States Central Command Theater of Operations (sec. 862)**

The committee recommends a provision that would authorize the Secretary of Defense to examine any records of a contractor or subcontractor in the Central Command (CENTCOM) Theater of Operations to the extent necessary to ensure that funds available under the contract or subcontract: (1) are not subject to extortion or corruption; and (2) are not provided directly or indirectly to persons or entities that are actively opposing U.S. forces in Afghanistan.

The Department of Defense (DOD) has informed the committee that extortion and corruption in the U.S. supply chain continues to hamper the achievement of national security objectives in Afghanistan. CENTCOM efforts to uncover linkages between DOD contractors and corruption and criminal networks in Afghanistan have been undermined by limitations on the Department’s authority to examine contractor records under fixed price contracts, contracts for commercial items, and contracts awarded through sealed bid procedures. The committee concludes that audit access to such contracts is needed, in limited circumstances and subject to appropriate controls, to address this problem.

**Joint Urgent Operational Needs Fund to rapidly meet urgent operational needs (sec. 863)**

The committee recommends a provision that would establish a Joint Urgent Operational Needs Fund (JUON Fund) to enable the Department of Defense to rapidly respond to urgent needs identified on the battlefield. The provision recommended by the committee would require that all expenditures from the JUON Fund be made: (1) on the basis of merit-based selection procedures; and (2) for capabilities that are determined to be suitable for rapid

fielding in accordance with the criteria in section 804(b) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383).

**Inclusion of associated support services in rapid acquisition and deployment procedures for supplies (sec. 864)**

The committee recommends a provision that would amend section 806 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 (Public Law 107–314) to authorize the use of rapid acquisition authority for support services required in connection with the deployment of urgently needed supplies.

**Reach-back contracting authority for Operation Enduring Freedom and Operation New Dawn (sec. 865)**

The committee recommends a provision that would authorize the Under Secretary of Defense for Acquisition, Technology, and Logistics to designate a single contracting activity inside the United States to act as the lead contracting activity in support of contracts to be performed in-theater for Operation Enduring Freedom and Operation New Dawn. The increased micro-purchase threshold and simplified acquisition threshold applicable to in-theater purchases would apply to contracts executed by the reach-back contracting authority for performance in theater.

**Inclusion of contractor support requirements in Department of Defense planning documents (sec. 866)**

The committee recommends a provision that would require that the Quadrennial Defense Review, the National Military Strategy, and other key military planning documents address the expected roles and responsibilities of contractors in military operations and associated risks.

**Subtitle E—Other Matters**

**Extension of availability of funds in the Defense Acquisition Workforce Development Fund (sec. 881)**

The committee recommends a provision that would provide uniformity in the availability of funds in the Defense Acquisition Workforce Development Fund, as requested by the Department of Defense.

**Modification of delegation of authority to make determinations on entry into Cooperative Research and Development Agreements with NATO and other friendly organizations and countries (sec. 882)**

The committee recommends a provision that would authorize the delegation of authority to approve certain Cooperative Research and Development Agreements to both the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L) and the Principal Deputy Under Secretary for AT&L. Current law authorizes the Secretary of Defense to delegate authority to only one Department of Defense official.



**Rate of payment for airlift services under the Civil Reserve Air Fleet program (sec. 883)**

The committee recommends a provision that would clarify that contracts establishing rates for services provided by air carriers who are participants in the Civil Reserve Air Fleet (CRAF) program are not subject to the Truth in Negotiations Act (TINA), section 2306a of title 10, United States Code, or the Cost Accounting Standards (CAS), section 1502 of title 41, United States Code. The Department of Defense has informed the committee that under longstanding practice, CRAF air carriers submit cost data in accordance with the Department of Transportation's Uniform System of Accounts and Reports (section 241 of title 14, Code of Federal Regulations). The Department states that subjecting these contracts to TINA and CAS would disrupt this proven methodology and require air carriers to comply with two separate sets of accounting standards.

**Clarification of Department of Defense authority to purchase right-hand drive passenger sedan vehicles and adjustment of threshold for inflation (sec. 884)**

The committee recommends a provision that would ensure that the Department of Defense can continue to acquire right-hand drive vehicles for use as needed overseas.

**Extension and expansion of small business programs of the Department of Defense (sec. 885)**

The committee recommends a provision that would extend through September 30, 2018, the Department of Defense Small Business Innovative Research program, Small Business Technology Transfer program, and Small Business Commercialization Pilot Program. The committee notes that these programs have successfully invested in innovative research and technologies that have contributed significantly to the expansion of the defense industrial base and the development of new military systems and capabilities.

**Three-year extension of test program for negotiation of comprehensive small business subcontracting plans (sec. 886)**

The committee recommends a provision that would extend for 3 years the authority for Department of Defense contractors to negotiate comprehensive small business subcontracting plans in accordance with section 834 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189).

**Five-year extension of Department of Defense mentor-protégé program (sec. 887)**

The committee recommends a provision that would extend for 5 years the mentor-protégé program authorized by section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510).

**Report on alternatives for the procurement of fire-resistant and fire-retardant fiber and materials for the production of military products (sec. 888)**

The committee recommends a provision that would require the Secretary of Defense to report to Congress on fire resistant and fire-retardant fibers and materials for the production of military products.

**Items of Special Interest****Competition in contracts for services**

One of the major objectives of the “Better Buying Power” initiative announced by the Under Secretary of Defense for Acquisition, Technology, and Logistics is to ensure that the Department maximizes the use of competition in the acquisition of products and services. As the Under Secretary explained in a September 14, 2010, memorandum for acquisition professionals:

“Real competition is the single most powerful tool available to the Department to drive productivity. . . . Competition is not always available, but evidence suggests that the government is not availing itself of all possible competitive situations.”

The committee is particularly concerned that the Department may not be availing itself of competition to the extent that it should in the award of contracts for services. The committee is aware of cases in which requirements for services contracts have been written in a manner that appears to favor award to the incumbent contractor, or in which the Department has failed to provide sufficient time for sources other than the incumbent to provide realistic competition for follow-on contracts.

Accordingly, the committee directs the Government Accountability Office (GAO) to report to the Armed Services Committees of the Senate and the House of Representatives by no later than March 15, 2012, on the extent of competition in Department of Defense contracts and task orders for services. The GAO report should address, at a minimum: (1) trends in competition rates for contract services; (2) the relative level of competition for contract services, compared to the rate of competition in contracts and delivery orders for products; (3) reasons for non-competitive contracts and task orders for services; and (4) steps that the Department of Defense could take to increase competition in contracts and task orders for services.

**Cost-consciousness in contingency contracting**

The February 2011, Interim Report of the Commission on War-time Contracting in Iraq and Afghanistan (CWC Report) found that after almost 10 years of military operations in Iraq and Afghanistan, federal agencies still do not treat contingency contracting as a core function. The CWC report states,

“The Commission has repeatedly observed that senior officials in the contingency acquisition process—those with decision-making and acquisition-related responsibilities—do not consider costs as a significant factor in their pre-

award planning or post-award performance-management decisions. Officials' failure to consider the costs of requirements results in loss of resources that could be more efficiently and effectively used. Agency heads have not held senior officials accountable for these consequences.

"For many senior officials, contractors appear to be a 'free' source of labor with no direct impact on their budgets. Funded out of what they perceive to be unconstrained overseas contingency-operation budgets, many senior officials pay scant attention to articulating specific support requirements, negotiating contract terms, and managing contractor performance. A general officer who briefed the Commission during its visit to Kuwait in February 2010 said that if there is no budget restriction and all contract-support requirements are met, then commanders have no incentive to consider costs."

The CWC Report also recommended that the Department of Defense and other federal agencies: (1) designate senior officials with responsibility for cost consciousness on major contracts; and (2) evaluate senior officials based on their performance in the area of contractor management and oversight and acquisition cost control. The committee directs the Secretary of Defense to report to the Committees on Armed Services of the Senate and the House of Representatives by no later than 90 days after the date of the enactment of this Act on the steps, if any, that the Department plans to take to implement these recommendations.

**Implementation of competition requirement in section 811 of the National Defense Authorization Act for Fiscal Year 2010**

The committee directs the Secretary of Defense to report to the Committees on Armed Services of the Senate and the House of Representatives, no later than March 1, 2012, and March 1, 2013, on the implementation of section 811 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84). The Secretary's report should provide, at a minimum, an assessment of the following: (1) the number of sole-source contracts in excess of \$20.0 million that have been awarded to each category of 8(a) participant, including Alaskan Native Corporations, during the preceding year; (2) the dollar-amounts associated with such contracts; (3) the justifications cited for the award of such sole-source contracts; (4) a description of the goods or services that were or are to be provided under such contracts; (5) the percentage of work on such contracts that was subcontracted by the awardee or performed by entities other than the awardee; and (6) any measures taken by the Department of Defense or the Small Business Administration to ensure that such contracts are not abused.

**Market research on potential sources of athletic footwear for members of the armed forces**

On March 30, 2011, the Department of Defense (DOD) submitted an interim response to the requirement of the Committee Print Number 10 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383), regarding DOD's

change in policy on athletic footwear for members of the Armed Forces. Under the new policy, DOD provides members an increased clothing allowance in order to purchase footwear, rather than purchasing it on their behalf. The interim report indicates that the new policy “provides new recruits the ability to buy commercially available running shoes of their choice, in consideration of the uniqueness of their individual physiology, running style, and individual comfort and fit requirements” and “ensures that recruits are able to select and wear the type and size athletic shoe that provides the greatest comfort and reduces lower extremity injuries.”

The report states that “A single model of athletic shoes which meets all of these requirements, at the selected price point, from a US supplier has not been identified.” However, DOD does not appear to have conducted any market research or other systematic review to support this conclusion.

Accordingly, the committee directs DOD to conduct market research, as provided in Part 10 of the Federal Acquisition Regulation (FAR) and Part 210 of the DOD Supplement to the FAR, to assess the variety and pricing of domestically-produced athletic footwear that could be made available to meet DOD needs. The market research should include a survey of all major athletic footwear manufacturers and an assessment of the extent to which the supply of such athletic footwear could be increased if a domestic non-availability determination were made, as it has been in the past, for certain materials incorporated into such footwear. The committee directs the Secretary to provide an updated report on the need for the new policy, in light of the data provided by such market research, by no later than 120 days after the date of the enactment of this Act.

#### **Preference for uniforms, organizational clothing, and personal equipment that contain recycled materials**

Executive Order 13514, dated October 5, 2009, requires federal agencies to ensure that 95 percent of new contract actions are energy efficient, water efficient, biobased, environmentally preferable, non-ozone depleting, contain recycled content, or are non-toxic or less toxic alternatives, where such products and services meet agency performance requirements. The Federal Acquisition Regulation (FAR) implements this requirement with provisions mandating that federal agencies implement cost-effective contracting preference programs, including affirmative procurement programs for products containing recovered materials and biobased products.

The committee is aware that military garment manufacturers and others in the private sector have initiated efforts to collect fabric scraps generated in the manufacturing process, combine them with post-consumer plastic water bottles, and generate recycled yarn for usage in a wide variety of materials and products. The committee directs the Secretary of Defense to report to the Committees on Armed Services of the Senate and the House of Representatives not later than 180 days after the date of the enactment of this Act on: (1) the extent to which such recycled products can meet Department of Defense (DOD) needs for uniforms, organizational clothing, and personal equipment; and (2) the feasibility and advisability of either developing a DOD-specific product speci-

fication for such items or working with the Environmental Protection Agency or the United States Department of Agriculture to designate such items as environmentally preferred products, as provided in section 23.404 of the FAR.

### **Procedures for suspension and debarment**

The February 2011, Interim Report of the Commission on Wartime Contracting in Iraq and Afghanistan (CWC Report) found that the Department of Defense and other federal agencies have failed to use the suspension and debarment process effectively in a contingency environment. The CWC Report states:

“[A]gencies sometimes do not pursue suspensions or debarments in a contingency environment, preferring instead to enter into administrative agreements with the problematic contractor. When agencies fail to take action to bar contractors from participation in the federal market despite chronic misconduct, criminal behavior, or repeated poor performance, taxpayer dollars can be wasted and mission objective compromised—while the contractor is left with no incentive to improve.

“Agency officials cite the complexity of suspension and debarment procedures as a reason for not using the tools as often as they could. For example, in some circumstances regulations provide contractors proposed for suspension or debarment with the opportunity to request a hearing before the agency taking the action. The Commission found that it is extremely difficult, if not impossible, to locate and present witnesses and necessary documentary evidence in support of a fact-based suspension or debarment in a contingency environment. This difficulty places a heightened burden on the agency when contractors seek to dispute particular facts by appearing in person.”

The Commission recommended addressing this problem by exempting agencies from the requirement to provide contractors with the opportunity for a hearing prior to a suspension or debarment action, and authorizing agencies to make such decisions based on the documentary record alone, in the case of contracts performed predominantly overseas in support of contingency operations. The committee directs the Under Secretary of Defense for Acquisition, Technology, and Logistics to report to the Committees on Armed Services of the Senate and the House of Representatives not later than 90 days after the date of the enactment of this Act on the feasibility and advisability of implementing this recommendation.

### **Prompt payment discounts and interest on late payments**

The committee is aware of concerns that the Department of Defense (DOD) has failed to take full advantage of prompt payment discounts offered by contractors and sometimes incurs interest penalties when it fails to pay contractors within the period of time required by the Prompt Payment Act (chapter 39 of title 31, United States Code). In an era of tight budgets, DOD cannot afford to forego available savings or pay unnecessary interest because of a failure to make timely payments.

The committee directs the Government Accountability Office (GAO) to review this issue and report its findings and recommendations to the committee by no later than March 30, 2012. The GAO review should include an assessment, for a sample of contracts, of the percentage and amount of available prompt payment discounts that DOD failed to recoup, the percentage and amount of interest charged to DOD for late payments, the causes of any shortcomings in DOD payment processes, and steps that DOD could take to address such shortcomings.

### **Reliability and maintainability of weapon systems**

In May 2008, the Defense Science Board (DSB) Task Force on Developmental Test and Evaluation reported that high suitability failure rates in operational test and evaluation were caused by “the lack of a disciplined systems engineering process, including a robust reliability growth program, during system development.” The DSB task force concluded that the single most important step necessary to correct these failure rates is to ensure that “programs are formulated to execute a viable systems engineering strategy from the beginning, including a robust [reliability, availability, and maintainability] program, which includes reliability growth, as an integral part of design and development.” These issues were addressed by the developmental testing and systems engineering requirements in section 102 of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111–23).

In June 30, 2010, in a memorandum entitled “State of Reliability”, the Director of Operational Testing and Evaluation (DOT&E), indicated that weapon system reliability continues to be a major problem for Department of Defense (DOD) acquisitions. According to the DOT&E’s 2009 annual report, only 66 percent of the programs monitored by DOT&E met their reliability requirements, only 44 percent have a reliability plan, and only 45 percent are tracking reliability. In March 2011, the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics issued a directive-type memorandum (DTM) effectuating the DOT&E’s recommendations. In particular, the DTM requires the use of reliability plans and metrics in connection with key investment decision points, and institutionalizes new procedures for analysis, planning, tracking, and reporting of reliability issues.

The committee expects all major systems in development—in particular, the Joint Strike Fighter Program, which is now predicted to have a life cycle cost in excess of \$1.0 trillion—to comply with the requirements of the DTM and directs the Department to modify DOD Instruction 5000.02 and other applicable guidance to ensure that the changes made by the DTM are fully institutionalized and implemented and that intended policy objectives are met.

### **Streamlining procedures for contract close-out**

At the end of fiscal year 2010, the Defense Contract Audit Agency (DCAA) reported a backlog of more than \$400.0 billion on incurred cost audits that the Department of Defense (DOD) must conduct before it can close out cost-type contracts. DCAA has informed the committee that incurred cost audits are expensive and time-consuming to conduct. Moreover, long delays may make it

more difficult to find the documentation necessary to conduct incurred cost audits and delay the recovery of any unjustified payments on behalf of the taxpayers.

The committee directs the Government Accountability Office (GAO) to review DCAA's criteria and procedures for conducting incurred cost audits and make recommendations as to steps that DCAA could take to reduce the backlog and close out contracts faster, while protecting taxpayers against unjustified or excessive payments. The GAO review should consider, at a minimum, the feasibility and advisability of: (1) restoring the authority of the head of an agency to close out a contract that is administratively complete, was entered into 10 or more years ago, and has an unreconciled balance of less than \$100,000; (2) authorizing the contracting officer, in consultation with DCAA, to waive the requirement for an incurred cost audit in the case of a low risk, low-cost contract; and (3) authorizing the contracting officer to waive final payment in a case where the contractor has gone out of business and cannot be reached.

The committee notes that a final rule on contract close-out, published in the Federal Register on May 31, 2011, includes language that is intended "to increase the use of quick-close-out procedures." The GAO review should assess the efficacy of the new rule in expediting contract closeout in appropriate cases.

### **Test and evaluation of major defense acquisition programs**

On June 3, 2011, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Department of Defense Director of Operational Test and Evaluation issued a joint memorandum addressing assertions made by some program managers that the Department's approach to testing "drives undue requirements, excessive cost, and added schedule into programs." The joint memorandum, based on two separate assessments of this issue, "found no significant evidence that the testing community typically drives unplanned requirements, cost or schedule into programs." According to the joint memorandum, none of the programs reviewed "was delayed solely by problems in testing and in no case was a testing problem a principal cause of delay."

Rather, delays in programs that have been attributed to overly rigid testing requirements were more likely caused by poorly-defined requirements and acquisition strategies that are poorly aligned with test plans. The joint memorandum calls for addressing these problems as follows:

- "[W]e need the requirements process to produce well-defined, and therefore testable, requirements. Our results indicate the requirements process needs to be more agile and responsive to change as knowledge increases. From the outset, requirements development must be informed by technical feasibility and rigorous trade-off analysis. Defining requirements in ways that are clear and testable, including in a well-defined and comprehensive operational mission environment, should be achieved as early as possible. Operators, developers, program analysts, and testers should all participate in the development of requirements so that they are defined in ways that provide meaningful increments of operational capability, enable efficient program execution, and are testable."

- “A central element of all our acquisition strategies should be an executable plan to use developmental and operational testing together as a means to achieve and demonstrate success. Programs often lack the budgetary and contract flexibility necessary to accommodate discovery and respond to problems discovered during program execution. The acquisition and test communities must work together to assure that this does not occur.”

The committee endorses the findings of the joint memorandum and urges the military departments to fully implement the recommended actions.



## **TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT**

### **Subtitle A—Department of Defense Management**

#### **Qualifications for appointments to the position of Deputy Secretary of Defense (sec. 901)**

The committee recommends a provision that would amend section 132 of title 10, United States Code, to require that the Deputy Secretary of Defense be appointed from among persons most highly qualified for the position by reason of background and experience, including but not limited to management experience.

Section 904 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181) made the Deputy Secretary of Defense the Chief Management Officer of the Department of Defense. At the same time, the committee recognizes that the Deputy Secretary continues to serve as the alter ego of the Secretary, who is responsible in that capacity for the full range of functions of the Department of Defense. For this reason, the committee views management background and experience as an important factor, but not an exclusive factor, that should be considered by the President in the selection of a Deputy Secretary of Defense.

#### **Designation of Department of Defense senior official with principal responsibility for airship programs (sec. 902)**

The Committee recommends a provision that would establish a focal point in the Department of Defense for airship programs.

The Senate report accompanying S. 3454 (S. Rept. 111–201) of the National Defense Authorization Act for Fiscal Year 2011, directed the Department of Defense to provide the congressional defense committees with a report that reviews the status and future of plans for the wide variety of air vehicles classified as aerostats, airships, and rigid aeroshell variable buoyancy vehicles that the Department is pursuing. The intent of this language was to ensure that the Department was coordinating and overseeing, as appropriate, the large number of these programs—including enabling cross-fertilization of technologies across the programs. Unfortunately, the report provided to the congressional defense committees was extremely disappointing. One of the Department's key airship programs, the Integrated Sensor Is Structure program being pursued by the Defense Advanced Research Projects Agency and the Air Force was not even mentioned.

Furthermore, there was very little discussion of the technical challenges and how the Department was pursuing solutions to them. The committee is concerned if this report is reflective of the level of technical and programmatic oversight that the Office of the Assistant Secretary of Defense for Research and Engineering is

providing for this emerging field. Hence, the committee directs the Department to designate a senior official who will be responsible for the coordination and oversight of the various airship-related programs across the Department to ensure that unnecessary duplication of efforts is avoided and that a technical “community of interest” is established to ensure cross-fertilization of technologies across the programs as appropriate. Furthermore, the committee directs the Department to submit a report within 180 days after the enactment of this Act to the congressional defense committees that fulfills the original language cited above and includes all airship programs the Department is currently developing.

**Memoranda of agreement on synchronization of enabling capabilities of general purpose forces with the requirements of special operations forces (sec. 903)**

The committee recommends a provision that would require the U.S. Special Operations Command (USSOCOM) and the services, not later than 180 days after the date of enactment of this Act, to produce formal Memoranda of Agreement establishing the procedures by which the availability of the enabling capabilities of the general purpose forces (GPF) will be synchronized with the training and deployment cycle of special operations forces (SOF).

The Commander of USSOCOM has described the “non-availability” of enabling capabilities as USSOCOM’s “most vexing issue in the operational environment.” As the Commander of USSOCOM testified earlier this year, “SOF units must include a limited amount of these enabling forces to ensure rapid response to emerging requirements, but we were designed and intended to rely on the services to meet most of our combat support and combat service support requirements.”

The committee supports recent efforts, including those mandated by the 2010 Quadrennial Defense Review, to build additional enabling capabilities within SOF and the GPF which can serve in direct support of SOF, especially in the areas of rotary-wing airlift, explosives ordinance disposal, and intelligence, surveillance, and reconnaissance.

A recent report required by the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84) indicated that adequately enabling SOF in the future will require improvements to “the process by which SOF gains access to enabler support, and by synchronizing efforts with the Services.” The report also stated “Currently, SOF units divert scarce organic resources to satisfy enabler requirements and accomplish the assigned mission. In future operating environments, the effects of enabler shortfalls will be further exacerbated unless USSOCOM and the Services can better forecast the need for support, codify support through formal agreements, and eventually get SOF units and their GPF counterparts training together throughout the deployment cycle.”

The committee notes that USSOCOM and the services, most notably the Army, have begun discussions with regard to the need to better align GPF enabling capabilities with SOF requirements. However, the committee believes that ongoing and planned reductions of GPF in Iraq and Afghanistan create additional urgency for

reaching agreement on procedures for ensuring adequate GPF enabling support to deployed SOF.

**Enhancement of administration of the United States Air Force Institute of Technology (sec. 904)**

The committee recommends a provision that would amend chapter 901 of title 10, United States Code, to establish the positions of the Commandant, and Provost and Academic Dean of the Air Force Institute of Technology (AFIT) and prescribe certain pre-requisite qualifications for appointment as the Commandant. The Commandant would either be an active-duty Air Force officer not below the grade of colonel, a member of the Senior Executive Service, or a civilian individual, including an Air Force officer who retired in a grade not below brigadier general, selected by the Secretary of the Air Force.

The committee expects the Secretary of the Air Force, as part of the selection process for the Commandant, to require key additional qualifications and attributes. For example, the Commandant should hold an advanced academic degree in a field of study relevant to the mission and function of the AFIT. Additionally, he or she should have a comprehensive understanding of the Department of the Air Force, the Department of Defense, and joint and combined operations; possess leadership experience at the senior level in a large and diverse organization; and have demonstrated the ability to foster and encourage a program of research in order to sustain academic excellence. The committee trusts the Secretary and the uniformed leaders of the Air Force to select only the highest qualified candidates for this important position.

**Defense laboratory matters (sec. 905)**

This provision contains four sections.

The committee recommends a provision to make permanent the direct hiring authority of scientists and engineers with advanced degrees that was authorized in section 1108 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417). With the Department of Defense’s current scientific and technical workforce aging, coupled with the highly competitive nature of hiring scientists and engineers outside of the Department, this authority has proven to be extremely valuable.

The committee recommends a provision to make permanent the mechanism to provide funds for defense laboratories for research and development of technologies for military missions, authorized by section 219 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009. The mechanism allows defense laboratory directors to use up to 3 percent of all funds available to the laboratory to conduct research, fund transition programs, develop the workforce, or revitalize and recapitalize infrastructure. This authority is already proving to be a powerful tool for lab directors and the expiration date should be removed to empower them with the ability to use this authority in a more strategic and effective manner.

The committee recommends a provision to make permanent the authorities of section 2805(d) of title 10, United States Code, that allows defense laboratories to carry out unspecified minor construc-

tion of projects up to certain limits. This authority has been useful for the revitalization and recapitalization of the aging infrastructure of the defense laboratories and helps to alleviate the situation where their needs typically are ranked of lower priority compared to other military construction requirements.

Lastly, the committee recommends a provision to direct the Secretary of Defense to conduct an assessment of the military construction needs of the defense laboratories for their revitalization and recapitalization. The defense laboratories are national assets and many of them, with infrastructure constructed more than a half a century ago, are facing challenges in the conduct of their missions due to aging infrastructure.

**Assessment of Department of Defense access to non-United States citizens with scientific and technical expertise vital to the national security interests (sec. 906)**

The committee is aware of a large number of recent studies that have highlighted the fact that the majority of recipients of advanced degrees from U.S. universities in scientific and technical areas are non-U.S. citizens. There is concern that the Department of Defense (DOD) is not able to access this growing cadre of technical expertise due to citizenship and security clearance reasons. The Department of Defense's scientific and technical workforce is aging but it appears that it is not taking a comprehensive long-term strategy over the next decade to address vacancies when many of the current workforce will retire.

To address shortfalls in critical skills in other areas, the DOD has instituted a pilot program, called the Military Accessions Vital to National Interest (MAVNI), to access certain health care professionals and individuals with specific language/cultural backgrounds.

The committee recommends a provision for the DOD to conduct a study to explore the use of MAVNI or other potential mechanisms to be able to employ non-U.S. citizens with specific critical scientific and technical skills—either within the Department as uniformed personnel, but more importantly civilians, as well as within the broader defense industrial base. The committee requests a report to the Committees on Armed Services of the Senate and the House of Representatives on the results of this study to explore such potential mechanisms.

**Subtitle B—Space Activities**

**Commercial space launch cooperation (sec. 911)**

The committee recommends a provision that would facilitate cooperation between the private sector and the Department of Defense (DOD) in using DOD space transportation infrastructure. The provision would authorize the Secretary of Defense to maximize the use of the space transportation infrastructure by the private sector, and maximize the effectiveness and efficiency of DOD's use of the infrastructure, reduce costs, and encourage commercial space activities through the use of contracts or other cooperative agreements. The DOD would be authorized to enter into such contracts or agreements with private sector entities to provide or receive spe-

cific space launch and reentry range support and services. Before entering into any such contracts or agreements the Secretary would have to determine that such contract or agreement is in the best interest of the government, would not interfere with DOD requirements and would not compete with commercial space entities, unless the competition is in the national security interest of the United States.

Pursuant to a contract or agreement, which must be managed in accordance with DOD procurement regulations, the Secretary of Defense could accept funds, services, or equipment to enable participation in joint space transportation infrastructure improvements with the private sector. The provision would also establish an account in the Treasury of the United States into which the Secretary would deposit any funds received. In addition, the Secretary would submit to the congressional defense committees an annual report describing how any funds, equipment, or services were used during the preceding fiscal year.

The committee notes that in many instances there are opportunities for DOD to partner with commercial space entities to jointly fund or undertake improvements that each entity would use. There are also instances where the private sector desires to undertake an improvement at a DOD facility to enable it to use the facility, but that could also be used by DOD. Finally, there are circumstances where a site-wide improvement is needed but it would be more efficient to use a single contract, which is jointly funded, to carry out a common improvement on DOD land and land leased by the private sector.

The committee notes that use of these agreements or contracts would have to be mutually agreed upon between DOD and the commercial space entity and would have to specifically describe the activity to be accomplished. Further the committee notes that this provision would not direct the Secretary to utilize such agreements or contracts to support space transportation infrastructure improvements, but would simply authorize these voluntary agreements.

**Authority to designate increments or blocks of space vehicles as major subprograms subject to acquisition reporting requirements (sec. 912)**

The committee recommends a provision that would amend section 2430a(a)(1) of title 10, United States Code, to authorize the Secretary of Defense to designate blocks or increments of two or more space vehicles as a major subprogram for the purposes of acquisition reporting.

This authority will allow the Department of Defense to manage the acquisition of space satellites in a more cost effective fashion.

**Review to identify interference with national security Global Positioning System receivers by commercial communications services (sec. 913)**

The committee recommends a provision that would direct the Secretary of Defense to review and assess the ability of the national security Global Positioning System (GPS) receivers to receive the signals of the GPS satellites without interruption or inter-

ference and determine if commercial communications services are causing or will cause widespread or harmful interference with national security GPS receivers. In the event that the review determines that commercial communications services are causing or will cause widespread or harmful interference with national security GPS receivers, the Secretary would be required to notify promptly the congressional defense committees. The provision would direct the Secretary to conduct such review every 90 days for 2 years or until the Secretary determines there is no widespread or harmful interference with national security GPS receivers by commercial communications services, whichever is earlier.

The provision would also set forth a sense of Congress that the reliable provision and receipt of GPS signals is critical to the economy, public health and safety, and the national security of the United States.

The committee is concerned about the possibility of commercial communications services interfering with the ability of national security GPS receivers to receive the GPS signal.

The GPS satellites provide global precision navigation and timing (PNT) services to civilian and military users to provide precise, common, location, and time reference to an unlimited number of people in all weather, day and night—free of charge. According to the National Executive Committee for Space-Based Positioning, Navigation and Timing, the U.S. Government entity established to advise and coordinate federal departments and agencies on matters concerning GPS and related systems, “GPS remains critical to U.S. national security, and its applications are integrated into virtually every facet of U.S. military operations. U.S. and Allied military forces will continue to rely on GPS military services for PNT services.”

### **Subtitle C—Intelligence Matters**

#### **Expansion of authority for exchanges of mapping, charting, and geodetic data to include nongovernmental organizations and academic institutions (sec. 921)**

At the request of the Department of Defense, the committee recommends a provision that would allow the Secretary of Defense to authorize the National Geospatial Intelligence Agency to provide or exchange geospatial-related data, supplies, and services, relating to regions outside of the United States to nongovernmental organizations or academic institutions engaged in geospatial-related research or production, pursuant to an agreement.

#### **Facilities for intelligence collection or special operations activities abroad (sec. 922)**

At the request of the Department of Defense, the committee recommends a provision that would create a narrow exception to the current requirement in section 2682 of title 10, United States Code, that the Secretary of Defense ensures that jurisdiction over, and maintenance and repair of real property facilities used by an activity or agency of the Department of Defense other than a military department be exercised by or through a military department. The exception proposed in this provision would be available only for

real property facilities acquired as part, or in support, of Department of Defense intelligence or special operations activities abroad, where security is paramount.

**Ozone Widget Framework (sec. 923)**

The committee recommends a provision that would require the Director of the Defense Information Systems Agency (DISA) to publish and maintain on the Internet the Application Programming Interface (API) specifications, a developer's toolkit, source code, and such other information on, and resources for, the Ozone Widget Framework (OWF) that are necessary to permit individuals and companies to develop, integrate, and test analysis tools and applications. The provision also would require the DISA Director to encourage and foster the use, support, development, and enhancement of the Ozone Widget Framework itself by commercial industry.

The Army, the National Security Agency (NSA), and other elements of the intelligence community, have developed a framework, called the Ozone Widget Framework, for the purpose of hosting tools or applications, called "widgets," for the retrieval, analysis, and presentation or visualization of data. The framework is designed to be non-proprietary, and to enable anyone with access to the APIs to build widgets that can be integrated into and controlled by the framework. The framework can also be used to integrate widgets with one another to enable the assembly of complex work flows. The basic idea is similar to the burgeoning commercial development of applications for integration into the new mobile communications and computing devices. The Army and other organizations are banking on the success of the OWF and widget development to solve major search, query, and correlation requirements.

Over the last year, the committee asked repeatedly whether the information necessary to write widgets to the framework was published on the Internet to enable the widest possible contribution to this promising intelligence analysis tool development model. The committee received varied answers, but consistently was told that the APIs were "accessible on the Internet." Further investigation revealed, however, that the APIs and other material on the OWF are posted on an unclassified DISA website which can be accessed only by those with a government sponsor or contract. This means that the business of designing widgets remains closed. In other words, the Defense Department (DOD) has imitated an innovative commercial approach to technology development but has left out the essential component. The commercial sector opens up the development process to the widest possible participation and competition, whereas the DOD approach is limiting them.

The Army in particular is in a race against time in this mission area. The previous J-2 for the International Security Assistance Force and U.S. Forces Afghanistan explicitly requested in mid-2010, through a Joint Urgent Operational Need Statement, that the Army immediately procure a mature commercial analytical and visualization capability for U.S. forces in Afghanistan. The Army rejected this request, arguing that it could field a comparable government-developed capability in roughly the same timeframe. A major part of this Army-proposed solution was to be the Ozone

Widget Framework. A year later, it is clear that the OWF and the development of widgets considerably lags the expectations that the Army created. The committee believes that opening up the widget development process to the broad information technology industry could speed up the satisfaction of urgent operational needs.

**Plan for incorporation of enterprise query and correlation capability into the Defense Intelligence Information Enterprise (sec. 924)**

The committee recommends a provision that would require the Under Secretary of Defense for Intelligence (USDI) to incorporate an advanced enterprise-wide distributed query and correlation capability into the Defense Intelligence Information Enterprise (DI2E), to conduct a pilot demonstration of such a capability, and to rationalize the multiple ongoing and planned deployments of large-scale query and correlation systems that operate on centralized data stores.

The Christmas bombing attempt of Northwest Airlines flight 253 showed that the “connect-the-dots” problem first exposed by the terrorist bombings of 9/11 remains unsolved. As the President said on January 5, 2010, “The U.S. government had sufficient information to have uncovered this plot and potentially disrupt the Christmas Day attack, but our intelligence community failed to connect those dots.” The intelligence community has largely overcome the impediments to sharing finished intelligence reporting, and has made significant strides in interagency cooperation, but substantial barriers remain to sharing access to the truly immense amount of raw or unevaluated data that is collected and stored across agencies and departments. The connect-the-dots challenge impacts not only the government’s overall counterterrorism mission; military forces in Iraq and Afghanistan face the same problems in trying to discover and correlate the fragments of intelligence buried in mountains of collected information that are key to identifying and prosecuting insurgent forces.

The large and numerous databases that all organizations, agencies, and departments maintain are for the most part still “stovepiped”—not accessible to personnel outside of that organization or agency. Moreover, these disparate databases typically were designed for specific purposes, with unique structures and methods of accessing and querying that make federated queries impractical or unfruitful.

As discussed below, across the Department of Defense and the government as a whole, there are many initiatives to construct advanced search/query capabilities to operate effectively and efficiently on extremely large data sets. In almost all cases, however, the systems are designed to operate on a single, consolidated database that is itself specially designed for scale and speed. Almost invariably, these initiatives have at best succeeded in consolidating only the data owned by the sponsoring organization of agency, or that of certain close partners. The result is a proliferation of advanced query systems that are operating in isolation on islands of stovepiped data sources. In other words, data consolidation usually stops at organizational boundaries, and those boundaries also then



define the limits of our ability to connect dots through existing advanced data query and correlation systems.

Almost every department and agency involved in intelligence and homeland security has built or is building one or more high-performance systems for advanced search/query/correlation. For example, the Central Intelligence Agency (CIA), National Security Agency (NSA), the Federal Bureau of Investigation (FBI)-managed Foreign Terrorist Tracking Task Force (FTTTF), the FBI, Defense Intelligence Agency (DIA), U.S. Special Operations Command, Department of Homeland Security (DHS) Customs and Border Protection (CBP), the Army, and USDI all have built or are building their own advanced search/query/correlation systems to “connect-the-dots” within the data sources that they control. All of these systems are using the same or similar technology and techniques to extract entities from structured and unstructured data, to resolve those entities, discover connections between them and their attributes, and enable analysts to extract relevant information without flooding them with data. In some instances, the same companies are providing the same basic software to multiple government customers.

While each of these systems has some impressive performance characteristics, all of them are seriously limited in terms of data sources. Simply put, they cannot solve the counterterrorism connect-the-dots problem, or the more general requirement for enterprise search capabilities, because they do not have access to or even a majority of the available dots. NSA does not have access to CIA data, CIA does not have access to NSA data, and so on, endlessly. They can or will be able to connect the dots within their own organization or agency perhaps, but not across the Defense Department, the Intelligence Community, or the government as a whole.

Moreover, as noted above, most of these systems are designed in such a way that the data sources that feed them must be consolidated into one. This makes extension of any one of these systems to a large part or the whole of government unachievable, at least as of now. It is not necessarily that these systems cannot be scaled up to ingest and manipulate the huge volume of data held across the government’s security and law enforcement agencies. The real problem is that agencies and departments, and sub-organizations within them, are not willing to hand over or lose control of their data stores. These data stores are vital to them for all of their specific—and specialized—missions, and are optimized to support them.

There is, however, a practical, near-term way ahead. There is an existing, operational advanced search/query system that is designed to operate on a distributed basis, without consolidating all the data it would operate on into one huge data store. This system leaves all databases where they reside, undisturbed, allowing them to continue to serve the specialized missions and functions that led to their creation in the first place. This system is operational in two different agencies/departments, and clearly can be scaled up to handle arbitrarily large numbers of separate data stores and data volume using commodity hardware. It does not provide all the capabilities that a centralized data model can support, but it does enable users to rapidly receive integrated and prioritized answers to

sophisticated queries across many databases as though those databases were combined into one.

This system is operating inside the FBI, where it is called the Information Data Warehouse (IDW). IDW is operating across 50-plus databases spread across the FBI, processing over one billion records, in support of 12,000-plus Joint Terrorist Task Force (JTTF) analysts, as well as other consumers within the FBI.

The same system was adopted by DHS Customs and Border Protection, where it is called the Automated Targeting System (ATS). It currently operates on more than 9 billion records; when fully deployed, it would operate against 100 billion records. CBP and the FBI would like to conduct a demonstration that would link IDW and ATS, allowing JTTF counterterrorism analysts to conduct queries across the FBI's and CBP's data holdings, spanning multiple security levels.

This system, or one like it, could be deployed in the Department of Defense (DOD) to satisfy multiple needs for enterprise search and correlation capabilities. As noted previously, military forces in Iraq and Afghanistan face the same problem trying to identify targets in mountains of data as National Counterterrorism Center analysts do discovering terrorists threatening the Homeland. It is no surprise that CIA and NSA are building large-scale search systems that are functionally the same as what the Army's Intelligence and Security Command is building to support our ground forces in Afghanistan.

The USDI is overseeing an effort to build a service-oriented DI2E that is intended to provide an ability to discover, retrieve, integrate, evaluate, and present information and intelligence products across the Defense Department. The Director of National Intelligence (DNI) has established a companion project called Intelligence Community Core. The Defense Department's Office of the Chief Information Officer is also conducting a related program called the Multi-Agency Collaboration Environment (MACE). The MACE is operated on a reimbursable basis for organizations, agencies, and departments to share tools, applications, and data to build a shared enterprise.

The USDI and the MACE program recognize the need for an enterprise search capability within the DI2E, but lack the funds to pursue this objective. This provision would require the USDI to incorporate an advanced enterprise search capability into the DI2E program, and to conduct a pilot program or technology demonstration of such a capability as part of the DI2E program. The committee recommends an authorization of \$20.0 million in PE 35159F for this purpose. The committee urges DOD to consider the existing DHS and FBI IDW/ATS system for this role, and to conduct a pilot or demonstration program in cooperation with DHS and the FBI. The committee directs that all funds in this program be allocated in accordance with the requirements of section 4001, through a competitive, merit-based process.

The committee notes that the DNI is funding a comprehensive entity resolution service called Catalyst for the entire intelligence community. Catalyst will use technology that is common to the advanced query and correlation systems that have been built by CIA, USDI, and the FBI, and others. DNI is now working with USDI

and the CIA on this project. The committee urges the DI2E program to integrate with the Catalyst capability, so that DOD users can access the Catalyst service. Likewise, as mandated by this provision, the DI2E program office should work with the other, heretofore stovepiped advanced query systems operating or being built inside the Department to make them commonly accessible and compatible with the DI2E and the distributed enterprise query capability.

#### **Subtitle D—Cybersecurity Matters**

##### **Strategy to acquire capabilities to detect previously unknown cyber attacks (sec. 931)**

The committee recommends a provision that would require the Secretary of Defense to develop and implement a strategy to acquire advanced threat discovery capabilities to complement current cybersecurity systems that depend heavily on advance knowledge of specific attacks.

Operational, deployed cybersecurity tools and systems overwhelmingly require some specific a priori knowledge of the signatures of threats or attacks in order to stop them. It is necessary to know what an attack looks like in detail in order to detect it and block it. This is the case all the way from host-based security systems deployed on desktops up to the network-level Einstein 3 intrusion detection and prevention system built by the National Security Agency (NSA).

Discovery of attacks that have not been seen before—often called zero-day exploits—is currently a laborious process that takes far too long and provides unreliable results.

If one has the luxury of knowing attack signatures ahead of time, it is relatively straightforward to parry the threat. Computers can do it automatically, at “Internet speeds”, making a variety of imaginative “active defense” measures possible, and minimizing analytic manpower requirements. If one does not know the signatures ahead of time, however, sophisticated exploits and attacks could remain hidden for catastrophically long periods.

NSA until recently planned, for an extended period if not the foreseeable future, to address the discovery requirement through its intelligence-gathering and analysis activities. As these activities are necessarily highly classified and complex, the public, the commercial cybersecurity industry, and even most government officials were not in a position to examine and judge the adequacy or reliability of such activities. The committee’s firm conclusion is that, although NSA and other elements of the intelligence community have developed very impressive capabilities and have achieved remarkable results, the security of the Department of Defense (DOD), the civilian departments and agencies, and the Nation’s critical infrastructure cannot be reliably protected by these means alone.

We simply cannot count on being able to determine the signatures of advanced persistent threats before they are used against our networks. It is essential for network defenders to have their own means for independently discovering new attacks by examining the behavior and impact of attackers and their tools on the traffic flowing across the defended networks and their endpoint tar-

gets. Whereas we have been operating almost exclusively under a model where specialized intelligence organizations “fished” for new threat signatures and then programmed intrusion prevention devices, a new, complementary model is needed where network defenders are equipped and “taught to fish” for themselves.

For cyber defense against advanced threats, the first model would leave civil government and the privately-owned critical infrastructure dependent on classified threat signatures that only NSA and other intelligence agencies could hope to provide. Besides being, in the end, insufficiently reliable, that model requires that NSA play a dominant role in securing both private-to-public communications and private-to-private communications. The alternative model provides a complementary opportunity for government organizations at the Federal, State, and local levels, as well as the private sector, to help defend themselves. By spreading discovery technologies and strategies widely, and allowing for the sharing of discovered threats, defenses would be far more robust.

The committee is not alone in this judgment. Recently, the Under Secretary of the Department of Homeland Security (DHS) for the National Protection and Programs Directorate testified to the Senate that non-signatures-based defenses were essential to complement systems like Einstein 3. Many senior officials and cybersecurity experts inside and outside of the government agree that technologies and procedures for robust and rapid attack discovery are a critical but neglected element of the Nation’s cybersecurity architecture.

NSA belatedly recognizes this reality, and is incorporating some advanced discovery capabilities in its collection and monitoring systems and activities—capabilities that had been developed within the Agency over a period of years without achieving the status of a program of record. These capabilities are now being exploited to support NSA’s core missions and the Department of Defense, but have not been offered to the rest of the government. NSA has stated that it has not offered these capabilities more broadly because no one asked them to do so. This rationale is not persuasive, given NSA’s pro-active stance on cybersecurity in general. However, the committee doubts that this government-developed, classified solution could be widely used across the government or to defend critical infrastructure. Fortunately, the private sector has developed and is developing commercial discovery technologies and capabilities that promise to be effective.

The committee believes that the Department of Defense, DHS, and the rest of the government need to focus on cultivating commercial industry to produce advanced cybersecurity technologies and capabilities. It is potentially risky for the government to remain so heavily dependent upon NSA. In the cyber domain, NSA is a developer of GOTS [“government-off-the-shelf”] capabilities using government scientists and engineers. NSA thus has acted as the government’s principal development organization while at the same time serving essentially as the government’s chief cyber architect, planner, and acquirer. The intelligence agencies alone can acquire threat information through clandestine means, but the commercial sector can build capabilities to discover and counter those same threats through technical means. Competition is inher-

ently healthy, and the two approaches are complementary and mutually reinforcing.

To its credit, the DOD Defense Information Systems Agency (DISA) has deployed at all of its gateways a robust commercial capability for discovery of previously unknown threats. This particular system works by copying all the traffic flowing into a network (“full packet capture”), reconstructing the packets into “sessions” that humans recognize (emails, documents, etc.), creating extensive and in-depth metadata about that traffic, storing it for an extended time period, and enabling analysts to query that data with sophisticated tools to discover subtle anomalies and abnormal behavior.

However, as the volume of traffic through DISA’s gateways has grown rapidly over the last several years, DISA has not upgraded this discovery capability to keep pace, and performance is not meeting U.S. Cyber Command’s requirements. This must be remedied. The cost of upgrading these deployments is low—a few million dollars, according to DISA estimates.

The more serious and difficult impediment is a personnel shortfall. The discovery capabilities and tools described in this report are only as good as the analysts who are using them. Discovering advanced cyber attacks requires a sophisticated and well-trained analytic workforce. DISA officials understand this, and acknowledge that the Agency and U.S. Cyber Command lack adequate numbers of skilled analysts. This must be remedied as well, as soon as practically possible.

One path to coping with this shortfall is to “outsource” the function. DOD has been conducting multiple cybersecurity pilot programs at congressional direction, under the auspices of the Under Secretary of Defense for Policy and the Office of the Chief Information Officer. One of these pilots is for managed security services. The company executing this pilot uses the discovery system—the equipment and software tools—that DISA has deployed at gateway sites (along with a variety of other commercial tools and capabilities). The company provides experienced, skilled analysts to operate the system on behalf of a sizeable DOD customer.

At the endpoint level, DOD is completing its 5-year, department-wide deployment of the Host-Based Security System (HBSS) and its management framework. HBSS is a successful and necessary capability. DOD is to be congratulated as well for requiring that the HBSS framework be designed in such a way that specific, existing tools can be removed and replaced by new, different, or upgraded tools, without regard to vendor, on the basis of openly available Application Programming Interfaces. Entirely new capabilities can be added to HBSS in this manner.

The committee is aware that commercial companies have developed HBSS-compatible capabilities both to stop previously unknown malware from infecting a computer and to detect, eliminate, and remediate attacks that have succeeded. These commercial capabilities include robust “whitelisting,” the detection and blocking of unauthorized applications and infected versions of authorized applications; the continuous monitoring of the state of the machine, its attributes, and change history, including registry keys, memory tables, running processes, security settings, event logs, application

inventory, operating system files, etc.; statistical determination of normal conditions and evolutionary changes on a network; and automated remediation of the effects on machine settings and files without reimaging.

The committee believes that these commercial endpoint or host-level discovery capabilities need to be evaluated in realistic settings to determine performance, maturity, scalability, overhead and manpower burdens, and cost. It is also very important to determine how useful the data collected by such agents at the host level can be when it is analyzed in combination with data collected at the network layer.

One such host-based system is already deployed at a combatant command, and at a Federally Funded Research and Development Center, which could serve as demonstrations. Others should be evaluated in the DOD cyber pilot program. The Department should plan on incorporating such technologies into the HBSS.

These technologies should also materially improve the “transparency” of the DOD network security situation, the lack of which is consistently cited by the Commander of U.S. Cyber Command as a serious deficiency.

As emphasized in the Senate report accompanying S. 3454 (S. Rept. 111–201) of the National Defense Authorization Act for Fiscal Year 2011, the major ISPs and telecommunications companies also have extensive cybersecurity capabilities that are based on observing behavior patterns rather than known signatures. These companies own and operate the global infrastructure over which attacks travel to their targets, and can provide warning and threat blockage at large scales and speeds.

The Defense Department is going to use these ISPs in a cybersecurity pilot to demonstrate capabilities and procedures to defend portions of the Defense Industrial Base (DIB). Currently, DOD’s plans for this DIB pilot call for the ISPs to build their own capability to employ classified threat signatures on their infrastructure. The committee’s view is that the DIB pilot also should enable the ISPs to contribute their own non-signatures-based defense capabilities.

The Department of Homeland Security and the Office of Management and Budget (OMB) are conducting a program to use the ISPs as a foundation for the defense of the .gov domain and the critical infrastructure, employing both signature- and non-signature-based threat detection and defense capabilities. The non-DOD federal networks for the most part have only vaguely defined borders with a very large number of unregulated Internet connections. DHS and OMB are using the ISPs to bundle traffic to and from each department and agency to reduce the attack surface and provide the equivalent of Trusted Internet Connections. Through the Managed Trusted Internet Protocol Services (MTIPS) program offered on the General Services Administration Network contract, agencies and departments procure managed security services, which include some behavior-based, forensic discovery capabilities. Much more could be done through this program. The commercial discovery technologies that the committee seeks to demonstrate and incorporate into DOD network defenses could be applied to .gov networks through MTIPS. Furthermore, the substantial capabilities of

the ISPs could be used to defend the DIB companies through the DIB Pilot—a model that could be extended to the other critical infrastructure sectors.

The committee recommends an authorization of \$20.0 million in PE 64764K to establish the program mandated in this provision, and to begin demonstrating, developing, testing, or fielding advanced discovery capabilities. The committee directs that all funds in this program be allocated in accordance with the requirements of section 4001, through a competitive, merit-based process.

**Program in support of Department of Defense policy on sustaining and expanding information sharing (sec. 932)**

The committee recommends a provision that would require the Secretary of Defense to develop and carry out a program to prevent future unauthorized releases of classified information from Department of Defense (DOD) networks and databases. Such a program is critical to sustaining momentum for greater sharing of information, which is essential to improving analysis for policymakers and military forces. The committee considers this problem important enough to warrant a dedicated program with an accountable program manager and focused oversight.

The provision describes a series of technical and procedural options available for improving defenses against so-called “insider threats.” Some of these solutions have already been put into effect by the Secretary of Defense, some others are pending, and still others are under consideration. They range from inexpensive and easy to implement and manage, to relatively expensive and complex solutions.

The committee’s perception is that the Defense Department is reluctant to take on the longer-term, more sophisticated and more expensive solutions. The committee supports frugality, but notes that the insider threat has many features in common with the broader cybersecurity threat. This provision requires the Department to consider that some potential insider threat solutions will also improve defenses against attempts to penetrate DOD networks and damage them or exfiltrate data electronically.

**Items of Special Interest**

**Determination of funding mechanisms for construction of test and evaluation facilities**

The committee understands that within the military departments there is a lack of clarity concerning the distinction between the construction of test and evaluation facilities with military construction funds, and certain test and evaluation equipment and instrumentation that can be constructed with research, development, test, and evaluation funds. Therefore, the committee directs the Secretary of Defense to issue clarifying guidance on the distinctions between these facilities, equipment and instrumentation, and the applicability of funding mechanisms. In addition, this guidance should specifically address the classification of rapidly reconfigurable test beds with simulated structures whose geometries and materials are designed to test the performance of military systems, especially in dense urban environments.

### **Evolved Expendable Launch Vehicle**

The committee notes that the cost of launching satellites using the Evolved Expendable Launch Vehicle (EELV) program, which consists of a family of Atlas V and Delta IV launch vehicles has increased substantially. While there are many reasons for the increased costs, including increased overhead costs associated with the end of the Space Shuttle program, and fewer launches than envisioned at the outset of the program, the Air Force is committed to getting the launch costs down. To that end the Air Force is looking at several initiatives.

The first is creation of a program executive office (PEO) for launch, separate from the PEO for space. While the committee is concerned that a new PEO for launch further fragments an already fragmented approach to the management of space, a temporary PEO for launch may be able to devote the time needed to understand the true cost of the EELV and then develop approaches to reduce the costs.

The second approach is to develop a more manageable approach to buying space boosters so that the industrial base is not subject to so much fluctuation in quantities. This concept would include an annual commitment for a set number of boosters that would then be assigned to individual satellite launches as and when needed.

The third effort is to break down and to understand the components of mission assurance costs. Mission assurance costs are extra costs associated with ensuring that the launch vehicle will perform as expected and deliver the satellite to the proper orbit. For the most part, national security satellites are extremely expensive, must last for many years, and serve a critical national security function. A launch failure is just not an option. On the other hand are all of the mission assurance costs necessary? This is a question that the new PEO for launch and the personnel responsible for space operations will have to review and answer.

The Air Force will also have to look to competition to reduce launch costs. The committee is aware that other U.S. private sector launch providers are developing various launch options that could be used for national security and other U.S. government satellites. The committee supports the recent efforts on the part of the Defense Department and the National Aeronautics and Space Administration to work jointly to develop new entrant criteria to be used to determine when a new launch capability is proven. The committee supports development of clear criteria to encourage new, reliable launch providers.

The committee also notes that the fiscal year 2012 budget request for EELV includes funds that will complete development of secondary payload standards. With the completion of these standards and the procurement of the EELV secondary payload adapter ring, there should be many more opportunities to launch small satellites. For many years the committee has urged the Air Force to utilize the excess capacity on EELV launches to launch more small satellites.



### **Examination of Department of Defense science, technology, engineering, and mathematics workforce needs**

The committee recognizes the challenges the Department of Defense is facing in meeting the needs for its future science, technology, engineering, and mathematics (STEM) workforce and applauds the number of efforts across the services and the Department of Defense to better understand these challenges and develop strategies to address them. Of note, is a STEM Workforce Strategic Roadmap developed by the Air Force, called "Bright Horizons", that in part was motivated by a recent study conducted by the National Academies for the Air Force entitled, "Examination of the U.S. Air Force's Science, Technology, Engineering, and Mathematics (STEM) Workforce Needs in the Future and Its Strategy to Meet Those Needs". The committee encourages the Air Force to pursue and adequately resource the implementation of this Roadmap. Furthermore, the committee strongly urges the Departments of the Army and Navy to conduct similar studies by an independent third party organization and develop similar strategic roadmaps.

#### **Navy test and evaluation**

As part of the Department of Defense's efficiency actions, the Navy's Deputy for Test and Evaluation position was eliminated. The committee understands that the Navy is now considering this billet as a required leadership position due to the important responsibilities to resource and manage the test and evaluation infrastructure investments, as well as the requirement for enhanced developmental test planning. The committee agrees with the Navy's position and looks forward to this important position being reinstated as rapidly as possible.

#### **Rocket System Launch Program**

The Air Force Rocket System Launch Program (RSLP) provides responsive space and research, development, test, and evaluation launch vehicle support, using excess ballistic missile assets for U.S. Government satellite launches.

The committee notes that the budget request for RSLP for fiscal year 2012 includes funds to support the launch of a National Oceanic and Atmospheric Administration (NOAA) satellite that will among other things be used to support space weather predictions and the effect of solar flares on satellites. This partnership, in which NOAA pays for the satellite and the Air Force pays for the launch, is a good example of interagency cooperation for mutual benefit.

The launch of the NOAA satellite will also allow the Air Force an opportunity to conduct an open competition for the launch vehicle. The committee supports both the Air Force commitment to launch the NOAA satellite and the use of fair and open competition for the launch vehicle.

In fiscal year 2012 the RSLP program will also conduct a competition to select a provider or providers to utilize excess Minuteman and Peacekeeper ballistic missile assets for space launch. Currently, there is a single provider of launch services using these assets. While the committee supports the use of the excess assets for

space launch, the committee also expects the competition for the use of the assets to be fair and open.

## **TITLE X—GENERAL PROVISIONS**

### **Subtitle A—Financial Matters**

#### **General transfer authority (sec. 1001)**

The committee recommends a provision that would authorize the transfer of up to \$5.0 billion of funds authorized in division A of this Act to unforeseen higher priority needs in accordance with normal reprogramming procedures. Transfers of funds between military personnel authorizations would not be counted toward the dollar limitation in this provision.

#### **Defense business systems (sec. 1002)**

The committee recommends a provision that would amend section 2222 of title 10, United States Code, to update the requirements for the review and approval of expenditures for defense business systems. Section 2222 would be revised to: (1) align the investment review process with the new management structure of the Department of Defense (DOD), including the leading role played by the Chief Management Officers of the military departments; (2) extend review and approval requirements to decisions to spend money on the operation and maintenance of existing business systems; and (3) extend these requirements to business systems acquired with non-appropriated funds as well as with appropriated funds.

The committee concludes that the extension of review and approval authority to expenditures for existing systems is needed to ensure that the Department phases out outdated and unnecessary business systems in a timely manner.

#### **Modification of authorities on certification and credential standards for financial management positions in the Department of Defense (sec. 1003)**

The committee recommends a provision that would strengthen the authority of the Secretary of Defense to establish certification and credential standards for financial management positions in the Department of Defense. The Under Secretary of Defense (Comptroller) has informed the committee that this enhanced authority is needed to ensure that the Department's financial management workforce has the capabilities needed to achieve an auditable financial statement by the end of fiscal year 2017 and achieve other financial management objectives established by Congress.

#### **Deposit of reimbursed funds under reciprocal fire protection agreements (sec. 1004)**

The committee recommends a provision, as requested by the Department of Defense (DOD), that would amend section 1856d(b) of

title 42, United States Code, to ensure that reimbursements to the DOD under the Reciprocal Fire Protection Agreements (42 U.S.C. Chapter 15A) do not expire and that the command which provides fire protection services in the event of an emergency is able to merge the reimbursed funds with those in the current appropriation, fund, or account, which is used for DOD fire protection services.

### **Subtitle B—Counter-Drug Activities**

#### **Five-year extension and modification of authority of Department of Defense to provide additional support for counterdrug activities of other governmental agencies (sec. 1011)**

The committee recommends a provision that would extend, by 5 years, the authority of the Department of Defense to provide additional support to counterdrug activities of other governmental agencies under section 1004 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510). The provision also would modify the authorized recipients of support under this authority to include tribal law enforcement entities, as defined by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

#### **Five-year extension and expansion of authority to provide additional support for counter-drug activities of certain foreign governments (sec. 1012)**

The committee recommends a provision that would extend, by 5 years, the authority to provide support for counterdrug activities of certain foreign governments under subsection (a)(2) of section 1033 of the National Defense Authorization Act (NDAA) for Fiscal Year 1998 (Public Law 105–85), as most recently amended by section 1014(a) of the Ike Skelton NDAA for Fiscal Year 2011 (Public Law 111–383). The provision also would amend subsection (e)(2) of section 1033 of the NDAA for Fiscal Year 1998 (Public Law 105–85) by increasing the authorized maximum annual amount of support to \$100.0 million, and would amend subsection (b) of section 1033 of the NDAA for Fiscal Year 1998 to expand the list of countries eligible to receive support to include the Governments of Benin, Cape Verde, The Gambia, Ghana, Guinea, Ivory Coast, Jamaica, Liberia, Mauritania, Nicaragua, Nigeria, Sierra Leone, and Togo.

In general, the committee has not previously added a significant number of countries in 1 fiscal year, but, in the case of West Africa, the committee is concerned that adding countries on an individual basis could prevent the Department from pursuing a comprehensive regional strategy with the foreign governments in Africa. The addition of eligible countries along the western coast of Africa will enable the Department to develop a more coherent and comprehensive regional strategy and—potentially—help governments in the region address the growing illicit drug trade before it becomes endemic in many of these already vulnerable countries.

**Reporting requirement on expenditures to support foreign counter-drug activities (sec. 1013)**

The committee recommends a provision that would extend, by 1 year, the reporting requirement on expenditures to support foreign counterdrug activities under section 1022(a) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398), as amended.

**Extension of authority for joint task forces to provide support to law enforcement agencies conducting counterterrorism activities (sec. 1014)**

The committee recommends a provision that would extend, by 1 fiscal year, the support by joint task forces under section 1022(b) of the National Defense Authorization Act (NDAA) for Fiscal Year 2004 (Public Law 108–136), as most recently amended by section 1012 of the Ike Skelton NDAA for Fiscal Year 2011 (Public Law 111–383). The provision also would prohibit the Department from utilizing this authority until it complies with 1012(b) of the Ike Skelton NDAA for Fiscal Year 2011.

The committee notes that the Department is currently using this authority to conduct only one operation, and—while the committee is pleased to learn of the Department’s judicious use of this authority—the committee also believes there are additional activities that could potentially be conducted, most notably in Northwest Africa and South Asia.

**Extension of authority to support unified counterdrug and counterterrorism campaign in Colombia (sec. 1015)**

The committee recommends a provision that would extend, by 1 fiscal year, the unified counterdrug and counterterrorism campaign in the Republic of Colombia under section 1021 of the Ronald W. Reagan National Defense Authorization (NDAA) Act for Fiscal Year 2005 (Public Law 108–375), as most recently amended by section 1011 of the Ike Skelton NDAA for Fiscal Year 2011 (Public Law 111–383).

**Subtitle C—Naval Vessels and Shipyards**

**Limitation on availability of funds for placing Maritime Prepositioning Ships squadrons on reduced operating status (sec. 1021)**

The committee recommends a provision that would prohibit funding to place a maritime prepositioning ship squadron (MPSRON), or any component thereof, on reduced operating status until: the Commandant of the Marine Corps (CMC) submits a report to Congress assessing the impact on military readiness for placing such MPSRON on reduced operating status; the Chief of Naval Operations describes the Navy’s plan and comments on the CMC’s report for placing such MPSRON on reduced operating status; and the Secretary of Defense certifies to Congress that the risks to readiness of placing such MPSRON on reduced operating status are acceptable.

**Modification of conditions on status of retired aircraft carrier ex-John F. Kennedy (sec. 1022)**

The committee recommends a provision that would amend section 1011 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364) to allow the Navy to dispose of the ex-John F. Kennedy. The provision would amend section 1011 to remove the requirement that the Navy ensure the ship is maintained in a status that would permit the Navy to return the ship to active service in event of a national emergency.

**Authority to provide information for maritime safety of forces and hydrographic support (sec. 1023)**

The committee recommends a provision that would authorize the Secretary of the Navy to collect and share certain marine data and hydrographic information to maximize the safety and effectiveness of the Navy and certain other organizations. Specifically, the provision would authorize the collection of marine weather and ocean data, modeling of that data, and forecasting of potentially hazardous meteorological and oceanographic conditions and allow the Secretary to provide the information in support of United States, North Atlantic Treaty Organization, and coalition forces. The provision would also authorize the Secretary to collect and provide hydrographic information to the National Geospatial-Intelligence Agency in support of its mapping and charting activities and safety of navigation mission.

**Subtitle D—Detainee Matters**

**Authority to detain unprivileged enemy belligerents captured pursuant to the Authorization for Use of Military Force (sec. 1031)**

The committee recommends a provision that would authorize the Armed Forces of the United States to detain unprivileged enemy belligerents captured in the course of hostilities authorized by the Authorization for Use of Military Force (Public Law 107–40).

The committee recognizes that the Armed Forces of the United States do not need specific statutory authorization to detain enemy belligerents under the law of war when they are captured in the course of any lawful armed conflict. Because the long-term nature of the current conflict has led to the detention of a number of individuals for a period that is not likely to end soon, the committee concludes that such statutory authorization is appropriate in this case.

**Required military custody for members of al-Qaeda and affiliated entities (sec. 1032)**

The committee recommends a provision that would require military custody for certain unprivileged enemy belligerents detained pursuant to the Authorization for Use of Military Force (Public Law 107–40), subject to a national security waiver. The requirement to detain individuals under this provision would apply only to unprivileged enemy belligerents who are determined to be members of al-Qaeda or an affiliated entity and participants in planning or carrying out an attack or attempted attack against the United

States or its coalition partners. Under section 1031, the Armed Forces of the United States would have the authority to detain, but would not be required to detain, unprivileged enemy belligerents who do not fall into this category.

**Permanent requirements for certifications relating to the transfer of detainees at United States Naval Station, Guantanamo Bay, Cuba, to foreign countries and other foreign entities (sec. 1033)**

The committee recommends a provision that would establish permanent limitations on the transfer of detainees at United States Naval Station, Guantanamo Bay, Cuba, to foreign countries. Like previously enacted legislation, the provision would: (1) prohibit such transfers unless the Secretary of Defense, with the concurrence of the Secretary of State, makes certain certifications regarding the country to which the detainee will be transferred; and (2) prohibit transfers to countries for which there is a confirmed case of recidivism.

The provision includes an exception for transfers undertaken to effectuate an order issued by a court or tribunal having lawful jurisdiction or a plea agreement entered in a military commission case prior to the date of the enactment of this Act, and would authorize a waiver of the restrictions in a case where the Secretary of Defense determines that the transfer is in the national security of the United States and that alternative actions will be taken to address the underlying purposes of the provision and substantially mitigate the risk of transfer. The committee understands that the goal of closing Guantanamo shall not be the basis for a determination that a waiver of the certification requirements under this section with regard to the transfer of any single detainee is in the national security interests of the United States.

**Prohibition on use of funds to construct or modify facilities in the United States to house detainees transferred from United States Naval Station, Guantanamo Bay, Cuba (sec. 1034)**

The committee recommends a provision that would prohibit the use of any funds available to the Department of Defense to construct or modify facilities in the United States to house detainees transferred from United States Naval Station, Guantanamo Bay, Cuba, unless authorized by Congress. The committee understands that this prohibition does not apply to Department of Justice funds that might be needed in connection with a transfer for the purpose of a criminal trial.

**Procedures for annual detention review of individuals detained at United States Naval Station, Guantanamo Bay, Cuba (sec. 1035)**

The committee recommends a provision that would require the Secretary of Defense to issue procedures for the implementation of the periodic review process established pursuant to Executive Order No. 13567 for individuals detained at Guantanamo Bay, Cuba. The implementing procedures would, at a minimum, clarify that: (1) the purpose of the procedures is to make discretionary de-

terminations whether or not a detainee represents a continuing threat to the United States; (2) the Secretary of Defense is responsible for any final decision to release or transfer any individual detained at Guantanamo; and (3) appropriate consideration is given to factors addressing the need for continued detention.

**Procedures for status determination of unprivileged enemy belligerents (sec. 1036)**

The committee recommends a provision that would require the Secretary of Defense to establish procedures for determining the status of persons captured in the course of hostilities authorized by the Authorization for Use of Military Force (Public Law 107-40). In the case of any unprivileged enemy belligerent who will be held in long-term detention under the law of war, such procedures would include proceedings at which a military judge presides and the detainee may be represented by military counsel. The provision would leave it to the Department of Defense to determine what constitutes “long-term detention” for the purpose of this requirement.

**Clarification of right to plead guilty in trial of capital offense by military commission (sec. 1037)**

The committee recommends a provision that would clarify the procedures for guilty pleas in the trial of capital cases by military commissions. The amendment would provide that a sentence of death may only be imposed by unanimous vote of all members of a military commission concurring in the sentence.

**Subtitle E—Miscellaneous Authorities and Limitations**

**Management of Department of Defense installations (sec. 1041)**

The committee recommends a provision that would authorize the Secretary of Defense to: (1) prescribe regulations, including traffic regulations, necessary for the protection and administration of Department of Defense property; and (2) designate military or civilian personnel of the Department of Defense as law enforcement officers for the purpose of enforcing such regulations and other applicable laws on such property. The provision would require that any designation of law enforcement officers be made by the Secretary of Defense or the Deputy Secretary of Defense, based on a determination that the designation is necessary for effective law enforcement. All powers granted under this provision would be subject to guidelines approved by the Attorney General.

**Amendments relating to the Military Commissions Act of 2009 (sec. 1042)**

The committee recommends a provision that would make certain technical corrections to the Military Commissions Act of 2009 (title XVIII of Public Law 111-84), as requested by the Department of Defense.



**Department of Defense authority to carry out personnel recovery reintegration and post-isolation support activities (sec. 1043)**

The committee recommends a provision that would authorize the Secretary of Defense to carry out reintegration and post-isolation support activities for certain persons returned to the control of United States authorities following detention in isolation or captivity by a hostile enemy while participating in or associated with a United States-sponsored military activity or mission.

**Treatment under Freedom of Information Act of certain sensitive national security information (sec. 1044)**

The committee recommends a provision that would authorize the Secretary of Defense to exempt from disclosure under the Freedom of Information Act (section 552 of title 5, United States Code): (1) critical infrastructure information, the disclosure of which would reveal vulnerabilities, the exploitation of which could result in the disruption or degradation of Department of Defense facilities; and (2) data files of the Military Flight Operations Quality Assurance (MFOQA) system, the disclosure of which would reveal sensitive information regarding the tactics and capabilities of military combat aircraft, units, or aircrews. Covered information would be exempt only upon a written determination by a senior Department of Defense civilian serving in a Senate-confirmed position. Each determination would be accompanied by a statement of the basis for the determination and would be available to the public upon request.

The Department of Defense has informed the committee that information about the specific location of explosives, harmful chemicals, alarms, pipelines and manifolds, security stations and devices, or communication centers on military bases could jeopardize the security of the personnel, facilities, and equipment on such bases. The Department has also indicated that the disclosure of aggregated and analyzed data generated by the MFOQA system concerning aircraft flight operations, aircrew training and readiness, and the assignment of aircraft and aircrew to specific units could jeopardize the military's ability to maintain a tactical and technical advantage over its adversaries as it performs national security missions.

**Clarification of airlift service definitions relating to the Civil Reserve Air Fleet (sec. 1045)**

The committee recommends a provision that would amend section 41106 of title 49, United States Code, to clarify that the application of section 41106 is limited to contracts for airlift services using aircraft of a type the Department of Defense has determined are eligible for participation in the Civil Reserve Air Fleet program.

Currently, the Department of Defense obtains air transportation services from United States air carriers in proportion to their commitment of aircraft to the Civil Reserve Air Fleet program. The Department has become concerned that the current language contained in section 41106 could be interpreted to require contracting with a United States air carrier, even though that air carrier did not have any aircraft capable of fulfilling the contract. The amendments to section 41106 would standardize the application of the

language and clarify that the section's application is limited to contracts for airlift services using aircraft of a type the Department of Defense has determined are eligible for participation in the Civil Reserve Air Fleet program.

**Authority for assignment of civilian employees of the Department of Defense as advisors to foreign ministries of defense and international peace and security organizations (sec. 1046)**

The committee recommends a provision that would provide the Department of Defense with authority, for 3 fiscal years, to advise foreign defense ministries and multilateral peace and security institutions on the policies and processes needed to manage effectively national defense activities and multilateral peace and security activities. The provision also would require the Secretary of Defense to provide an annual report to the Committees on Armed Services of the Senate and the House of Representatives, and would require the Comptroller General of the United States to conduct an evaluation of the effectiveness of the program no later than December 30, 2013.

The committee supports the Secretary of Defense's continued emphasis on building the security capacity of partner states as an area of strategic importance. In general, current defense institution building activities abroad tend to rely very heavily on contractors and to a limited extent on military personnel. These episodic engagements tend to prevent the creation of enduring relationships. This program, which is intended by the committee to be a pilot program, would add defense civilians to this effort thereby providing longer-term government-to-government linkages and—ideally—expanding cooperation in areas of mutual interest.

As a condition of providing this authority on a global basis, the committee expects the Department to ensure that the number of advisors assigned to any one country during a fiscal year is limited and that the deployment of advisors under the program is not heavily concentrated in a single geographic combatant commander's area of responsibility. Further, the committee expanded the Department's request to include multilateral peace and security institutions. The committee expects the Department will use this expanded authority to increase cooperation with institutions such as the African Union and its standby brigades.

**Net assessment of nuclear force levels required with respect to certain proposals to reduce the nuclear weapons stockpile of the United States (sec. 1047)**

The committee recommends a provision that would direct the President to accompany any proposal to reduce deployed nuclear weapons below the level in the New START Treaty, or hedge weapons, other than reductions associated with routine stockpile stewardship activities with a net assessment report. The net assessment would compare current and proposed U.S. nuclear weapons levels, with those of other countries with nuclear weapons, to determine whether the proposed nuclear forces would be capable of meeting U.S. deterrence, extended deterrence, assurance of allies, and defense objectives. The report on the net assessment would be

submitted to the congressional defense committees as soon as practicable after the date on which the President makes such a proposal. The requirement to accompany any reduction proposals with a net assessment report would continue in effect for all reductions proposed before calendar year 2022.

**Fiscal year 2012 administration and report on the Troops-to-Teachers Program (sec. 1048)**

The committee recommends a provision that would authorize the Secretary of Defense to administer and fund the Troops-to-Teachers Program during fiscal year 2012. The provision would require the Secretary of Defense and the Secretary of Education to report to Congress no later than April 1, 2012, on the funding of the program; the number of past participants who have fulfilled, and who have not fulfilled, their service obligation under the program; the impact of state and local budget shortfalls on employing program participants; the program's effectiveness as a transition assistance program; its success in placing teachers in qualified schools and rationale for expanding the program to additional school districts, and an assessment of the advisability of the administration of the program by the Department of Education in consultation with the Department of Defense.

**Subtitle F—Repeal & Modification of Reporting Requirements**

**Part I—Repeal of Reporting Requirements**

**Reduction in Department of Defense reporting requirements (secs. 1061–1069)**

The committee recommends a series of provisions that would repeal almost 70 recurring reports currently required of the Department of Defense (DOD) and modify roughly 25 additional reporting requirements to make them less burdensome.

In an August 9, 2010, speech detailing his efficiencies initiatives, the Secretary of Defense stated that DOD is “awash in taskings for reports and studies,” many of which are directed by Congress. The Secretary indicated that he would conduct a comprehensive review of internally-generated reports and “engage the Congress on ways to meet their needs while working together to reduce the number of reports.”

The committee notes that similar legislation in the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108–136) resulted in the repeal or modification of 82 congressionally-required reports. The committee supports the periodic review and reexamination of all congressionally-directed reporting requirements with the objective of eliminating reports that no longer serve a useful purpose.

### **Subtitle G—Other Study and Report Matters**

#### **Modification of dates of Comptroller General of the United States review of executive agreement on joint medical facility demonstration project, North Chicago and Great Lakes, Illinois (sec. 1071)**

The committee recommends a provision that would amend section 1701(e)(1) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84) to modify the frequency of reports required to be conducted by the Comptroller General from five annual reports to three periodic reports.

#### **Report on plan to implement organizational goals recommended in the National Security Strategy—2010 (sec. 1072)**

The committee recommends a provision that would require the President to submit a report to Congress setting forth a plan to implement the organizational goals recommended in the 2010 National Security Strategy. The report must include each of the changes identified in the Strategy as either underway or newly proposed, the goals for the changes, the actions required to achieve them, the sequencing of actions and schedule to achieve them, and the progress made to date towards the goals. The provision also requires an annual update of the plan indicating progress over the previous year and any modifications that have been made to the plan.

The committee has an enduring interest in national security reform. Many of the most important and difficult security challenges require the integration of the efforts, skills, resources, and authorities of multiple departments and agencies of the government. Inter-agency mechanisms and processes for planning, funding, leading and executing “whole-of-government” solutions. Executive authority flows from the President through Senate-confirmed cabinet secretaries who manage specialized departments.

The 2010 Quadrennial Defense Review Independent Panel wrote that:

“The Panel notes with extreme concern that our current federal government structures—both executive and legislative, and in particular those related to security—were fashioned in the 1940s and, at best, they work imperfectly today. The U.S. defense framework adopted after World War II was structured to address the Soviet Union in a bipolar world. The threats of today are much different. A new approach is needed . . . The Panel finds that the Executive branch lacks an effective ‘whole of government’ capacity that integrates the planning and execution capabilities of the many federal departments and agencies that have national security responsibilities . . . Today civilian departments and agencies lack the capacity to provide the array of capabilities required for effective support to the Department of Defense in stability and reconstruction operations in unstable host nations. In many cases, even pre-conflict and certainly post-conflict, our civilians will be deployed in situations of “security insecurity” and thus will

have to be able to operate in an integrated way with security forces [whether with indigenous forces (especially in a pre-conflict, failing state case), with international peacekeepers, or with U.S. forces (especially in post-conflict situations)].”

The President recognized these challenges in the National Security Strategy published in May 2010. The strategy suggests a broad set of ongoing and proposed organizational changes to address these problems. The committee’s recommended provision would require the President to clarify these goals and objectives, and develop a specific plan to achieve them.

**Biennial assessment of and report on delivery platforms for nuclear weapons and the nuclear command and control system (sec. 1073)**

The committee recommends a provision that would direct the Secretary of Defense in each odd-numbered year, to conduct an assessment of the safety, security, reliability, sustainability, performance, and military effectiveness of each type of U.S. platform for the delivery of nuclear weapons and of the nuclear command and control system. The results of the assessment, including a description of any gaps and shortfalls in the capabilities of the platforms or the system, or any risks that the platforms or system would not meet mission or capability requirements, shall be included in a report to the congressional defense committees. In addition the report would include any recommendations with respect to mitigation of any gaps, shortfalls, or risks. The first report would be due March 1, 2013.

**Annual report on the nuclear weapons stockpile of the United States (sec. 1074)**

The committee recommends a provision that would direct the Secretary of Defense to submit to the congressional defense committees an annual report, on March 1 of each year, setting forth an accounting of the nuclear weapons in the stockpile as of the end of the fiscal year preceding the year in which the report is submitted. The report would also include the planned force levels for the fiscal year following the year in which the report is submitted. The report would include the number of weapons in the deployed and non-deployed stockpiles, including each category of non-deployed weapons.

**Nuclear employment strategy of the United States (sec. 1075)**

The committee recommends a provision that would direct the President to submit a report 30 days after issuing any new nuclear employment strategy. The report would describe the modifications to the strategy in effect at the time the new strategy is issued, and an assessment of the effects of such modifications for the nuclear posture of the United States. The report would be submitted to the congressional defense committees. The provision would also set forth a sense of Congress that any new nuclear employment strategies should support the deterrence and related goals of the United States.

**Study on the recruitment, retention, and development of cyberspace experts (sec. 1076)**

The committee recommends a provision that would require an independent study examining the availability of military and civilian personnel for Department of Defense cyberspace operations, identifying any gaps in meeting personnel needs, and recommending available mechanisms to fill such gaps, including permanent and temporary positions. Not later than 1 year after date of enactment of the National Defense Authorization Act for Fiscal Year 2012, the Secretary of Defense would be required to submit to the congressional defense committees a report containing the results of the study, including comments on the findings and recommendations from each of the service secretaries.

**Reports on resolution restrictions on the commercial sale or dissemination of electro-optical imagery collected by satellites (sec. 1077)**

The committee recommends a provision that would require the Secretary of Commerce to conduct a comprehensive review of the current restrictions on the resolution of electro-optical imagery that commercial satellite imagery data providers are permitted to sell or disseminate.

The provision would require the Secretary to take into consideration a series of factors in evaluating whether the current restriction on resolution to 0.5 meters should be relaxed. These factors include: (1) the availability now and over the next few years of multiple foreign satellite systems capable of collecting at resolutions sharper than what U.S. data providers are allowed to sell; (2) the lead time involved in securing funding for new satellites, and designing, constructing, and launching them, to enable U.S. data providers to match or exceed the capabilities of new foreign satellites; (3) whether the current restrictions remain consistent with the President's National Space Policy, which is to maintain U.S. commercial leadership; (4) the greater utility that higher resolution unclassified commercial satellite imagery would have for U.S. military forces, the intelligence community, cooperation with allies, scientific research, and support to domestic disaster monitoring; and (5) the national security risks, if any, of relaxing the current restrictions.

The provision would require a report from the Secretary of Commerce to the appropriate committees of Congress by April 15, 2012. In addition to the committees listed in the provision, the committee directs that the report be provided to the Committee on Energy and Commerce of the House of Representatives, the Committee on Commerce of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committee on Foreign Relations of the Senate.

The provision also would require the Director of National Intelligence (DNI) and the Under Secretary of Defense for Intelligence (USDI) to provide a report assessing the benefits and risks of relaxing the current resolution restrictions on the electro-optical imagery from satellites that commercial U.S. companies may sell or disseminate, together with recommendations for alternative means to protect national security related information. This report is re-

quired within 15 days of the enactment of this Act. The committee is informed that the DNI and the USDI have already conducted this study in response to direction from the House Permanent Select Committee on Intelligence in the classified annex to the House report accompanying H.R. 2701 (H. Rept. 111–186) of the Intelligence Authorization Act for Fiscal Year 2010.

**Report on integration of unmanned aerial systems into the national airspace system (sec. 1078)**

The committee recommends a provision that would require the Secretary of Defense, in consultation with the Administrator of the Federal Aviation Administration and on behalf of the Unmanned Aerial Systems (UAS) Executive Committee, submit to the appropriate committees of Congress a report setting forth: (1) A description and assessment of the rate of progress in integrating unmanned aircraft systems into the national airspace system; and (2) An assessment of the potential for one or more pilot program or programs on such integration at certain test ranges to increase that rate of progress. Included in the term “test ranges” for the purposes of this provision would be test facilities, training facilities, or other facilities where UAS integration testing could reasonably be conducted.

**Study on United States force posture in East Asia and the Pacific region (sec. 1079)**

The committee recommends a provision that would require the Secretary of Defense to commission an independent assessment of America’s security interests in the Asia and Pacific region.

The committee notes that the 2010 Quadrennial Defense Review (QDR) emphasized the critical need of the United States to consistently assess and adapt to a dynamic world environment and changes in the international security environment. The QDR also established a goal to seek new opportunities for cooperation with existing allies and emerging partners to mutually address regional and global security challenges.

In the Asia and Pacific region, the United States has embarked on a series of initiatives intended to realign its military force structure to respond to regional interests with the understanding that U.S. forces play an indispensable role in protecting our security and economic interests, while ensuring a stable and prosperous Asia. In this regard, U.S. bilateral security arrangements in the region, especially with Japan and with South Korea, remain the foundation for our security posture and activities in Asia.

The committee realizes the region is changing and opportunities are emerging to update the U.S. force posture to better align it with our dynamic regional interests. As such, the committee believes that defense and foreign policy decision makers in the administration and in Congress would benefit from an independent assessment of plans in the region with the goals of freeing the review from the inertia of past decisions and instead assessing what lies ahead in terms of security challenges and opportunities.

The committee believes an independent assessment of current initiatives, to include force deployment plans and options for the realignment of forces in the region to respond to new opportunities

presented by allies and partners, should be undertaken by a non-governmental institute that has broad credibility in national security, drawing widely from policy experts throughout the country, and from the region. The report would be delivered to the Secretary of Defense within 90 days of enactment of this Act, and then, 90 days later, to Congress, incorporating the comments of the Secretary.

#### **Subtitle H—Other Matters**

##### **Redesignation of psychological operations as military information support operations in title 10, United States Code, to conform to Department of Defense usage (sec. 1081)**

The committee recommends a provision that would redesignate “psychological operations” as “military information support operations” in title 10, United States Code, to conform to new Department of Defense (DOD) nomenclature. Consistent with DOD guidance, the committee does not intend for this change in terminology to be construed as modifying in any way the mission formerly known as “psychological operations.”

##### **Termination of requirement for appointment of civilian members of National Security Education Board by and with the advice and consent of the Senate (sec. 1082)**

The committee recommends a provision that would eliminate the requirement that civilian members of the National Security Education Board be subject to Senate confirmation.

##### **Redesignation of Industrial College of the Armed Forces as the Dwight D. Eisenhower School for National Security and Resource Strategy (sec. 1083)**

The committee recommends a provision that would rename the Industrial College of the Armed Forces as the Dwight D. Eisenhower School for National Security and Resource Strategy.

##### **Designation of Fisher House for the Families of the Fallen and Meditation Pavilion, Dover Air Force Base, Delaware, as a Fisher House (sec. 1084)**

The committee recommends a provision that would designate the Fisher House for the Families of the Fallen and Meditation Pavilion at Dover Air Force Base, Delaware, as a Fisher House for purposes of section 2493 of title 10, United States Code.

The Fisher House for the Families of the Fallen and Meditation Pavilion was donated by the Fisher House Foundation for use by family members of service members who die while serving overseas. Family members reside in this facility while they await the return and transfer of remains of a deceased service member. Because the Fisher House for the Families of the Fallen and Meditation Pavilion does not support a health care facility as Fisher House is defined in section 2493 of title 10, United States Code, the provisions of this statute authorizing charging of fees and administration as a nonappropriated fund facility do not apply in the absence of this designation.



**Sense of Senate on application of moratorium on earmarks to this Act (sec. 1085)**

The committee recommends a provision that would express the sense of the Senate that the moratorium on congressionally-directed spending items in the Senate, and on congressional earmarks in the House of Representatives, should be fully enforced in this Act.

**Technical amendment relating to responsibilities of Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy (sec. 1086)**

The committee recommends a provision that would correct a statutory citation in section 139e of title 10, United States Code, as added by section 896 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383).

**Technical amendment (sec. 1087)**

The committee recommends a provision that would make a conforming amendment to section 382 of title 10, United States Code, in order to conform with the intent of an amendment made last year. Section 1075(b)(10) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) struck the term “biological or chemical” from the heading of section 382, which provides authority for the Secretary of Defense to provide assistance to the Department of Justice in emergency situations involving weapons of mass destruction. However, the term “biological or chemical” was not stricken from the body of the section, thus potentially causing uncertainty about the meaning of the amended provision, and potentially limiting its use only to emergencies involving biological or chemical weapons, rather than any weapons of mass destruction. This amendment would remove any such uncertainty.

**Items of Special Interest**

**Audit readiness of Department of Defense financial statements**

The committee is pleased that the nominee to be the next Secretary of Defense has informed the committee that: “Achieving clean audit opinions is one of my top management improvement priorities. A clean financial audit opinion is important to demonstrate that [the Department] is a responsible steward of public funds and to ensure management has accurate and timely information for decision making.” The committee expects senior Department of Defense (DOD) management to embrace this objective as a top priority.

Section 1003 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84) requires DOD to develop a plan to achieve a full, unqualified audit of its financial statements by the end of fiscal year 2017, and to submit semi-annual reports on progress toward that objective. Section 881 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) added the requirement that the Department’s plans include: (1) interim milestones consistent with the overall require-

ment of section 1003; and (2) a financially sound method of accounting for DOD assets.

The committee continues to believe that DOD needs to improve its financial management systems not only to achieve auditable financial statements, but also to ensure that senior DOD managers have timely, accurate information on which to make business decisions. With the current DOD financial systems, the Secretary of Defense recently stated, efforts to find efficiencies and reduce waste are “something akin to an Easter egg hunt. My staff and I learned that it was nearly impossible to get accurate information and answers to questions such as ‘How much money do you spend?’ and ‘How many people do you have?’”

The Department’s most recent status report on its Financial Improvement and Audit Readiness (FIAR) plan includes more detailed interim milestones than previous reports, but more work remains to be done. In particular, the interim milestones in the Navy audit readiness plan are more detailed than those in the audit readiness plans prepared by the Army and the Air Force. The committee is also concerned that the Army and the Air Force FIAR plans include numerous interim milestones in the same year—fiscal year 2015 for the Army and fiscal year 2016 for the Air Force—leaving little if any time to identify and address shortcomings before the statutory deadline for compliance at the end of fiscal year 2017.

The committee notes that the Marine Corps has submitted its fiscal year 2011 statement of budgetary resources for audit; it is the only service that is currently prepared to do so. According to the Marine Corps, every dollar the service has spent on improved financial processes, systems, and documentation has yielded almost \$3 in direct financial benefits, in the form of reduced interest payments, increased discounts, reduced over-aged invoices, fewer payment errors, and reduced manpower to address problems with erroneous data. The committee encourages that other military services and defense agencies to incorporate lessons learned from the Marine Corps audit into their own audit readiness plans.

The committee remains committed to the statutory objective of achieving a clean audit for the Department of Defense by the end of fiscal year 2017, and directs the Secretary of Defense, the DOD Chief Management Officer, and the secretaries and chief management officers of the military departments to ensure that appropriate interim milestones are established, and sufficient resources are devoted, to ensure that this goal can be met.

### **Combating Terrorism Center**

The Combating Terrorism Center (CTC) at West Point was established following the September 11, 2001, terrorist attacks to provide U.S. Army Cadets with a focused Terrorism Studies program that would better prepare them for the future threats and national security challenges they will likely face as officers. As an additional key mission area, the CTC provides educational opportunities to federal, state, and local government officials who play a role in our Nation’s counterterrorism efforts. Furthermore, the CTC has become well known for its published research through the Harmony Program, monthly Sentinel journal, and various other outlets. The CTC’s scholarship has made fundamental contributions to coun-

tering violent extremism, a National Military Objective stated in the 2010 National Military Strategy of the United States of America.

The committee notes that the CTC was established and has been primarily funded through private donations to date. In light of the significant contributions the CTC is making to the education of U.S. Army Cadets and the study of terrorism related issues, the committee encourages the Army to provide additional resources to the CTC to provide a stable funding source and better leverage the generous private donations it has already received.

### **Comptroller General of the United States audit of the Defense Security Cooperation Agency**

Historically, the United States has used three security assistance funding mechanisms and programs to train and equip foreign militaries—Foreign Military Financing, International Military Education and Training, and Peacekeeping Operations—and State Department contractors to train and equip foreign police. The traditional security assistance processes have been criticized as being too slow and cumbersome to meet new requirements for training and equipping foreign forces for counterinsurgency and counterterrorism operations.

To address perceived limitations in traditional security assistance, over the past several years Congress, at the request of the Department of Defense and Department of State, has expanded the number of security assistance programs and funding mechanisms to provide quick assistance to foreign militaries and police forces. These funding mechanisms and programs include: the Iraq Security Forces Fund; the Afghanistan Security Forces Fund; section 1206 funding; Yemen Ministry of Interior counterterrorism program and the Global Peace Operations Initiative. As result in 2007, the Defense Security Cooperation Agency (DSCA) officials announced that they were examining ways to reform traditional security assistance processes to respond better to new requirements and to address the longstanding criticisms of program implementation.

The Government Accountability Office (GAO) has done separate reviews of a number of the new programs for training and equipping foreign militaries and police but has not compared these new programs and the traditional programs to determine their respective strengths and weaknesses and whether there are efficiencies or best practices that should be adopted.

As such, the committee directs the Comptroller General to conduct a review of DSCA's program implementation processes to include: (1) what are the objectives, funding amounts, and management framework (policies, procedures, and regulations) for each program for training and equipping foreign security forces; (2) what are the strengths and weaknesses of each program; (3) to what extent has the Executive Branch coordinated these programs at headquarters and in the field; (4) how will DSCA's reforms affect the programs; (5) what, if any, unnecessary duplication or overlap exists between DSCA's functions and activities and those of the broader DOD and/or State Department; (6) recommendations, if any, on how DSCA's processes can be improved to accelerate the

delivery of equipment and training under the programs it implements; (7) recommendations, if any, on how DSCA can improve the equipment sustainability programs that support foreign nations; and (8) any other issues the Comptroller General deems appropriate. The report should be provided to the Committees on Armed Services of the Senate and the House of Representatives no later than June 30, 2012.

#### **Department of Defense compliance with the Improper Payments Elimination and Recovery Act of 2010**

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (Public Law 111–204) requires federal agencies to periodically review all programs and activities that may be susceptible to significant improper payments, estimate the improper payments under such programs, and take appropriate actions to reduce such improper payments. The committee is aware of concerns that the Department of Defense (DOD) may have relied on self-reporting of improper payments in lieu of robust review processes and may have excluded from its estimates improper payments that were recovered through the recoupment process.

The committee expects DOD to comply fully with the requirements of IPERA, including the requirement to produce complete improper payment estimates. The committee is aware that DOD has taken or plans to take a number of steps to improve its processes for identifying and reporting improper payments. However, more remains to be done. Accordingly, the committee directs the Under Secretary of Defense (Comptroller) to report to Congress in writing no later than 60 days after the date of the enactment of this Act on DOD's plan for complying with the requirements of IPERA, including the requirement to produce complete estimates of improper payments (including commercial payments). In doing so, the committee expects the Comptroller to address steps that will be taken to:

1. Ensure that DOD develops a robust, statistically supportable process to seek out and identify improper payments across the Department;
2. Ensure that DOD improper payments estimates accurately reflect the full range of overpayments identified, in accordance with applicable executive branch standards; and
3. Coordinate with other elements of the Department to ensure that underlying validity of payments to employees and other payments are subject to an appropriate level of review and that the results of such reviews are incorporated into DOD's improper payments reports.

#### **Department of Defense support to counter threat finance operations**

The committee notes that the fundraising networks for transnational terrorist and criminal organizations are global in nature and that the United States Government's activities to identify and counter the flow of money and materiel associated with these networks is also a global endeavor. The committee believes that the Department of Defense (DOD) plays an important role in supporting other U.S. Government programs that seek to deny, dis-

rupt, or defeat and degrade adversaries' ability to use global licit and illicit financial networks to affect negatively U.S. national security interests.

The committee notes the efforts of the Afghan Threat Finance Cell (ATFC), created in 2008, to disrupt the flow of funding from the Afghan opium trade and other illicit sources to the Taliban, al Qaeda, and other terrorist and insurgent groups in Afghanistan. The committee notes that the ATFC and related organizations have helped Afghan authorities investigate and prosecute individuals connected to the opium trade, identify outside sympathizers who have been supplying funding to those individuals, and police a variety of corrupt schemes that have filled the coffers of the Taliban-led insurgency and other illicit actors. Importantly, the ATFC has also helped U.S. forces identify and target individuals associated with improvised explosive devices networks.

The committee notes that for the DOD, counter threat finance activities provide a high return on investment that may—in some cases—enable the DOD to avoid dangerous military engagements altogether and provide DOD with an inexpensive but effective means of weakening the enemy that cannot be achieved with conventional military operations. In light of past successes and the potential for comparable success outside of Iraq and Afghanistan, the committee encourages the DOD to expand its assistance to the Departments of Treasury, Justice, Homeland Security, and other federal agencies (e.g. Drug Enforcement Agency) as they work to counter the business, financial, and logistical support networks of terrorist organizations and transnational threats.

The committee directs the Secretary of Defense to continue to keep the committee apprised of the Department's progress with regard to these efforts.

### **Estimating the cost of global defense posture**

The Department of Defense's (DOD) 2011 Global Defense Posture Report to Congress observes that during economic downturns there are often calls to bring forces home based on the assumption that doing so will reduce costs. The report argues that this assumption mistakenly focuses only on the projected incremental costs of maintaining a unit overseas while ignoring other costs. DOD asserts that to the extent relocating units to the continental United States would produce some cost savings, these are usually offset by numerous other factors such as increased recurring costs to rotate units from the United States to overseas locations, increased investments in force structure to provide rotational units necessary to achieve dwell goals, and reductions to host nation contributions.

The Government Accountability Office (GAO) has produced a series of reports addressing DOD's global defense posture. These reports raise longstanding concerns about the lack of comprehensive detailed information on the true cost of DOD's global defense posture, and the lack of clearly defined methods for estimating and evaluating future posture alternatives. The committee believes that it is important that DOD uses an objective, valid, reliable, and transparent methodology to capture the full current cost and estimate the future cost of military overseas posture.

The committee notes that on February 3, 2011, the GAO issued a study entitled “Additional Cost Information and Stakeholder Input Needed to Assess Military Posture in Europe.” GAO noted in this study that DOD “posture planning does not require European Command (EUCOM) to include comprehensive cost data in its theater posture plan and, as a result, DOD lacks critical information that could be used by decision makers as they deliberate posture requirements.” The study goes on to state that “until DOD requires the combatant commands to compile and report comprehensive cost data in their posture plans, DOD and Congress will be limited in their abilities to make fully informed decisions regarding DOD’s posture in Europe.” As such, the Department is directed to update the committee within 90 days on its plans to implement the recommendations set forth by this GAO study to more accurately and comprehensively account for costs related to its theater posture plan.

The committee further directs the Comptroller General to assess the DOD methodology and assumptions used to reach its conclusion about the relative cost of overseas posture compared to stationing forces in the United States and report the results of its work by April 30, 2012. The Comptroller General should examine DOD’s recent posture decisions and supporting analysis, such as the decision to retain three brigade combat teams stationed in Europe, the request to normalize tours in South Korea including increasing the number of American families accompanying service members stationed there, or any other posture initiative that the Comptroller General deems appropriate.

### **Export control reform**

The committee notes that Secretary of Defense Robert Gates invested a great deal of time and energy into reforming the U.S. Government’s regulations and procedures for exporting weapons and dual-use equipment and technology. In the Senate report accompanying S. 3454 (S. Rept. 111–201) of the National Defense Authorization Act for Fiscal Year 2011, the committee noted its support for the Secretary of Defense’s initiative to consolidate and improve the current regulations and procedures for exporting weapons and dual-use equipment and technology. As noted in the report, the Secretary said, “[the current export control] arrangement fails at the critical task of preventing harmful exports while facilitating useful ones.”

The committee continues to share the goal of consolidating and improving the current export control regime and urges the next Secretary of Defense to continue to move forward with the export control reform effort.

The committee notes that as the reform effort proceeds and new regulations and lists are proposed, it will become more critical for the administration to work closely with Congress in order to ensure that the reform effort adequately: (1) ensures that the U.S. export control system prohibits the transfer of critical military and dual-use technologies to countries, entities, and individuals that pose a real or potential threat to the United States; (2) protects the technological edge of the United States; (3) cultivates a strong and innovative defense industrial base; (4) facilitates greater interoper-

ability and cooperation with U.S. allies and foreign partners; and (5) ensures U.S. compliance with applicable international agreements.

### **Global Combat Support System-Army**

The Global Combat Support System-Army (GCSS-Army) is intended to integrate the Army supply chain to provide improved information on asset visibility and the maintenance and transportation of equipment for Army tactical units. The Army's Audit Readiness Plan indicates that GCSS-Army is one of several Enterprise Resource Planning systems, the fielding of which is critical to the Army's plans to achieve audit readiness by the end of fiscal year 2017, as required by section 1003 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84). For this reason, the committee is concerned that the Army has found it necessary to delay the full deployment of GCSS-Army from the fourth quarter of fiscal year 2015 to the fourth quarter of fiscal year 2017.

The committee directs the Secretary of the Army to report to the congressional defense committees by no later than March 15, 2012, on the status of GCSS-Army and possible alternatives to the full fielding of GCSS-Army. The Secretary's report should include: (1) an updated cost analysis of GCSS-Army, including an estimate of the full life-cycle cost of the system and the savings that will be achieved through the elimination of legacy systems and manual processes; and (2) a business case analysis that compares the costs and benefits of proceeding with full fielding of GCSS-Army with other alternatives, including:

- the use of existing legacy systems and newer "bridging systems" to provide needed logistics capability and financial information;
- the fielding of a reduced-scope GCSS-Army, coupled with improved legacy and "bridging" systems, as appropriate; and
- the adaptation of Global Combat Support System-Marine Corps to meet Army needs.

### **Intelligence and information support for counterinsurgency**

In January 2010, Major General Michael T. Flynn, USA, at the time the Deputy Chief of Staff, Intelligence (CJ2) for the International Security Assistance Force in Afghanistan, along with co-authors, published a paper entitled "Fixing Intel: A Blueprint for Making Intelligence Relevant in Afghanistan." General Flynn's major critique was that military and national intelligence organizations were not providing the information necessary to support the population-centric counterinsurgency (COIN) strategy in Afghanistan, and were instead predominantly focused on supporting the targeting of Taliban and al Qaeda-related personnel and force protection.

In June 2010, General Flynn left his position in Afghanistan, and General Clapper, confirmed by the Senate as the Director of National Intelligence (DNI) in early August, announced his intention to appoint General Flynn to a position where he would be responsible for overseeing the implementation of the reforms he advocated in support of the counterinsurgency campaign.

The committee recently learned that General Clapper, when serving as the Under Secretary of Defense for Intelligence, tasked the Defense Science Board (DSB) to conduct a study of the issues raised by General Flynn's January 2010 report. The DSB's report, "Counterinsurgency (COIN) Intelligence, Surveillance, and Reconnaissance (ISR) Operations," was recently published and briefed to the leadership in the Department of Defense.

This report concludes that little progress has been made in addressing the shortcomings identified by General Flynn. The DSB Task Force concludes that intelligence support is still focused on kinetic counterterrorism operations and force protection missions involving the targeting of enemy forces with technical collection systems—namely, airborne ISR platforms with various imagery and signals intelligence systems. The report states that "DoD and IC [Intelligence Community] officials tend to focus narrowly on airborne technical collection capabilities rather than on the wider capabilities needed to support COIN . . . The Task Force discovered that although ISR for COIN in Afghanistan gets considerable lip service, most senior civilian and military leaders take a fairly constrained view, concluding that more technical collectors (e.g., Reapers or Predators) will answer the requirements. Non-traditional sources of military ISR get very little support in terms of funding, manpower, or tasking priorities."

The DSB report asserts that the broad intelligence community is still not addressing adequately the main focus of COIN—the population, their safety, their aspirations, and their socio-economic and political dynamics. This information would come from many sources other than tactical and national technical collection systems, including all types of human intelligence, open sources, non-governmental organizations, other government agencies and departments, and academia.

The DSB Task Force believes that military commanders themselves bear some responsibility for failing to provide a "demand signal." At the same time, the IC and the interagency are not taking the initiative to gather and shape the relevant information, and requirements are not being distilled and articulated through the Department of Defense requirements process. Specifically, the DSB Task Force concludes that "a comprehensive set of intelligence requirements for COIN does not exist . . . The defense intelligence community has not translated those aspects of commander's intent dealing with COIN into intelligence requirements."

The committee believes that the finding that the ground force commanders are not demanding the right kinds of intelligence to support the COIN strategy is disturbing. The committee urges the Secretary of Defense and the Chairman of the Joint Chiefs of Staff to engage theater commanders to determine the extent of this problem and what steps are needed to correct it. The committee also directs the Joint Requirements Oversight Council (JROC) to oversee the development of requirements for non-materiel solutions to provide intelligence support for COIN, from sources within the Defense Department, the IC, and the government as a whole. This effort should be coordinated with the Assistant DNI for Systems, Resources, and Analysis, responsible for Intelligence Community Capability Requirements. The committee urges the Secretary of De-



fense to consider using the ISR Task Force mechanism to provide resources and implementation oversight for responding to the COIN requirements promulgated by the JROC.

The DSB Task Force recommended that the DNI create a National Intelligence Manager (NIM) for the COIN mission. The committee notes that there are already NIMs for the Near East and South Asia who could serve this purpose for Afghanistan and Iraq. The committee reserves judgment on the best approach, but urges the DNI to focus more attention on coordinating and integrating COIN intelligence support.

### **Strategic airlift aircraft force structure**

The Department of Defense (DOD) authorization request included provisions that would: (1) strike subsection (g) of section 8062 of title 10, United States Code; and (2) change the certification requirement in section 137 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84).

Subsection (g) of section 8062 requires the Secretary of the Air Force to maintain a strategic airlift aircraft inventory of 316 aircraft.

Section 137 prevents the Secretary of the Air Force from retiring a C-5 aircraft until the Secretary certifies that the retirement of such aircraft will not increase the operational risk of meeting the National Defense Strategy and that the retirement of such aircraft will not reduce the total strategic airlift force structure below 316 strategic airlift aircraft.

The committee has not included the requested provisions because of concerns about whether the Air Force would be able to meet wartime and peacetime requirements with acceptable trade-offs between operational risk and affordability. The committee recognizes that the Defense Department completed an update of study of strategic lift requirements last year that identified a peak wartime demand for strategic airlift aircraft of 32.7 million ton-miles per day. With the current fleet of C-5 aircraft and when all C-17 aircraft currently on order are delivered, the Air Force would have a wartime capability of roughly 35.8 million ton-miles per day.

The study, however, made no assessment of requirements for peacetime sustainment, nor did it address the operational risk in meeting combatant commander warfighting requirements for tonnage or timeliness.

The committee believes that it needs more information on these and other issues before recommending a change to the current requirements. The committee intends to seek such information, and, if persuaded that a change is appropriate, will act on this DOD proposal.

The Committee understands, as a result of information provided by the Air Force, that by allowing the Air Force to reduce the fleet to 299 aircraft, the U.S. Government would avoid paying hundreds of millions of dollars more in unprogrammed maintenance costs through fiscal year 2016, including costly investments in avionics upgrades and maintenance for aircraft slated for retirement. The committee agrees that DOD and the American taxpayer should not spend millions of dollars maintaining aircraft that DOD does not need.

**United States force posture in the Asia-Pacific region**

The committee strongly supports the need for a robust U.S. presence in the Asia-Pacific, but has become increasingly concerned about the posture planning for U.S. military forces and, particularly, the strategic implications and costs associated with U.S. commitments throughout the region. The Defense Department's (DOD) 2010 report on the Quadrennial Defense Review (QDR) states that the United States needs to "sustain and strengthen our Asia-Pacific alliances and partnerships to advance mutual security interests and ensure sustainable peace and security in the region," and that, to accomplish this, DOD "will augment and adapt our forward presence" in the Asia-Pacific region. The QDR report does not provide detail on what is intended by this broad policy objective. Since the 2010 QDR was published, however, more detail has begun to emerge regarding the broad plans for the region. The 2011 National Military Strategy (NMS), released in January 2011, stated that the United States intends to "invest new attention and resources in Southeast and South Asia." Likewise, in testimony before the committee in April, the Commander, U.S. Pacific Command offered that "attaining better access to and support from Allied and partner nations in South and Southeast Asia is increasingly important." The Commander also stated that "[c]urrent force posture throughout the Asia-Pacific remains heavily influenced by post-World War II- and Cold War-era basing and infrastructure." In addition to potential new resource requirements in these southern areas, DOD remains engaged in significant realignment efforts for U.S. forces in Northeast Asia, specifically in South Korea and Japan.

Despite the enhanced explanation from DOD regarding what is planned for the region, the details, and particularly details regarding cost, have not been fully presented. A recently released Government Accountability Office (GAO) report, entitled "Comprehensive Cost Information and Analysis of Alternatives needed to assess Military Posture in Asia," reached the independent conclusion that "across the Pacific region, DOD has embarked on complex initiatives to transform U.S. military posture, and these initiatives involve major construction programs and the movement of tens of thousands of DOD civilians and military personnel, and dependents—at an undetermined total cost to the United States and host nations." The report goes on to explain that "DOD is presenting Congress with near-term funding requests that will result in significant long-term financial requirements whose extent is unknown." The committee agrees with GAO's conclusion that DOD needs to develop comprehensive cost estimates of posture in the Pacific and the recommendation that DOD develop annual cost estimates for DOD posture in the U.S. Pacific Command area of responsibility.

The strategic posture and presence of the U.S. military in the Asia-Pacific is critically important to the overall security and stability in that region. Expanding U.S. military presence in Southeast Asia is a mid- to long-term prospect that will require deliberate planning and resource allocation. Strategic choices regarding posture and presence must support the strong alliances we maintain in the region and respond to the opportunities presented by

emerging alliances and partners, while also addressing the reality of constrained budgets and the intense competition for resources in the United States as well as in our allied and partner nations.

Accordingly, the committee directs the Secretary of Defense to complete the following actions no later than December 31, 2011:

1. Review the current operational plans of Commander, U.S. Pacific Command to determine whether the existing force posture, as well as proposed U.S. force realignments in the region are consistent with the QDR, the NMS, and the forecast of future U.S. national security objectives in the region over the next 20 years;
2. Develop a strategic plan for the region with goal for force posture realignments required to sustain U.S. national interests that will guide agreements and investments over the next 20 years; and
3. Require the military departments to develop annual cost estimates for DOD posture in the U.S. Pacific Command area of responsibility that provide a comprehensive assessment of overall posture costs, including costs associated with posture initiatives.

The committee also directs the Secretary of Defense to provide for an independent assessment of America's security interests in Asia, current force deployment plans, and likely future needs related to the posture of U.S. military forces in the region, to include plans for South and Southeast Asia as well as plans to realign U.S. forces and increase the number of families in South Korea, transfer U.S. Marines from Okinawa to Guam, and substantially increase the U.S. force presence on Guam with the corresponding impact on Guam's infrastructure. This independent study should be conducted by a group of policy and regional experts drawn widely from throughout the country and the Asia-Pacific region and should incorporate input from the Secretary of Defense and the congressional defense committees of Congress. Results of the study should be available to the Committees on Armed Services of the Senate and House of Representatives by May 1, 2012, in order to inform future congressional deliberations on the adequacy of the Department's force deployments plans in the Asia-Pacific region.



## **TITLE XI—CIVILIAN PERSONNEL MATTERS**

### **Authority of the secretaries of the military departments to employ up to 10 persons without pay (sec. 1101)**

The committee recommends a provision that would amend section 1583 of title 10, United States Code, to allow each service secretary to employ, without pay, up to 10 persons of outstanding experience and ability. Current law provides such authority only to the Secretary of Defense.

### **Extension of eligibility to continue federal employee health benefits for certain employees of the Department of Defense (sec. 1102)**

The committee recommends a provision that would amend section 8905a of title 5, United States Code, to authorize the Department of Defense to pay the government's share and administrative fees for Temporary Continuation of Coverage (TCC) health insurance premiums for former employees enrolled in TCC based on separation due to a reduction in force. The provision also includes a technical amendment that would remove applicability of section 8905a to the Department of Energy with respect to the establishment of the National Nuclear Security Administration.

### **Authority for waiver of recovery of certain payments previously made under civilian employees voluntary separation incentive program (sec. 1103)**

The committee recommends a provision that would authorize the Secretary of Defense to retroactively waive, on a case-by-case basis, repayment of voluntary separation incentive pay for certain individuals reemployed in temporary positions by the Department of Defense between June 1, 2004, and March 1, 2008, to support a declared national emergency related to terrorism or a natural disaster.

### **Permanent extension and expansion of experimental personnel program for scientific and technical personnel (sec. 1104)**

Section 1101 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261) established a 5-year experimental personnel management program for technical personnel at the Defense Advanced Research Projects Agency (DARPA). Due to the success of the program in attracting highly qualified technical personnel, subsequent amendments to this section extended the duration of the experimental program and expanded the authority to other Department of Defense organizations.

The committee recommends a provision to make this program permanent and increases the ceiling on the number of positions allocated to DARPA due to increased need. In addition, the program is expanded to include up to 10 positions for the Director, Operational Test and Evaluation (DOT&E). This personnel need was communicated in a report on DOT&E Personnel Requirements, Allocations, Resources, and Plans to Manage Increasing Complexity requested in the Senate report accompanying S. 3454 (S. Rept. 111–201) of the National Defense Authorization Act for Fiscal Year 2011.

**Modification of beneficiary designation authorities for death gratuity payable upon death of a United States Government employee in service with the armed forces (sec. 1105)**

The committee recommends a provision that would amend section 8102a(d) of title 5, United States Code, to allow civilian employees to designate anyone they choose to receive the entirety of a death gratuity if the employee dies of injuries incurred in connection with service with an armed force in a contingency operation. Current law restricts these employees from designating more than 50 percent of a death gratuity to go to an unrelated person.

**Two-year extension of discretionary authority to grant allowances, benefits, and gratuities to personnel on official duty in a combat zone (sec. 1106)**

The committee recommends a provision that would authorize temporary discretionary authority to federal agencies to grant allowances, benefits, and gratuities comparable to those provided to members of the foreign service to an agency's civilian employees on official duty in a combat zone. This authority would expire in 2013.

**One-year extension of authority to waive annual limitation on premium pay and aggregate limitation on pay for federal civilian employees working overseas (sec. 1107)**

The committee recommends a provision that would authorize the head of an executive agency to waive limitations on the aggregate of basic and premium pay payable through calendar year 2012 to an employee who performs work in an overseas location that is in the area of responsibility of the Commander, United States Central Command, or an overseas location that was formerly in the area of responsibility of the Commander, United States Central Command but has been moved to an area of responsibility of the Commander, United States Africa Command in support of a contingency operation or an operation in response to a declared emergency.

The amount payable may not exceed the total annual compensation payable to the Vice President under section 104 of title 3, United States Code.

## **TITLE XII—MATTERS RELATING TO FOREIGN NATIONS**

### **Subtitle A—Assistance and Training**

#### **Expansion of scope of humanitarian demining assistance authority to include stockpiled conventional munitions (sec. 1201)**

The committee recommends a provision that would expand the scope of humanitarian demining assistance by including stockpiled conventional munitions under section 407 of title 10, United States Code. The provision would also amend other sections of the underlying law to reflect this change.

The Department of Defense (DOD) currently may provide humanitarian demining assistance including activities related to the furnishing of education, training, and technical assistance with respect to the detection and clearance of landmines and other explosive remnants of war. As currently enacted, section 407 does not authorize DOD to provide education, training, or technical assistance to nations that request assistance with the physical security and stockpile management of degraded and potentially dangerous stockpiles of explosive ordnance. Physically securing and safely managing stockpiles is critical to mitigating the loss of innocent life due to the theft of ordnance, or deterioration of ordnance into a dangerous condition. Further, and most importantly, from a force protection of U.S. service member perspective, identifying, securing, and managing old stockpiles of conventional munitions—which are often used to engineer improvised explosive devices (IED)—will help DOD expand further its counter IED efforts in countries of particular concern.

#### **One-year extension and modification of authorities applicable to Commanders' Emergency Response Program (sec. 1202)**

The committee recommends a provision that would extend the authority for the Commanders' Emergency Response Program (CERP) in Afghanistan for fiscal year 2012 and authorize the use of up to \$400.0 million to enable commanders to respond to urgent humanitarian relief and reconstruction requirements by carrying out small-scale projects that immediately assist the Afghan people.

The committee understands that the budget request included \$425.0 million for CERP, consisting of \$400.0 million for programs in Afghanistan and \$25.0 million for programs in Iraq. With the transition of the U.S. mission after September 2010 to an advise and assist role, the requirements for CERP in Iraq have decreased. In the coming months, United States Forces-Iraq will be drawing down to meet the December 31, 2011, deadline for the withdrawal

of all U.S. military forces from Iraq, as set out in the U.S.-Iraq Security Agreement signed in November 2008. The committee believes that as the December 2011 deadline approaches, the Government of Iraq should assume responsibility for, and pay the costs of, humanitarian projects in Iraq. The committee therefore recommends a decrease in the budget request for CERP of \$25.0 million, to a funding level of \$400.0 million for CERP in Afghanistan only.

**Three-year extension of temporary authority to use acquisition and cross-servicing agreements to lend military equipment for personnel protection and survivability (sec. 1203)**

The committee recommends a provision that would extend for 3 years the temporary authority of the Secretary of Defense to loan or lease certain personnel protection equipment to the military forces of partner nations for use during coalition operations or for pre-deployment training in preparation for such operations. The authority to provide military equipment under this section would expire on September 30, 2014.

**Conditional extension and modification of authority to build the capacity of counter terrorism forces of Yemen (sec. 1204)**

The committee recommends a provision that would extend, for 1 fiscal year, the authority of the Secretary of Defense, with the concurrence of the Secretary of State, to build the capacity of the Yemen Ministry of Interior counterterrorism forces if the Secretary of Defense and Secretary of State jointly certify that such activities are important to the national security interests of the United States. In light of conditions on the ground in Yemen, the provision would also require the Secretary of Defense and Secretary of State to provide a report with the certification that would provide the reasons the administration deemed the provision of such assistance and assistance provided to Yemen's national military forces under section 1206 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) important to the national security interests of the United States, as well as establish a 60-day "notice and wait" period for the provision of assistance. The provision would also permit the Department to expend not more than \$10.0 million per fiscal year on minor military construction projects outside of Sana'a—the capital of Yemen, and Sana'a Governorate.

The committee is aware of the uncertain political situation in Yemen and the violent actions President Saleh has taken against the Yemeni people. For these reasons, the provision requires the Secretary of Defense and Secretary of State to receive assurances from the Government of Yemen that any assistance provided be used in a manner that promotes the observance of and respect for human rights and fundamental freedoms, and respect for legitimate civilian authority in Yemen. The committee is also keenly aware of the threat posed by al Qaeda in the Arabian Peninsula (AQAP) to the United States Homeland and our interests around the world. The committee believes—subject to a determination by the Secretary of Defense and Secretary of State that such activities



are important to the national security interests of the United States—that the Department should continue to have at its disposal the authority to continue capacity building activities with the Yemen Ministry of Interior counterterrorism forces to mitigate the threat posed by AQAP.

The committee encourages the Secretary of Defense and the Secretary of State to ensure any support provided under this authority is coordinated, to the extent practicable, with the broader counterterrorism operations of the United States in Yemen.

**Extension of authority for support of special operations to combat terrorism (sec. 1205)**

As requested by the Department of Defense, the committee recommends a provision that would extend the authority for support of special operations to combat terrorism contained in section 1208 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108–375), as amended, through fiscal year 2017.

The committee has previously expressed concern with regard to the adequacy of the Department’s annual report and notifications required under this authority. The committee appreciates efforts by the Department to provide more detailed information in its annual report, but requests continued vigilance in providing complete details in notifications and in fully complying with all annual reporting requirements.

The committee has also previously expressed concern with regard to the appropriateness of some support provided under this authority which appeared to be focused on long-term engagement and capacity building, rather than exclusively to support or facilitate U.S. operations to combat terrorism. The committee appreciates efforts by the Department to ensure funded activities meet the original intent of this authority, including closing out activities which have achieved their intended result or which no longer fit within the scope of the authority.

**Limitation on availability of funds for authorities relating to program to build the capacity of foreign military forces (sec. 1206)**

The committee recommends a provision that would limit to \$100,000,000 the funding authorized during fiscal year 2012 for programs under section 1206 of the National Defense Authorization Act for Fiscal year 2006 (Public Law 109–163; 119 Stat. 3456) to train and equip foreign military forces until the Secretaries of Defense and State jointly submit the report required by section 1237 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4642). The report, which assesses the implementation and utility of certain Building Global Partnership authorities of the Department of Defense, was required to be submitted by no later than December 31, 2010.

**Global Security Contingency Fund (sec. 1207)**

The committee recommends a provision that would establish a joint Department of Defense (DOD) and Department of State (DOS) fund to provide a pooled resources approach for responding to cri-

ses that require a range of military assistance and other assistance in the security sector. The provision would allow the DOD and the DOS to transfer up to \$300.0 million into the fund to be used for training and equipping foreign security forces or building foreign nations' law enforcement or justice sector capacity. Programs under the Global Security Contingency Fund would be jointly formulated by the DOD and the DOS and would support a number of existing DOD and State authorities, including foreign military financing, International Military Education Training, DOS law enforcement training authorities, and DOD's Global Train and Equip program ("Section 1206"). The fund would be initially established as a 3-year pilot program.

**Authority to build the capacity of certain counterterrorism forces of East African countries (sec. 1208)**

The committee recommends a provision that would authorize, for 2 fiscal years, the Secretary of Defense, with the concurrence of the Secretary of State to build the capacity of the national military forces, security agencies that serve a similar defense function, and border security forces of Djibouti, Ethiopia, and Kenya, and the national military forces of nations participating in the African Union Mission in Somalia for the purpose of conducting counterterrorism operations against al Qaeda, al Qaeda affiliates, and al Shabaab in East Africa.

The committee believes Somalia is a failed state, and despite the intentions of the Transitional Federal Government (TFG) to establish a functioning state, the Government of Somalia remains unable to provide essential services to its population or exercise control of its territory on its own. The tenuous stability that does exist in Mogadishu is in large part due to the African Union Mission in Somalia, which receives major personnel contributions from Uganda and Burundi. Somalia's instability is further amplified by the increased influence of violent extremist groups, like al Shabaab, in East Africa over the last year. Al Shabaab's growing strength provides an opportunity for other global terrorist groups, like al Qaeda, to use Somalia as a potential safe haven to plan and conduct global terror operations, train foreign fighters, and further spread its violent ideology. The committee agrees with the Commander of U.S. Africa Command that the situation in Somalia "poses a direct threat to the security of the United States."

At present, U.S. regional security and counterterrorism efforts in the Horn of Africa have only received limited funding. According to the Congressional Research Service, only an estimated \$27.0 million was dedicated by the State Department to a regional counterterrorism program to counter the growing threat in East Africa in fiscal year 2010. The committee hopes this increase in train and equip assistance authorized by this section will permit the U.S. Government to better enable our partners in the region to address the threat posed by al Shabaab and other violent extremist groups to regional and global security interests. This program will also help the U.S. enhance regional cooperation, as well as improve our military-to-military relationships in this important region of Africa.

The committee encourages the Secretary of Defense and the Secretary of State to ensure any support provided under this authority

is coordinated, to the extent practicable, with the broader counterterrorism operations of the United States in Yemen.

**Support of forces participating in operations to disarm the Lord's Resistance Army (sec. 1209)**

The committee recommends a provision that would—pursuant to the Lord's Resistance Army Disarmament and Northern Uganda Recovery Act of 2009 (Public Law 111–172)—authorize, for 2 fiscal years, the Department of Defense to obligate not more than \$35.0 million in each fiscal year in operation and maintenance funding to provide logistical support, services and supplies, and intelligence support to: (1) the national military forces of Uganda participating in operations to mitigate or eliminate the threat posed by the Lord's Resistance Army (LRA); and (2) the national military forces of any other countries determined by the Secretary of Defense, with the concurrence of the Secretary of State, to be participating in operations to mitigate or eliminate the threat posed by the LRA. The provision would expressly prohibit any personnel associated with the United States Government from taking part in combat operations, except for the purpose of self-defense or of rescuing personnel associated with the U.S. Government. Further, the provision would prohibit any type of support that is otherwise prohibited by law and prohibits the Secretary of Defense from providing support to any foreign country that is otherwise prohibited by law. Lastly, the provision would require the Secretary of Defense—upon the concurrence of the Secretary of State—to notify the specified committees of Congress of any determination of an additional eligible country and of any support provided pursuant to this provision.

**Subtitle B—Matters Relating to Iraq, Afghanistan, and Pakistan**

**Extension and modification of logistical support for coalition forces supporting operations in Iraq and Afghanistan (sec. 1221)**

The committee recommends a provision that would extend for fiscal year 2012 the authority provided in section 1234 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 394), as amended by section 1218 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4394) to provide logistical support for coalition forces supporting operations in Iraq and Afghanistan. The provision would also increase the amount of funds available under this section from \$400,000,000 to \$450,000,000.

The committee notes that the report on coalition support authorities, required by section 1234 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), is overdue. The provision would limit the amount of funds available to be obligated or expended to provide logistical support for coalition forces supporting operations in Iraq and Afghanistan to not more than \$200,000,000 until the report on coalition support authorities is submitted to Congress.

**One-year extension of authority to transfer defense articles and provide defense services to the military and security forces of Iraq and Afghanistan (sec. 1222)**

The committee recommends a provision that would extend for 1 year, through December 31, 2012, the authority under section 1234 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–81; 123 Stat. 2533), as amended by section 1214 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4391), to transfer defense articles, and provide defense services in connection with the transfer of those articles, to the Iraq security forces or the Afghanistan security forces. The provision would also extend through March 31, 2013, the requirement to provide quarterly reports on the use of this authority, except that no report would be required for any fiscal quarter in which the authority was not used.

**One-year extension of authorities applicable to the Pakistan Counterinsurgency Fund (sec. 1223)**

The committee recommends a provision that extends for 1 year the authorities of section 1224 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2521), as amended by section 1220 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), regarding the use of the Pakistan Counterinsurgency Fund to build the counterinsurgency capabilities of the Pakistan security forces.

**One-year extension of authority to use funds for reintegration activities in Afghanistan (sec. 1224)**

The committee recommends a provision that would extend for 1 year the authority under section 1216 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) for the Secretary of Defense to use up to \$50.0 million to support the reintegration of former insurgent fighters into Afghan society.

**Modification of authority on program to develop and carry out infrastructure projects in Afghanistan (sec. 1225)**

The committee recommends a provision that would extend for 1 year the authority under section 1217 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4393) to establish a program to develop and implement high-priority, large-scale infrastructure projects in support of the counterinsurgency strategy in Afghanistan.

The budget request included \$475.0 million for the Afghanistan Infrastructure Fund to support the Afghanistan Infrastructure Program (AIP), \$75.0 million more than the \$400.0 million authorized for the AIP in fiscal year 2011. The committee notes that the Department finally submitted in May 2011 its plan for how it intended to use the \$400.0 million authorized for the AIP in fiscal year 2011 and as a result the obligation and expenditure of funds for these purposes has been delayed. Given that the program has yet to demonstrate its capacity to build and implement large-scale infrastructure projects at the currently authorized funding level, the committee does not believe that an increase in funding for the

AIP for fiscal year 2012 is warranted. The committee therefore recommends maintaining the authorized level of funding for the AIP at up to \$400.0 million, a decrease of \$75.0 million from the budget request.

**One-year extension of authority for reimbursement of certain coalition nations for support provided to United States military operations (sec. 1226)**

The committee recommends a provision that would extend for fiscal year 2012 the authority pursuant to section 1233 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 393), as amended most recently by section 1213 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), for the Secretary of Defense to use funds (“Coalition Support Funds”) to reimburse key nations for logistical and military support provided to or in connection with U.S. military operations in Operation Iraqi Freedom/Operation New Dawn and Operation Enduring Freedom (OEF). Coalition Support Funds may also be used to procure and provide supplies and specialized training and loan specialized equipment to coalition partners supporting OEF. The total amount of reimbursements and other support that could be provided under this provision during fiscal year 2012 would be \$1.75 billion.

The provision would also extend through September 30, 2013, the additional congressional notification requirements applicable to reimbursements to Pakistan for support provided to or in connection with Operation Enduring Freedom.

**Two-year extension of certain reports on Afghanistan (sec. 1227)**

The committee recommends a provision that would extend through September 30, 2014, the requirement under section 1230 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 385), as most recently amended by section 1231 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), to report semi-annually to Congress on the progress toward security and stability in Afghanistan.

The provision would also extend through September 30, 2014, the requirement under section 1231 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 385), as most recently amended by section 1232 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), to report on the long-term plan for sustaining the Afghanistan National Security Forces.

**Authority to support operations and activities of the Office of Security Cooperation in Iraq (sec. 1228)**

The committee recommends a provision that would authorize the Secretary of Defense to provide up to \$524.0 million to support the operations and transition activities of the Office of Security Cooperation in Iraq (OSC-I) and security assistance teams engaged in security cooperation activities. Authorized types of support would include life support, transportation and personal security, and

minor construction and facilities renovation. The provision would also require that the Secretary of Defense ensure that future foreign military sales contracts with Iraq include the costs associated with the operations and activities of the OSC-I as part of the contract price paid by Iraq.

The committee recognizes the importance of maintaining a stable Iraq as the withdrawal of U.S. forces proceeds. The activities of the OSC-I will be central to establishing a normal military-to-military relationship with Iraq comparable to OSC-type activities throughout the world.

The committee understands that the preponderance of the support costs that would be covered by the authority of this section would regularly be included as costs paid by the recipient country under the terms of foreign military sales (FMS) contracts. The committee understands, however, that a number of legacy FMS contracts negotiated under the Iraq Security Forces Fund do not incorporate these costs into the contract price paid by Iraq. The funding authorized by this provision would help meet these costs under the existing FMS contracts as future FMS contracts with Iraq are negotiated. The committee believes that all future FMS contracts with Iraq must provide for the Government of Iraq to pay the costs associated with the operations and activities of the OSC-I and security assistance teams implementing those contracts.

**Benchmarks to evaluate the progress being made toward the transition of security responsibilities for Afghanistan to the Government of Afghanistan (sec. 1229)**

The committee recommends a provision that would require the President to establish benchmarks to evaluate progress being made in Afghanistan toward transitioning and transferring lead security responsibilities to the Government of Afghanistan, and to report regularly to Congress on those benchmarks.

**Subtitle C—Reports and Other Matters**

**Report on progress of the African Union in operationalizing the African Standby Force (sec. 1241)**

The committee recommends a provision that would direct the Under Secretary of Defense for Policy to provide a report to the Committees on Armed Services of the Senate and the House of Representatives that includes the following elements: (1) an assessment of the existing personnel strength and capabilities of each of the African Standby Force's (ASF) five regional brigade structures and the brigade-level headquarters; (2) an assessment of the specific capacity-building needs of the ASF, including supply management, information management, strategic planning, and other critical components; (3) a description of the functionality of each of the five regional brigades' supply depots and an update on existing stocks; (4) an assessment of the African Union's capacity to manage the ASF structure; (5) an assessment of the inter-organizational coordination on assistance to the African Union/ASF between multilateral donors, including the United Nations, European Union, and the North Atlantic Treaty Organization; and (6) an assessment of the African Union's ability to absorb additional international as-

sistance toward the development of a fully functional ASF. This report shall be provided no later than 180 days after the date of enactment of this Act.

**Comptroller General of the United States report on the National Guard State Partnership Program (sec. 1242)**

The committee recommends a provision that would direct the Comptroller General of the United States to conduct a review of the effectiveness of the National Guard State Partnership Program (SPP) to include: (1) a summary of the sources of funding for the SPP program over the last 5 years; (2) an analysis of the types and frequency of activities performed by SPP participants; (3) how the SPP objectives are established and coordinated with the respective geographic combatant commands, U.S. Country Teams, and other federal departments and agencies; (4) how the Department selects and designates particular state/foreign country partnerships; (5) how the Department measures the effectiveness of the SPP activities; and (6) an assessment by the Comptroller General of the effectiveness of the SPP activities in meeting the program's objectives. The Comptroller General shall report the results of the review to the Committees on Armed Services of the Senate and the House of Representatives no later than March 31, 2012.

The SPP is designed to link a State National Guard with a single country or region to develop additional and deeper military-to-military relations in those countries—primarily in Eastern Europe and Africa. Since its inception in 1993, the SPP program has grown from programs in three countries in Eastern Europe to over 60 countries around the world. In addition to the growth in numbers of new partnerships, the mission of the SPP appears to have broadened significantly from primarily military-to-military engagement to encompass projects designed to improve economic and social development of partner countries and which include National Guard forces working with civilian authorities. While the committee remains supportive of the overall objectives of the program, the committee is concerned by the expanding mission of the SPP and believes it is critical that the SPP be well coordinated with U.S. national security objectives in a particular country and not performed on an ad hoc basis.

**Items of Special Interest**

**Burden sharing within NATO**

The committee is concerned about a growing disparity of defense expenditures and capabilities between the United States and those of many of our North Atlantic Treaty Organization (NATO) allies. The committee notes that during the 2002 Prague Summit, a non-binding agreement was reached among members of the Alliance to spend 2 percent of their respective Gross Domestic Product (GDP) on defense. According to Secretary of Defense Robert Gates, today only 5 of 28 allies, including the United States, exceed this threshold. According to a March 10, 2011, release by NATO entitled Financial and Economic Data Relating to NATO Defence, the average defense spending as a percentage of GDP among European members of NATO was 1.7 percent in 2010—well below the NATO

agreement of 2 percent—while the United States spent 5.4 percent of its GDP on defense that year. During a speech in Brussels, Belgium, on June 10, 2011, Secretary Gates expressed his concerns about “significant shortcomings in NATO—in military capabilities, and in political will” and worried about “NATO turning into a two-tiered alliance” composed of “those willing and able to pay the price and bear the burdens of alliance commitments, and those who enjoy the benefits of NATO membership.” The committee commends Secretary Gates for the candor of his remarks in Brussels on June 10, 2011, and strongly agrees that “nations must be responsible for their fair share of the common defense.” The committee is concerned that a continued decline in defense investment by many of the NATO members may have far reaching implications on the durability of the Alliance and its capability to effectively respond to future security challenges.

#### **Comptroller General of the United States Report on the Islamic Republic of Iran**

The Senate report accompanying S. 3454 (S. Rpt. 111–201) of the National Defense Authorization Act for Fiscal Year 2011 included an item of special interest directing the Comptroller General of the United States to update and expand the scope of its Iran related audit activities. The Senate report specifically directed the Comptroller General to update its work on a semi-annual basis.

The committee supports the Comptroller General’s request that this report be updated on an annual basis rather than a semi-annual basis.

#### **Report on Taiwan’s Air Defense Force**

In the statement of managers accompanying the National Defense Authorization Act for Fiscal Year 2010 (P.L. 111–84), the conferees directed the Secretary of Defense to submit to Congress, not later than January 28, 2010, a report that contained an assessment of: (1) the current state of Taiwan’s air defense forces; (2) the ability of Taiwan’s air defense forces to defend Taiwan’s air space in response to a range of cross-Strait scenarios; and (3) possible measures, if any, that Taiwan could undertake to strengthen its air defense forces.

On February 16, 2010, the Department of Defense submitted a preliminary response to Congress, providing an assessment of Taiwan’s air defense status. In that preliminary assessment, the Department raised the possibility that the Taiwan Air Force could face significant operational shortfalls, finding that “[a]lthough Taiwan has nearly 400 combat aircraft in service, far fewer of these are operationally capable.” In addition, the Department concluded: “Many of Taiwan’s fighter aircraft are close to or beyond service life, and many require extensive maintenance support. The retirement of Mirage and F–5 aircraft will reduce the total size of the Taiwan Air Force.”

In the cover letter conveying the preliminary response, the Department indicated that it and the intelligence community were conducting a more comprehensive evaluation of the military situation in the Taiwan Strait, and would respond to the questions posed by the conferees upon the conclusion of that analysis. The



Department has yet to provide Congress with this analysis although more than a year has passed since the congressionally-mandated deadline for doing so.

The committee also notes that in 2006, Taiwan sought to purchase 66 U.S.-made F-16C/D aircraft in an effort to modernize its air forces and maintain its self-defense capability, a request that was reiterated as recently as May 12, 2011, when Taiwan President Ma Ying-jeou stated at an international conference that “I continue to urge the US to provide Taiwan with necessary defensive weaponry, such as the F-16.” To date, the administration has not addressed Taiwan’s requests to purchase F-16C/D aircraft.

The committee is concerned that the administration’s failure to either provide the report required by the statement of managers or to respond to Taiwan’s requests to purchase F-16C/D aircraft raises questions about whether the administration is in compliance with the Taiwan Relations Act (Public Law 96-8), which requires the United States to make available to Taiwan such defense articles and defense services in such quantity “as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.” The committee directs the Secretary of Defense to submit the report required by the statement of managers, including a determination on whether Taiwan requires additional F-16C/D aircraft to maintain a self-defense capability, without further delay.

### **Report on U.S.-India Security Cooperation**

The committee believes that a deepening global strategic partnership between the United States and India will be critical to the maintenance and expansion of a rules-based international system that promotes freedom, democracy, security, prosperity, and the rule of law in the 21st century. It is in the national interest of the United States, through military-to-military relations, arms sales, bilateral and multilateral joint exercises, and other means, to support India’s rise and build a strategic and military culture of cooperation and interoperability between our two countries, in particular with regard to the Indo-Pacific region.

The committee notes that combined naval exercises, conducted between the United States and India, have become a vital pillar of stability, security, and free and open trade, in the Indo-Pacific region and beyond. Recent U.S. arms sales to India, including C-130J military transport aircraft, a U.S. amphibious transport dock, UH-3H Sea King helicopters, counter-battery radar sets, and P-8 maritime surveillance aircraft, have benefitted the United States and India alike, increasing commonality of military equipment platforms and contributing to security in the Indo-Pacific region. The committee also notes that India recently announced its intention to purchase 10 C-17 Globemaster III aircraft.

The Secretary of Defense, not later than November 1, 2011, shall submit to the congressional defense committees an unclassified report, with a classified annex as appropriate, that provides a plan to enhance U.S.-India security cooperation, containing the following: (1) a detailed assessment of the current state of U.S.-India security cooperation; (2) a 5-year plan for enhancing U.S.-India security cooperation in the Indo-Pacific region and globally, to include recommendations for the United States to further improve and ex-

pand this relationship in four areas: combined military exercises; defense trade and support for India's military modernization; cooperation in areas such as disaster response and relief, humanitarian assistance, counterproliferation, counterpiracy, counterterrorism, homeland security and coastal defense, and the maintenance of secure sea lines of communication; and multilateral exercises and cooperation incorporating other Indo-Pacific allies and strategic partners; and (3) a detailed assessment of the desirability and feasibility of the future sale of F-35 Joint Strike Fighters to India, and a potential U.S. partnership with India to co-develop one or more military weapon systems, including but not limited to the anticipated program to replace the U.S. Air Force T-38 trainer jet.

#### **United States-Tunisia military-to-military cooperation**

The committee believes that expanded military assistance and cooperation with the Tunisian Armed Forces is an important component of a comprehensive U.S. policy to support the people and Government of Tunisia in its transition to democracy. It is in the U.S. national interest for Tunisia, as the first Arab country in 2011 to experience a peaceful, youth-driven, pro-democracy revolution, to become a prosperous, stable, and secure democracy. The committee notes the professionalism displayed by the Tunisian Armed Forces during the Tunisian revolution, in particular with regard to its refusal to use violence against peaceful protesters. The committee also notes the deteriorating regional security environment confronting Tunisia and the serious challenges posed to the Tunisian Armed Forces with regard to the policing of the country's land and maritime borders, due to instability in Libya as well as the continuing threat posed by transnational extremist groups. The committee urges the Secretary of Defense, in consultation with the Secretary of State, to enhance and expand U.S. security assistance to Tunisia in order to strengthen the capacity of the Tunisian Armed Forces, in particular with regard to securing Tunisia's land and maritime borders.

## **TITLE XIII—COOPERATIVE THREAT REDUCTION**

### **Specification of Cooperative Threat Reduction programs and funds (sec. 1301)**

The committee recommends a provision that would define the Cooperative Threat Reduction (CTR) programs, define the funds as authorized to be appropriated in section 301 of this bill, and authorize CTR funds to be available for obligation for 3 fiscal years.

### **Funding allocations (sec. 1302)**

The committee recommends a provision that would authorize \$508.2 million, the amount of the budget request, for the Cooperative Threat Reduction (CTR) program. This provision would also authorize specific amounts for each CTR program element, require notification to Congress 30 days before the Secretary of Defense obligates and expends fiscal year 2012 funds for a purpose other than a purpose listed in the provision, and require notification to Congress 15 days before the Secretary of Defense obligates and expends fiscal year 2012 funds in excess of the specific amount authorized for each CTR program element.

The committee notes that the CTR program categories have changed in the fiscal year 2012 budget request and that the biological engagement programs are now consolidated into a single line, which represents over half of the CTR fiscal year 2012 budget. As the CTR branches out to the new biological engagement programs in countries outside of the former Soviet Union, the committee urges the program to ensure that these programs are meeting national security goals. While the CTR biological programs must be coordinated with local host country public health entities as well as with U.S. Government public health entities, these programs should continue to be first and foremost about preventing biological attacks and the proliferation of biological weapons materials and technologies.

The program category of defense and military contacts has changed in the fiscal year 2012 budget request and is now called global threat engagement. In the past these funds were used to support one of the goals of the CTR program when originally established to improve relationships between the U.S. Department of Defense and the U.S. military, and the Ministries of Defense and the militaries of the states of the former Soviet Union. These interactions were successful and should be sustained. As the program has grown, however, particularly in the biological threat reduction area, much of the interaction is with civilian agencies and entities. The committee supports these broader interactions as long as they continue to support the CTR program's threat reduction mission. In addition, the committee believes that there may be opportunities to

broaden the military contacts to include interaction with the Chinese military to explore mutually beneficial threat reduction cooperation.

**Limitation on use of funds for establishment of centers of excellence in countries outside of the former Soviet Union (sec. 1303)**

The committee recommends a provision that would prohibit the Secretary of Defense from obligating or expending more than \$0.5 million of Cooperative Threat Reduction (CTR) funds to establish a center of excellence in any country outside of the former Soviet Union (FSU) until such time as the Secretary of Defense submits to the congressional defense committees a report on the particular center to be established. The report shall identify the country where the center would be established, the purpose for which the center would be used, the agreement under which the center would operate, and the funding plan for the center including any cost-sharing arrangement.

The committee supports the expansion of CTR into countries outside of the FSU but would like to understand in more detail plans for new centers as these plans evolve.

The committee also supports the effort to secure the most vulnerable nuclear material in 4 years, but recognizes that this is a significant challenge that will require close interagency cooperation to be fully successful. The committee notes that the Department of Defense and the Department of Energy, National Nuclear Security Administration, have a long and productive history of cooperation in threat reduction programs, and urge them to continue this close collaboration in the accelerated program.

## **TITLE XIV—OTHER AUTHORIZATIONS**

### **Subtitle A—Military Programs**

#### **Working Capital Funds (sec. 1401)**

The committee recommends a provision that would authorize appropriations for the Defense Working Capital Funds at the levels identified in section 4401 of division D of this Act.

#### **National Defense Sealift Fund (sec. 1402)**

The committee recommends a provision that would authorize appropriations for the National Defense Sealift Fund at the levels identified in section 4401 of division D of this Act.

#### **Defense Health Program (sec. 1403)**

The committee recommends a provision that would authorize appropriations for the Defense Health Program at the levels identified in section 4401 of division D of this Act.

#### **Chemical Agents and Munitions Destruction, Defense (sec. 1404)**

The committee recommends a provision that would authorize appropriations for Chemical Agents and Munitions Destruction, Defense at the levels identified in section 4401 of division D of this Act.

#### **Drug Interdiction and Counter-Drug Activities, Defense-Wide (sec. 1405)**

The committee recommends a provision that would authorize appropriations for Drug Interdiction and Counter-Drug Activities, Defense-Wide at the levels identified in section 4401 of division D of this Act.

#### **Defense Inspector General (sec. 1406)**

The committee recommends a provision that would authorize appropriations for the Office of the Inspector General of the Department of Defense at the levels identified in section 4401 of division D of this Act.

### **Subtitle B—National Defense Stockpile**

#### **Authorized uses of National Defense Stockpile funds (sec. 1411)**

The committee recommends a provision that would authorize \$50.1 million from the National Defense Stockpile Transaction fund for the operation and maintenance of the National Defense Stockpile for fiscal year 2012. This provision would also permit the use

of additional funds for extraordinary or emergency conditions 45 days after congressional notification.

**Revision to required receipt objectives for previously authorized disposals from the National Defense Stockpile (sec. 1412)**

The committee recommends a provision that would amend section 3402(b)(5) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65), as amended, to increase Department of Defense stockpile commodity disposal authority from \$730.0 million to \$830.0 million, and to extend this authority from 2013 to 2016.

**Subtitle C—Armed Forces Retirement Home**

**Part I—Authorization of Appropriations**

**Authorization of appropriations (sec. 1421)**

The committee recommends a provision that would authorize \$67.7 million to be appropriated for fiscal year 2012 from the Armed Forces Retirement Home Trust Fund for the operation of the Armed Forces Retirement Home.

**Part II—Armed Forces Retirement Home Authorities**

**Amendment of Armed Forces Retirement Home Act of 1991 (sec. 1422)**

The committee recommends a provision that would clarify that any amendments or repeals in this Act made in reference to the Armed Forces Retirement Home be considered to be made to a section or other provision of the Armed Forces Retirement Home Act of 1991 (title XI of Public Law 101–510).

**Annual validation of multiyear accreditation (sec. 1423)**

The committee recommends a provision that would require the Chief Operating Officer of the Armed Forces Retirement Home, if accreditation is granted to the Home for more than 1 year, to seek validation of the accreditation for every year that the Department of Defense Inspector General does not conduct an inspection of the Home.

**Clarification of duties of Senior Medical Advisor (sec. 1424)**

The committee recommends a provision that would modify the oversight responsibilities and reporting requirements of the Senior Medical Advisor of the Armed Forces Retirement Home.

**Replacement of local boards of trustees for each facility with single advisory council (sec. 1425)**

The committee recommends a provision that would establish an Armed Forces Retirement Home Advisory Council, with members appointed by the Secretary of Defense to serve the interests of both facilities of the Home, as well as the interests of its residents. While the Council would replace the local boards established for each of the Armed Forces Retirement Home facilities, it would be required to provide for the participation of a representative of the

resident advisory committee of each facility of the Home in carrying out its responsibilities.

**Administrators and ombudsmen of facilities (sec. 1426)**

The committee recommends a provision that would require the appointment of an Administrator and Ombudsman for each facility of the Armed Forces Retirement Home.

**Inspection requirements (sec. 1427)**

The committee recommends a provision that would revise the interval of inspections that the Department of Defense Inspector General would be required to make of each Armed Forces Retirement Home facility from annually to not less than every 3 years.

**Repeal of obsolete provisions (sec. 1428)**

The committee recommends a provision that would repeal obsolete provisions in the Armed Forces Retirement Home Act of 1991 (title XV of Public Law 101–510) that relate to transitional provisions for the Armed Forces Retirement Home Board and directors and deputy directors of the Home’s facilities.

**Technical, conforming, and clerical amendments (sec. 1429)**

The committee recommends a provision that would make several technical, conforming, and clerical amendments to the Armed Forces Retirement Home Act of 1991 (title XV of Public Law 101–510).

**Subtitle D—Other Matters**

**Authority for transfer of funds to Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund for Captain James A. Lovell Health Care Center, Illinois (sec. 1431)**

The committee recommends a provision that would authorize the Secretary of Defense to transfer funds from Defense Health Program operation and maintenance to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund. Such funds would be authorized to be used for operations of the Captain James A. Lovell Federal Health Care Center or other facilities designated as a combined federal medical facility. The President’s budget request projects \$135.6 million for transfer to the fund in fiscal year 2012.

**Budget Items**

**Department of Defense Inspector General growth plan**

The budget request for the Department of Defense (DOD) Office of Inspector General (OIG), included \$286.9 million in Operation and Maintenance (O&M) and \$1.6 million in Research, Development, Test, and Evaluation (RDT&E). The committee continues to be concerned that funding levels for independent audit and investigative functions should keep pace with the demand for these services, particularly given that the OIG return on investment was over \$6.5 billion in fiscal year 2010 with respect to achieved monetary

benefits, investigative fines, restitutions, recoveries, and equates to a ratio of \$22 returned for every \$1 spent. The committee notes that in fiscal year 2010, OIG investigations resulted in 301 indictments and 241 convictions.

The OIG audits, investigates, inspects, and evaluates the programs and operations of the DOD, and recommends policies and process improvements that promote economy, efficiency, effectiveness, and integrity in DOD programs and operations. The committee continues to note the dramatic growth in the number and cost of DOD contracts for operations, procurement, research, and military construction within the United States and around the world. The increase recommended by the committee will enable the OIG to conduct oversight related to military operations in Afghanistan, review contract management and acquisitions, and support audits to identify potential waste, fraud, and abuse.

Accordingly, the committee recommends an increase of \$40.5 million in O&M and \$2.9 million in RDT&E for the OIG.

#### **Drug interdiction and counterdrug activities**

The budget request included \$1.2 billion for drug interdiction and counterdrug activities. The committee recommends a total reduction of \$39.0 million, including: (1) \$30.0 million undistributed for general contract support; \$5.0 million undistributed for support to U.S. European Command's (EUCOM) counterdrug programs; \$3.5 million for the Office of Naval Intelligence (project code 3359); and \$0.5 million for strategic communications (project code 9220).

The committee notes that the Office of the Secretary of Defense's counternarcotics and global threats operations are highly dependent on general support and service support contractors for its day-to-day operations and that additional contractor support reductions are manageable. This undistributed reduction should not be used for reductions to specialized or technical contractor support activities.

The committee notes that EUCOM has re-focused its counternarcotics activities to illicit trafficking routes entering its area of responsibility from the east; however, EUCOM continues to maintain counter illicit narcotics trafficking programs that are largely Africa-centric. The committee urges EUCOM and U.S. Africa Command to develop a counternarcotics strategy that does not duplicate efforts and manages effectively the operational and intelligence collection seam that exists between the combatant commands.

The budget request includes funding for the Office of Naval Intelligence (ONI) to assist the U.S. Navy and—in limited circumstances—foreign countries to conduct illicit narcotics interdiction operations. ONI provides critical support to the U.S. and international efforts to counter illicit narcotics trafficking operations; however, the budget request for drug interdiction and counterdrug activities includes funding for ONI support to counterterrorism operations as well. As such, the committee recommends a reduction of \$3.5 million.

The budget request includes \$0.5 million (project code 9220) to fund a United States-Colombia bilateral strategic communications program whereby assistance is provided to the Colombian Government to engage more effectively the media on issues associated



with the narcotics trade and efforts by the Colombian Government to counter the threat posed by the narcotics trade. The committee recommends cancelling this program and a reduction of \$0.5 million.

### **Item of Special Interest**

#### **Beryllium stockpile evaluation**

The committee notes that related to the National Defense Stockpile, the Department of Defense (DOD) Strategic Materials Protection Board identified high purity beryllium as, “both a strategic and critical material” in a report prepared for Congress in December 2008, pursuant to section 843 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364).

The Board also noted that high purity beryllium “possesses unique properties that makes it indispensable in many of today’s critical United States defense systems” and that “there is significant risk of supply disruption.” Therefore, the committee encourages the DOD to evaluate—on a consistent basis its beryllium inventory and investment strategy to ensure the inventory is adequate for defense requirements and meets DOD specifications.



## **TITLE XV—AUTHORIZATION OF APPROPRIATIONS FOR OVERSEAS CONTINGENCY OPERATIONS**

### **Subtitle A—Authorization of Appropriations**

#### **Purpose (sec. 1501)**

The committee recommends a provision that would establish this title and make authorization of appropriations available upon enactment of this Act for the Department of Defense, in addition to amounts otherwise authorized in this Act, to provide for additional costs due to overseas contingency operations.

#### **Procurement (sec. 1502)**

The committee recommends a provision that would authorize additional appropriations for procurement at the levels identified in section 4102 of division D of this Act.

#### **Research, development, test, and evaluation (sec. 1503)**

The committee recommends a provision that would authorize additional appropriations for research, development, test, and evaluation at the levels identified in section 4202 of division D of this Act.

#### **Operation and maintenance (sec. 1504)**

The committee recommends a provision that would authorize additional appropriations for operation and maintenance at the levels identified in section 4302 of division D of this Act.

#### **Military personnel (sec. 1505)**

The committee recommends a provision that would authorize an additional \$11.2 billion for military personnel.

#### **Working capital funds (sec. 1506)**

The committee recommends a provision that would authorize additional appropriations for Defense Working Capital Funds at the levels identified in section 4402 of division D of this Act.

#### **Defense Health Program (sec. 1507)**

The committee recommends a provision that would authorize additional appropriations for the Defense Health Program at the levels identified in section 4402 of division D of this Act.

#### **Drug Interdiction and Counter-Drug Activities, Defense-wide (sec. 1508)**

The committee recommends a provision that would authorize additional appropriations for Drug Interdiction and Counter-Drug Ac-

tivities, Defense-wide, at the level identified in section 4402 of division D of this Act.

**Defense Inspector General (sec. 1509)**

The committee recommends a provision that would authorize additional appropriations for the Office of the Inspector General at the levels identified in section 4402 of division D of this Act.

**Subtitle B—Financial Matters**

**Treatment as additional authorizations (sec. 1521)**

The committee recommends a provision that would state that amounts authorized to be appropriated by this title are in addition to amounts otherwise authorized to be appropriated by this Act.

**Special transfer authority (sec. 1522)**

The committee recommends a provision that would authorize the transfer of up to an additional \$4.0 billion of war-related funding authorizations in this title among the accounts in this title.

**Subtitle C—Other Matters**

**One-year extension and modification of authority for Task Force for Business and Stability Operations in Afghanistan (sec. 1531)**

The committee recommends a provision that would extend for 1 year the authority provided in section 1535 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383) for the Secretary to use up to \$150.0 million to fund the activities of the Department of Defense’s Task Force on Business and Stability Operations (“Task Force”) in Afghanistan. The Task Force is authorized to carry out projects that assist the Commander of United States Forces Afghanistan and the U.S. Ambassador to Afghanistan to enhance the stability and economic normalcy of Afghanistan through strategic business and economic activities. The provision would clarify the types of projects to be carried out by the Task Force. The provision would also allow for representatives of the Department of State and the United States Agency for International Development (USAID) to participate on the Task Force.

The committee believes that efforts to promote Afghanistan’s economic stability and private sector development are important to achieving a sustainable transition to Afghanistan assuming responsibility for its own security and affairs. During hearings on the defense budget request, the committee heard from several Department of Defense officials regarding the valuable work of the Task Force in support of the civilian-military campaign, particularly in assisting the development of Afghanistan’s mining sector. The committee believes that these significant activities need to continue during the critical transition period ahead.

The committee remains concerned, however, that efforts to promote Afghanistan’s long-term economic stability and private sector development need to be led by U.S. Government civilian agencies. The planning process for transitioning these activities to a civilian

lead should begin immediately. As a first step in that process, the committee strongly urges the inclusion of representatives from the Department of State and USAID on the Task Force to enhance the coordination of those civilian agencies with the activities of the Task Force.

**Modification of availability of funds in Afghanistan Security Forces Fund (sec. 1532)**

The committee recommends a provision that would require funds authorized to be appropriated for the Afghanistan Security Forces Fund (ASFF) in fiscal year 2012 to be used under the conditions in subsections (b) through (g) of section 1513 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 428), as amended by section 1531(b) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4424). The provision would also clarify that assistance under the Afghanistan Security Forces Fund may include training to build the logistical, management, administrative, and literacy skills of military and civilian personnel of the Ministry of Defense and Ministry of Interior. The committee encourages the North Atlantic Treaty Organization Training Mission in Afghanistan to consider instituting programs of instruction for these purposes at its national and regional training facilities in Afghanistan.

**Limitation on availability of funds for Trans Regional Web Initiative (sec. 1533)**

The committee recommends a provision that would prohibit the Department of Defense from obligating or expending any funds for the Trans Regional Web Initiative (TRWI) until the Secretary of Defense certifies to the Committees on Armed Services of the Senate and the House of Representatives that any program conducted under the TRWI: (1) appropriately defines its target audience; (2) is determined to be the most effective method of reaching the defined target audience; (3) is the most cost effective means of reaching the target audience; and (4) includes measurement mechanisms to ensure such target audience is being reached.

In a separate section of this report, the committee recommends a reduction in funding for TRWI.

**Report on lessons learned from Department of Defense participation on interagency teams for counterterrorism operations in Afghanistan and Iraq (sec. 1534)**

The committee notes the important role that collaborative interagency teams have played in recent years in successfully targeting, disrupting, and eliminating elements of the al Qaeda leadership, their support networks, and affiliated groups and individuals in Afghanistan and Iraq. These teams have grown and matured over time from being nearly exclusively led and manned by special operations forces in the beginning to now including representatives from the general purpose forces, Department of Defense (DOD) agencies, intelligence community, and various federal departments and agencies such as the Department of State, Department of Treasury, Department of Homeland Security, and Drug Enforcement Agency, among others. Through collaboration, team members

have made effective use of the disparate authorities assigned to their parent organizations to pressure terrorist networks, thereby providing space for broader counterinsurgency and capacity building efforts to take hold.

While the work of these interagency teams continues to result in successful kinetic and non-kinetic operations against al Qaeda and affiliated groups, the committee is concerned that the unique organizational structures, attributes, and skill sets of such teams may begin to atrophy over time as the U.S. military footprint in Afghanistan and Iraq diminishes and as interagency team leaders and participants move on to other career opportunities. The committee notes that these teams remain primarily ad hoc in nature and rely on the voluntary contributions of their members and parent organizations. Furthermore, the committee believes that the lessons learned from DOD participation on such teams are not adequately understood or codified in military doctrine.

A recent report by the National Defense University's Institute for National Strategic Studies highlights the difficulty of formalizing effective interagency teams. The report states that a General Officer from U.S. Special Operations Command who created such interagency teams in Afghanistan and Iraq "believed that establishing and maintaining the interagency relationships had to be a constant preoccupation" and said "It's an informal process, based on handshakes, and people change at the senior levels or midgrade levels; the power of those handshakes is not recorded. Therefore, you always run the risk of it degrading over time. We thought about writing memorandums of instruction or memorandums of understanding so that we codified it. My fear was, if we codify it, people are scared to sign contracts, so I felt they would sign a contract [agreeing to] much less than they were willing to actually do." The committee believes that the apparent necessity to avoid formal agreements between organizations providing members of these interagency teams in order to make the teams operate effectively is a strong indictment of the interagency process.

Therefore, the committee directs the Secretary of Defense to submit to the congressional defense committees, not later than 1 year after the date of enactment of this Act, a report on the lessons learned from DOD participation on interagency teams for counterterrorism operations in Afghanistan and Iraq. This report should include the following elements:

- (1) Describe the value of interagency teams to counterterrorism operations;
- (2) Identify and describe the best practices of such interagency teams;
- (3) Describe efforts to codify the best practices of interagency teams in military doctrine;
- (4) Discuss how the lessons learned through DOD participation on such teams may or may not be applicable to other interagency teams on which DOD personnel participate;
- (5) Analyze the feasibility and advisability of adding a skill identifier to track DOD civilian and military personnel who have successfully supported, participated on, or led interagency teams; and

(6) Identify any additional authorities needed to allow DOD personnel to more effectively support, participate on, or lead an interagency team.

### **Budget Items**

#### **AH-64 Apache Longbow Block III**

The budget request included \$35.5 million in Aircraft Procurement, Army (APA), to procure a single, newly built AH-64D Apache Longbow Block III aircraft as a war loss replacement. The committee does not agree that procurement of this single aircraft is a legitimate war loss replacement. The AH-64D Apache Block III is finishing system development and demonstration. Contract award for the aircraft is not planned until fiscal year 2013 with delivery in fiscal year 2014. Equipping of a first unit with Block III's will not occur until fiscal year 2014, will use remanufactured AH-64D Apache Block II aircraft, and will go to the aviation training base rather than deployable combat aviation units. The committee recommends a decrease in APA of \$35.5 million for new AH-64D Apache Block III aircraft.

#### **Joint Improvised Explosive Device Defeat Fund**

The budget request includes \$2,577.5 million in the Overseas Contingency Operations (OCO) account for the Joint Improvised Explosive Device Defeat Organization (JIEDDO). This amount includes \$1,368.8 million for the attack the network line of operation; \$247.5 million for the train the force line of operation; and \$961.2 million for the defeat the device line of operation. As noted in title I of this report, the committee recommends transferring JIEDDO's budget request for operating the organization from the base budget to the OCO budget account. Adding these funds together, JIEDDO's total budget request is \$2,798.1 million.

A significant amount of JIEDDO's operating expenses, such as overhead, staff, and infrastructure costs, are budgeted in JIEDDO's business lines, in addition to its operations account. The committee estimates that these operating costs total about \$440.0 million more than the \$220.6 million requested in the base budget request for JIEDDO's operations. For fiscal year 2013, the committee directs JIEDDO to account for all operations-related expenses in the operations budget line rather than the three other programmatic business lines of operation.

Improvised explosive devices (IED) have been and continue to be a significant threat to U.S. forces, and the committee remains highly supportive of JIEDDO's support to the vital mission of protecting our troops from IEDs and attacking the terrorist networks responsible for them.

While the Secretary of Defense's March 2011 efficiency memo identified the future elimination of one General Officer billet after changes in force deployments and the IED threat, the committee notes that JIEDDO was not otherwise addressed in the Secretary of Defense's efficiencies initiative and that the JIEDDO has significant amounts of unobligated and unexpended funds from previous fiscal years. Further, the committee notes that JIEDDO is highly dependent on general contractor support for virtually every aspect

of its activities—both in the United States and overseas—to include the vast majority of its headquarters and programmatic implementation staff.

Despite significant efforts by JIEDDO to rationalize its operations, the Government Accountability Office (GAO) reported in March that the Department's efforts to respond to urgent operational needs, including technology to counter-IEDs, continues to suffer from fragmentation, overlap, and duplication. GAO found that no fewer than 31 DOD entities, many of which started as ad hoc organizations, play a significant role in various urgent needs processes. For example, GAO reported, JIEDDO, the military services, and the Special Operations Command have all established their processes and guidance on meeting specific urgent needs, and their own feedback mechanisms for assessing how well fielded solutions meet such needs. In addition, GAO has reported that DOD lacks visibility over the totality of its urgent needs activities as well as more specifically over its counter-IED efforts. As a result of this lack of coordination, and visibility, DOD is at risk of costly duplication in its counter-IED programs. For example, the Army and the Marine Corps have pursued their own separate efforts to develop counter-IED mine rollers. Since 2007, GAO has recommended that DOD and JIEDDO develop a database to establish comprehensive visibility over its counter-IED efforts, but no such database has yet been developed. Based on GAO's conclusions, the committee believes the Department's counter-IED budget is, in fact, much larger than the JIEDDO budget.

The committee concludes that JIEDDO and senior DOD leadership should be able to achieve significant efficiencies by improving JIEDDO's operations in the following areas: (1) eliminating overlapping science and technology investments with the military services and defense labs; (2) consolidating and eliminating its multiple centers of excellence across the continental United States; (3) identifying duplicative efforts between military service intelligence activities, the intelligence community, and the Counter-IED Operations Intelligence Center; (4) reducing significantly its dependence on contractors for its workforce; (5) establishing comprehensive visibility over all of DOD's counter-IED efforts as recommended by GAO; (6) evaluating opportunities to consolidate counter-IED efforts across DOD, as part of DOD's broader efforts to respond to GAO's recommendation to consider consolidation options of urgent needs entities and processes; (7) curtailing programs associated with U.S. military operations in Iraq that may be unneeded due to planned force reductions; and (8) speeding the transfer of initiatives older than 2 years to the services for program management incorporation efficiencies.

Accordingly, the committee recommends a reduction of \$265.0 million to JIEDDO funding, distributed across the enterprise as follows: \$90.0 million from the attack the network line of operation; \$5.0 million from the train the force line of operation; \$150.0 million from JIEDDO's defeat the device line of operation; and \$20.0 million from the operations line of operation. The committee expects these reductions to be achieved through improved efficiencies without any diminution of the vital support JIEDDO provides to U.S. forces deployed overseas in Afghanistan.



**Marine Corps budget request realignments**

After the submission of the budget request, the Marine Corps reduced the acquisition objective for the Medium Tactical Vehicle Replacement (MTVR) truck family. As a result, the budget request contained \$300.0 million in excess funds for MTVR procurement in the Overseas Contingency Operations (OCO) account. The Marine Corps requested a realignment of these funds for other urgent Marine Corps OCO needs.

The committee recommends the following additions to the Marine Corps OCO procurement account. In line 32, Communications Switching and Control Systems, an additional \$20.0 million for Digital Technical Control shelters, and \$50.0 million for Data Distribution System Core Modular Suites. In line 46, Assorted Power Equipment, an additional \$20.0 million for Advanced Power Sources, and \$35.0 million for Mobile Power Equipment. In OCO Operation and Maintenance, Marine Corps, line 10, an additional \$27.0 million for Family of Shelters and Shelters Equipment.

The committee notes that procurement of renewable energy Solar-Powered Adaptors for communications equipment and solar powered batteries; efficient power generators; renewable energy networks for remote patrol bases; and the Family of Shelters and Shelter Equipment, including tent liners and Light-Emitting Diode lighting will dramatically reduce logistical sustainment and convoy operations in Afghanistan, reduce the need for fuel and logistical resupply, lighten the combat load, increase combat effectiveness, and reduce risk to Marines in combat. The Marine Corps has stated to the committee that the accelerated acquisition of these items will provide an annual projected cost saving of \$38.6 million, an annual weight savings of 13.4 million pounds, and an expected full return on investment in 2.1 years.

**Medium Tactical Vehicle Replacement**

The budget request included \$392.4 million for procurement of 783 Medium Tactical Vehicle Replacement (MTVR) trucks in Procurement, Marine Corps, of the Overseas Contingency Operations (OCO) account. Since the budget request was submitted, the Marine Corps has substantially reduced its acquisition objective for the MTVR. As a result, the committee recommends authorization of \$92.4 million for MTVR procurement.

The Marine Corps requested that the savings from the MTVR reduction be reallocated to other Marine Corps priorities. Elsewhere in this report, the committee recommends authorization of funds for other urgent Marine Corps OCO needs.

**Special operations forces aircraft procurement**

The budget request included a total of \$150.8 million in Overseas Contingency Operations (OCO) funding for the replacement of two rotary-wing and one fixed-wing aircraft lost in combat by special operations forces. Funding for the replacement of these combat loss aircraft was appropriated by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10) which was enacted after the President's fiscal year 2012 budget request was submitted to Congress.

Therefore, the committee recommends decreases of \$17.5 million in OCO Aircraft Procurement, Army, for one UH-60; \$70.0 million in OCO Aircraft Procurement, Air Force, for one CV-22; \$40.5 million in OCO Procurement, Defense-wide, for one MH-47G; \$7.8 million in OCO, Procurement, Defense-wide, for special operations-peculiar modifications to one MH-60; and \$15.0 million in OCO, Procurement, Defense-wide, for special operations-peculiar modifications to one CV-22.

### **Commanders' Emergency Response Program**

The budget request included \$425.0 million in Operations and Maintenance, Army (OMA), Overseas Contingency Operations (OCO) for the Commanders' Emergency Response Program (CERP) in Iraq and Afghanistan for fiscal year 2012. The request consisted of \$25.0 million for CERP in Iraq and \$400.0 million for CERP in Afghanistan. The committee's concerns regarding CERP funding in Iraq are discussed in the section of this report relating to title XII. Accordingly, the committee recommends the termination of the CERP program in Iraq in fiscal year 2012 and a corresponding decrease of \$25.0 million in OMA, OCO, for CERP to a level of \$400.0 million to be available for CERP in Afghanistan.

### **Afghanistan Infrastructure Fund**

The budget request included \$89.0 billion for Operation and Maintenance (OM), Overseas Contingency Operations (OCO), of which \$475.0 million was for the Afghanistan Infrastructure Fund (AIF) in fiscal year 2012 to support the Afghanistan Infrastructure Program to build and maintain high-priority, large-scale infrastructure projects that support the civilian-military campaign in Afghanistan. The budget request would be a \$75.0 million increase over the \$400.0 million authorized for the AIF in fiscal year 2011. The committee's concerns regarding the delays in standing up the Afghanistan Infrastructure Program—and the impact of those delays on the funding level requested for the program for fiscal year 2012—are discussed in the section of this report relating to title XII.

The committee recommends a decrease of \$75.0 million for OM, OCO, for AIF, which would maintain the funding level for the program at the fiscal year 2011 level of \$400.0 million.

### **Trans Regional Web Initiative**

The budget request included \$22.6 million in Operation and Maintenance, Defense-wide, for Overseas Contingency Operations for the Trans Regional Web Initiative (TRWI), a U.S. Special Operations Command (USSOCOM) initiative under which USSOCOM establishes and maintains news and information websites in support of the geographic combatant command's (GCC) countering violent extremism objectives.

The committee notes that in recent years these websites have become a significant and costly component of the countering violent extremism campaigns of the GCCs despite there being limited information to demonstrate these websites are reaching or appropriately influencing their intended target audience in support of U.S. national security objectives. The committee supports the ef-

forts of USSOCOM and the GCCs to counter violent extremism, but the committee believes this initiative, at a minimum, should be reviewed by the Under Secretary of Defense for Policy, and, ideally, the implementation of any programs under this initiative or similar initiative should be limited to those regions where internet access is readily available and where U.S. national security interests are of immediate concern.

The committee recommends a reduction of \$11.3 million. In a separate section of this Act, the committee prohibits the obligation and expenditure of the remaining funds until the Secretary of Defense makes a series of certifications regarding the effectiveness of the TRWI.

### **Item of Special Interest**

#### **Improvised explosive device precursor chemicals originating in Pakistan**

The committee notes that ammonium nitrate (AN), a prime component in improvised explosive devices (IED) that have killed or wounded thousands of U.S., coalition, and Afghan troops and Afghan civilians, continues to flow into Afghanistan. The vast majority of this AN flows in from fertilizer factories in Pakistan. In 2010, in an effort to stem the flow of this material, the Afghan government banned the use of AN as a fertilizer. Despite this effort and vigilance by Afghan National Security Forces (ANSF), IED incidents and casualties have continued to increase. The Afghan government appears committed to this fight and has enacted appropriate legal measures and enforcement efforts. But ammonium nitrate is still ever-present in Afghanistan due to smuggling along supply routes from its neighbors, particularly from Pakistan. The amounts of AN reportedly ferried into Afghanistan from Pakistan are staggering.

The committee notes that urgent action must be taken to stem the flow of AN into Afghanistan. In 2010, 268 U.S. service members were killed by IEDs in Afghanistan, and 101 U.S. service members have been killed since January of this year.

This is not just a problem in Afghanistan. The Joint Improvised Explosive Device Defeat Organization (JIEDDO) reports that, in 2010, there were more than 1,000 reported IED incidents in Pakistan—only Iraq and Afghanistan experienced more IEDs. The vast majority of these attacks have occurred in the Federal Administered Tribal Areas where Pakistani security forces continue operations against insurgent groups.

The committee believes Pakistan must take several measures to restrict the flow of ammonium nitrate into Afghanistan. Specifically, the committee urges the administration to engage with Pakistani officials to urge them to take the following steps: (1) the Pakistani legislature should pass legislation which would regulate explosive precursor materials used in IEDs such as ammonium nitrate and other precursor materials; (2) Pakistani customs officials should seek to improve efforts to limit the passage of goods across the border which are illegal in Afghanistan, like ammonium nitrate; (3) the private owners of fertilizer plants and other producers active in Pakistan should introduce technologies that make AN

easier to track; and (4) Pakistani authorities need to conduct a public education campaign on the dangers posed by AN and the value of alternative fertilizers, such as urea.

## **DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS**

### **Summary and explanation of funding tables**

Division B of this Act authorizes funding for military construction projects of the Department of Defense (DOD). It includes funding authorizations for the construction and operation of military family housing as well as military construction for the reserve components, the defense agencies, and the North Atlantic Treaty Organization Security Investment Program. It also provides authorization for the base closure accounts that fund military construction, environmental cleanup, and other activities required to implement the decisions in base closure rounds.

The following tables provide the project-level authorizations for the military construction funding authorized in division B of this Act, and summarize that funding by account.

The fiscal year 2012 budget requested \$14.8 billion for military construction and housing programs. Of this amount, \$12.5 billion was requested for military construction, \$1.7 billion for the construction and operation of family housing, and \$582.3 million for base closure activities.

The committee recommends authorization of appropriations for military construction and housing programs totaling \$13.9 billion. The total amount authorized for appropriations reflects the committee's continuing commitment to invest in the recapitalization of DOD facilities and infrastructure. The committee recommends a reduction of \$1.04 billion in unjustified or lower priority projects and rescissions totaling \$388.4 million. The committee recommends no additional authorization of appropriations resulting in total reduction of approximately \$1.4 billion below the President's budget request.

### **Short title (sec. 2001)**

The committee recommends a provision that would designate division B of this Act as the Military Construction Authorization Act for Fiscal Year 2012.

### **Expiration of authorizations and amounts required to be specified by law (sec. 2002)**

The committee recommends a provision that would establish the expiration date for authorizations in this Act for military construction projects, land acquisition, family housing projects, and contributions to the North Atlantic Treaty Organization infrastructure program as October 1, 2014, or the date of enactment of an act authorizing funds for military construction for fiscal year 2015, whichever is later.

**Funding tables (sec. 2003)**

The committee recommends a provision that makes this division's authorizations of appropriation available in funding tables.

## **TITLE XXI—ARMY**

### **Summary**

The budget request included authorization of appropriations of \$3.2 billion for military construction and \$681.6 million for family housing for the Army for fiscal year 2012.

The committee recommends authorization of appropriations of \$3.0 billion for military construction and \$681.6 million for family housing for fiscal year 2012.

The committee recommends incrementally funding the Aviation Task Force Hangar at Fort Wainwright, Alaska, and a reduction in funding for barracks in Honduras to reflect efficiencies reported by the Army.

The committee recommends eliminating funding for five projects, two at Fort Bliss, Texas, two at Germersheim, Germany, and one at Fort Belvoir, Virginia. The committee believes the projects at Fort Bliss and at Germersheim are ahead of need as they support future missions or replace facilities that are still adequate. The committee recommends these projects be resubmitted at a future date if they remain Army priorities.

The committee recommends elimination of the road and infrastructure improvement project at Fort Belvoir at this time because the project supports the museum of the United States Army. The committee understands that fundraising for the museum has delayed construction putting this project ahead of need.

### **Authorized Army construction and land acquisition projects (sec. 2101)**

The committee recommends a provision that would authorize military construction projects for the active component of the Army for fiscal year 2012. The authorized amounts are listed on an installation-by-installation basis.

### **Family housing (sec. 2102)**

The committee recommends a provision that would authorize new construction, planning, and design of family housing units for the Army for fiscal year 2012. It would also authorize funds for facilities that support family housing, including housing management offices, housing maintenance, and storage facilities.

### **Improvements to military family housing units (sec. 2103)**

The committee recommends a provision that would authorize funding for fiscal year 2012 to improve existing Army family housing units.

**Authorization of appropriations, Army (sec. 2104)**

The committee recommends a provision that would authorize appropriations for the active component military construction and family housing projects of the Army authorized for construction for fiscal year 2012 in this Act. This provision would also provide an overall limit on the amount authorized for military construction and family housing projects for the active-duty component of the Army. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Modification of authority to carry out certain fiscal year 2009 project (sec. 2105)**

The committee recommends a provision that would modify the authorization contained in the table in section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2009 (division B of Public Law 110–417) for Fort Benning, Georgia, for construction of a Multipurpose Training Range.

**Modification of authority to carry out certain fiscal year 2010 project (sec. 2106)**

The committee recommends a provision that would modify the authorization contained in the table in section 2101(a) of the National Defense Authorization Act for Fiscal Year 2010 (division B of Public Law 111–84; 123 Stat. 2629) to allow the Secretary of the Army to construct a secure elevated roadway at Joint Base Lewis-McChord, Washington.

**Modification of authority to carry out certain fiscal year 2011 projects (sec. 2107)**

The committee recommends a provision that would modify the authorization contained in the table in section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2011 (division B of Public Law 111–383) for Schofield Barracks, Hawaii; Fort Drum, New York; and Wiesbaden Air Base, Germany.

**Additional authority to carry out certain fiscal year 2012 project (sec. 2108)**

The committee recommends a provision that would allow the Secretary of the Army to carry out a military construction project to construct a water treatment facility for Fort Irwin, California in the amount of \$115.0 million using available, unobligated balances of Army military construction funds.

**Extension of authorizations of certain fiscal year 2008 projects (sec. 2109)**

The committee recommends a provision that would extend the authorization for two Army fiscal year 2008 military construction projects until October 1, 2013, or the date of enactment of an act authorizing funds for military construction for fiscal year 2014, whichever is later. This extension was requested by the Department of Defense.



**Extension of authorizations of certain fiscal year 2009 projects (sec. 2110)**

The committee recommends a provision that would extend the authorization for seven Army fiscal year 2009 military construction projects until October 1, 2012, or the date of enactment of an act authorizing funds for military construction for fiscal year 2013, whichever is later. This extension was requested by the Department of Defense.

**Technical amendments to correct certain project specifications (sec. 2111)**

The committee recommends a provision that would make technical amendments to the table in section 3002 of the Military Construction Authorization Act for Fiscal Year 2011 (division B of Public Law 111–383).

**Rescission of Army military construction funds (sec. 2112)**

The committee recommends a provision that would rescind unobligated military construction funds.

**Tour normalization (sec. 2113)**

The committee recommends a provision that would require the Director, Cost Assessment and Program Evaluation to do an analysis of alternatives and for the Secretary of the Army to submit a master plan on the Army's planned Tour Normalization in Korea.

**Items of Special Interest****Storage of Army artifacts**

The fiscal year 2011 budget request for the Department of the Army recommended funding in Military Construction, Army, for three climate controlled storage buildings at Forts Benning, Lee, and Sill. These facilities were intended to support movement of Army macro-artifacts which were following Training and Doctrine Command schools re-locating as part of the Base Closure and Realignment 2005 process. Although the Ike Skelton National Defense Authorization act for Fiscal Year 2011 (Public Law 111–383) did not authorize these projects, the committee supports the requirement to protect and preserve these historical collections.

The committee has encouraged the Army to investigate all options for facility solutions. The committee encourages the Army to pursue the solutions that best address the priorities the Army has identified and that are the most fiscally prudent from a life cycle standpoint. Therefore, the committee directs the Army to complete its review of all options under consideration and provide a report to the committee not later than September 30, 2011, on its preferred solution set. The report shall contain, at a minimum, the following:

1. The Army's requirements and priorities with respect to storing these artifacts;
2. Identification of various solution sets and a business case analysis for each course of action, as well as identifying any legal or regulatory barriers for the different options;

3. Estimates for the life cycle cost to the government for each option;
4. The expected cost and implications of not providing appropriate storage locations for the artifacts;
5. The Army's recommendation for the appropriate option at each installation;
6. Any necessary legislative changes necessary to dispose of any artifacts that are not deemed to be of national historic significance; and
7. Delineation and listing of all artifacts to be stored, with special emphasis on those that are to be used for training and in what context, and those that merely have historical value as an artifact.

With respect to the Army's preferred option for each of the three installations, the committee notes that it does not and will not support the use of any appropriated funds being used to build or support a public museum.

### **Military realignments in Korea**

The committee reaffirms its unwavering support for the alliance between the United States and the Republic of Korea (ROK). This alliance has long been a vital anchor for security and stability in the Asian-Pacific region, and has assumed greater importance in recent years in addressing mutual concerns throughout the world. Although specific arrangements with the alliance have been modified through bilateral agreement over the decades, the importance of the alliance and the contribution of American forces on the Korean Peninsula to regional peace and security remain unchanged.

The committee notes that on August 14, 2004, the President authorized a realignment program to reduce and relocate U.S. forces in South Korea from 37,000 to 25,000 by September 2008. In 2008, The President reached a mutual agreement with the Government of South Korea to halt the reduction at 28,000. The relocation plan has continued and consists of two elements.

The first, the Yongsan Relocation Plan (YRP), envisions the transfer of a large percentage of the 9,000 U.S. military personnel and their families at the Yongsan base in Seoul to U.S. Army Garrison (USAG) Humphreys, which is about 40 miles south of Seoul, so the land can be returned to South Korea. The plan calls for the Government of South Korea to fund much of the construction costs for this initiative, with the exception of the construction of replacement housing for military members and their families, which will be the funding responsibility of the United States government. U.S. Forces Korea (USFK) estimates that it will cost South Korea about \$6.3 billion and the United States approximately \$2.0 billion in construction costs through fiscal year 2016.

The second initiative, the Land Partnership Plan (LPP), will withdraw about 10,000 troops of the Second Infantry Division from areas near the Demilitarized Zone to relocate them to Camp Humphreys so the land they vacate can also be returned to South Korea. The total estimated construction costs for this plan are approximately \$4.0 billion with the United States share approximately \$3.4 billion.

The end result of YRP/LPP is a reduction of the 104 different USFK's sites held in 2002 to just 48 with the majority of forces clustered in two main locations, or "hubs"—Osan Air Base/USAG Humphreys and USAG Daegu—that contains five "enduring sites."

The relocations to Camp Humphreys was originally scheduled to be complete in 2008, but there have been several postponements and delays. New cost estimates for these projects exceed \$13.0 billion.

Unrelated to the YRP and LLP initiatives, the Department has been pursuing the "normalization" of tours in South Korea. Tour Normalization, the process of changing U.S. force presence in South Korea from being one of forward-deployed to being one of forward-stationed with the presence of family members, changes the length of military service tours in Korea to 3-years for those accompanied by their families and 2-years for those who are unaccompanied. Historically, the vast majority of service members assigned to South Korea serve 1-year tours unaccompanied by family members. On October 18, 2010, the Secretary of Defense announced that he had directed USFK to "proceed with full Tour Normalization for Korea, as affordable, but not according to any specific timeline." The Department of Defense's goals with this initiative according to General Walter Sharp, Commander, United States Forces Korea are to "enhance force readiness, provide greater stability for military personnel and their families, improve quality of life, and demonstrate in no uncertain terms U.S. commitment to an enduring force presence in the ROK."

To date, Tour Normalization has resulted in an increase of about 2,500 families—from about 1,700 families to about 4,200 today. If full Tour Normalization is completed, about 12,000 total families will be in South Korea and most military personnel will be on a 3-year accompanied or a 2-year unaccompanied assignment similar to the U.S. forces stationed in Europe and Japan.

The Government Accountability Office (GAO) released a report (GAO-11-316) on May 25, 2011 entitled "Defense Management: Comprehensive Cost Information and Analysis of Alternatives Needed to Assess Military Posture in Asia." In the report they estimated that full Tour Normalization could cost approximately \$5.1 billion through fiscal year 2020 and approximately \$22.0 billion through fiscal year 2050. The GAO also noted that "the initiative lacked a business case analysis that would have considered alternative courses of action and their associated costs and benefits. As a result, DOD is unable to demonstrate that tour normalization is the most cost-effective approach to meeting its strategic objectives."

The committee also shares the concern outlined in the GAO report that allowing military forces in Korea to be subjected to worldwide deployment requirements actually undermines the mutual decision outlined in 2008 between the two countries to maintain a minimum number of U.S. forces on the peninsula for the sake of security from a belligerent North Korea.

Finally the GAO concluded "as for achieving the goal of improving quality of life for service members, DOD has not produced specific analysis to show that moving families to South Korea is an option that most service members and their families would consider an improvement to their quality of life, especially if service mem-

bers deployed to South Korea would then be subject to separation from their families if they are redeployed to other regions. In those cases, service members would be separated from their immediate family members in South Korea when they are deployed, and family members residing in South Korea would be separated from their extended family network in the United States.”

The current plans for construction at Camp Humphreys do not include building the necessary infrastructure to accommodate the population expected if Tour Normalization is fully implemented. In addition to these high, unbudgeted costs, the precarious security situation on the Korean Peninsula created by the belligerent and unpredictable regime in North Korea raises serious concerns about the appropriateness of pursuing Tour Normalization at this time or in the foreseeable future.

Additionally, there has been a lack of clarity on funding streams for these various programs. Under a Special Measures Agreement reached in 2009, the South Korean direct financial contribution for U.S. troops in South Korea in 2010 will be approximately \$571.0 million. This is about 42 percent of the total cost of maintaining U.S. forces in South Korea. It is unclear how much of the South Korean contributions to YRP and LPP are taken from these funds. It is also unclear who bears the burden for cost increases to these programs.

The committee believes that the blending of construction requirements and funding streams for YRP, LPP, and Tour Normalization risks unconstrained program and funding growth. As USFK embarks on initiatives that involve moving thousands of U.S. civilians to South Korea; constructing schools, medical facilities, and other supporting infrastructure; and realigning our military forces, the committee requires a more complete understanding of total costs and potential alternatives to achieve our strategic objectives.

In consideration of these facts, we direct the Secretary of Defense to conduct a review of the realignment of the basing of U.S. military forces in South Korea and provide a report to the Committees on Armed Services of the Senate and the House of Representatives by June 30, 2012 with the following information.

1. An explanation of the data relied upon to determine that Tour Normalization improves service member's quality of life;
2. An assessment of the ability of family members and other noncombatants to be evacuated during a contingency;
3. The strategic rationale for massing the overwhelming majority of all U.S. forces at two major hubs;
4. A plan to address the military training requirement for U.S. Army and Air Force combat units stationed in Korea for three year tours;
5. A description and of all construction projects necessary to complete each program, accompanied by clear and concise funding profiles.

## TITLE XXII—NAVY

### Summary

The budget request included authorization of appropriations of \$2.5 billion for military construction and \$468.7 million for family housing for the Department of the Navy for fiscal year 2012.

The committee recommends authorization of appropriations of \$2.2 billion for military construction and \$468.7 million for family housing for fiscal year 2012.

The committee recommends a reduction of \$3.1 million in the Multi-Purpose Building project in Bridgeport, California. The justification material for the project states that these funds would replace the Post Exchange. The committee believes that non-appropriated dollars are the proper type of funds for a replacement Post Exchange.

The committee recommends a reduction of \$14.7 million in the Fitness Center North Island project in Coronado, California. The committee believes this project bundled a number of projects together including a pool, a single sailor center, and athletic fields along with the gym. The committee recommends that the Navy bring these projects forward in another fiscal year if they remain a priority and therefore recommends only funding for the gym in fiscal year 2012.

The committee recommends elimination of two projects in Bahrain. The committee has concerns about execution of these projects in the fiscal year.

The committee recommends elimination of two projects in Guam. The relocation of Marines from Okinawa to Guam remains an important aspect of our alliance with Japan. However, the Department of Defense has failed to provide the committee with a requested master plan. Recent developments have called into question the force mix of Marines that would move from Okinawa to Guam, which only heightens the need for a master plan so the committee can better understand which facilities the Marines need and when. Until a force lay-down is agreed upon and a master plan is provided, the committee continues to recommend that no authorization of funds be provided for relocation of Marines from Okinawa to Guam.

### **Authorized Navy construction and land acquisition projects (sec. 2201)**

The committee recommends a provision that would authorize Navy and Marine Corps military construction projects for fiscal year 2012. The authorized amounts are listed on an installation-by-installation basis.

**Family housing (sec. 2202)**

The committee recommends a provision that would authorize new construction, planning, and design of family housing units for the Navy for fiscal year 2012. It would also authorize funds for facilities that support family housing, including housing management offices, housing maintenance, and storage facilities.

**Improvements to military family housing units (sec. 2203)**

The committee recommends a provision that would authorize funding for fiscal year 2012 to improve existing Navy family housing units.

**Authorization of appropriations, Navy (sec. 2204)**

The committee recommends a provision that would authorize appropriations for the active component military construction and family housing projects of the Department of the Navy authorized for construction for fiscal year 2012 in this Act. This provision would also provide an overall limit on the amount authorized for military construction and family housing projects for the active-duty components of the Navy and the Marine Corps. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Extension of authorization of certain fiscal year 2008 project (sec. 2205)**

The committee recommends a provision that would extend the fiscal year 2008 authorization for various world-wide host nation infrastructures until October 1, 2012, or the date of an act authorizing funds for military construction for fiscal year 2013, whichever is later.

**Extension of authorizations of certain fiscal year 2009 projects (sec. 2206)**

The committee recommends a provision that would extend the fiscal year 2009 authorization for three projects until October 1, 2012, or the date of an act authorizing funds for military construction for fiscal year 2013, whichever is later.

**Rescission of Navy military construction funds (sec. 2207)**

The committee recommends a provision that would rescind unobligated military construction funds.

**Guam realignment (sec. 2208)**

The committee recommends a provision that would require the Commandant of the Marine Corps to provide the congressional defense committees with his preferred force lay-down to implement the realignment of Marine Corps forces from Okinawa to Guam. The provision would also require the Secretary of Defense to provide a master plan to implement this lay-down.

### Items of Special Interest

#### **Comptroller General report on aircraft carrier homeporting on the East Coast**

The committee directs the Comptroller General to conduct an independent analysis of alternatives on the Department of the Navy's plan to establish a second east coast homeport for a nuclear-powered aircraft carrier. The analysis should assess, at a minimum, the strategic, fiscal, and operational risks, requirements, and constraints the Navy's plan seeks to address. The committee directs that this report be provided to the congressional defense committees by February 1, 2012. The report will be submitted in an unclassified format, with the provision for a classified annex if necessary.

#### **Report on the feasibility of moving Marine Corps aviation on Okinawa from Marine Corps Air Station Futenma to Kadena Air Base**

The committee believes that the proposed plan for the relocation of Marine Corps Air Station (MCAS) Futenma, located on the island of Okinawa, has become untenable and must be resolved sooner and more economically than the current plan will allow.

The construction of a new Marine Corps air station on Okinawa at Camp Schwab to replace MCAS Futenma was agreed to by the United States and Japan as part of the Defense Policy Review Initiative as detailed in the 2005 U.S.-Japan Alliance Transformation and Realignment for the Future and the U.S.-Japan Roadmap for Realignment Implementation agreement ("Roadmap agreement") of 2006, and reaffirmed in an agreement between the two allies in May 2010. The committee notes that of the 19 major initiatives that came out of these U.S.-Japan transformation and realignment agreements, the vast majority are being implemented as planned. The implementation of the agreement to build a Futenma Replacement Facility (FRF), however, stands in stark contrast to these other successful initiatives.

Although detailed cost and time estimates for construction of a FRF are unavailable, it appears that, even under the most reasonable circumstances, the FRF, as envisioned by the Roadmap agreement, would likely take at least 7 to 10 years to complete at a cost to the Government of Japan of approximately \$5.0–10.0 billion dollars. As envisioned by the Roadmap agreement and the associated Agreed Implementation Plan, the FRF involves land-filling a massive area of Henoko Bay immediately adjacent to Camp Schwab, an existing Marine Corps base in the Henoko area of Okinawa. While it appears that such an enormous undertaking is technically achievable, the reality is that the cost and time required to complete it, combined with the substantial local political and public opposition to the plan, make it clear that the project will likely never be finished; and, even if it is, it will cost more and take longer than even the most conservative estimates have projected to date. In the meantime, Marine Corps aviation on Okinawa would continue to operate from MCAS Futenma in a congested area of Okinawa that presents aviation safety and noise concerns for local residents.

Complicating the matter is the fact that the Roadmap agreement ties the movement of about 8,000 Marines from Okinawa to Guam to “tangible progress” toward the completion of the FRF. Moreover, the committee understands that the Commandant of the Marine Corps has proposed to the Secretary of the Navy a lay-down of Marines on Guam that differs from the lay-down planned under the Roadmap agreement implementation plan and it is unclear how a change in the Marine Corps lay-down on Guam would impact the buildup planned for Guam.

The committee believes that the challenges of building large new U.S. military facilities on both Okinawa and Guam, in a time of severe fiscal constraints and in the face of mounting political and public opposition, are too substantial to overcome in a realistic timeframe. A reasonable alternative to the FRF that warrants further examination is the movement of Marine Corps aviation assets currently at MCAS Futenma to Kadena Air Base (AB) in central Okinawa, and the possible dispersal of some or all of the Air Force missions now at Kadena AB to other existing U.S. air bases in the region.

The committee directs the Secretary of Defense to study the feasibility of relocating Air Force assets at Kadena AB and moving Marine Corps aviation assets currently at Futenma on to Kadena rather than building an expensive replacement facility at Camp Schwab, with the goals of maintaining mission integrity, minimizing cost to the United States and Japan, returning land occupied by MCAS Futenma to Okinawa expeditiously, and reducing noise impacts on the people living in the areas around Kadena.

The study, which should seek to strengthen or maintain the defensive capabilities of the U.S.-Japanese alliance, shall include, at a minimum:

1. An examination of the requirements to move the Marine Corps aviation assets currently at MCAS Futenma to Kadena AB.
2. An examination of where U.S. Air Force assets currently at Kadena AB could be moved, including other existing air bases in Japan or other locations in the Pacific, such as Anderson Air Force Base in Guam.
3. An analysis of the costs associated with moving Marine Corps aviation from MCAS Futenma to Kadena AB.
4. Estimates for the length of time it would take to accomplish the necessary steps to move Marine Corps aviation to Kadena AB and to then close MCAS Futenma.
5. An examination of what would be required to move the Marine Corps aviation mission to Kadena AB without increasing noise levels in and around the Kadena AB area, and what would be required to reduce noise levels at Kadena AB, if Marine Corps aviation at MCAS Futenma moved to Kadena AB.
6. The views of United States Pacific Command and United States Transportation Command on this study and, specifically, their views on the impact of such moves on operational plans in the region.

The Secretary shall report the results of this study to the Committees on Armed Services of the Senate and the House of Representatives by December 1, 2011.



The committee reaffirms its appreciation for the important contributions of the U.S.-Japanese alliance to peace and security in the Asia-Pacific region. The committee urges the Secretary of Defense to consult with the Japanese Minister of Defense in the preparation of this report.



## TITLE XXIII—AIR FORCE

### Summary

The budget request included authorization of appropriations of \$1.4 billion for military construction and \$489.5 million for family housing for the Air Force in fiscal year 2012.

The committee recommends authorization of appropriations of \$1.2 billion for military construction and \$489.5 million for family housing for fiscal year 2012.

The committee recommends incrementally funding the Guam Strike Fuel Systems Maintenance Hangar. This action is taken without prejudice and merely to facilitate the most efficient use of taxpayer funds.

The committee recommends incrementally funding the U.S. Strategic Command Replacement Facility. This action is taken without prejudice and merely to facilitate the most efficient use of taxpayer funds.

The committee recommends the elimination of funding for two projects. The committee understands that the F-35 Hangar 45E/Aircraft Maintenance Unit facility at Hill Air Force Base is ahead of need due to slips in delivery of Joint Strike Fighters. Phase 4 of the Blatchford Preston Complex at Al-Udeid has been built to a standard higher than Air Force regulations. Al-Udeid is a forward operating site hosting troops on a rotational basis. It appears that construction plans for Al-Udeid would result in a “one plus one” standard more appropriate for permanently stationed troops. The committee encourages the Air Force to reevaluate their plans for Al-Udeid housing and program them into future budget requests.

### **Authorized Air Force construction and land acquisition projects (sec. 2301)**

The committee recommends a provision that would authorize Air Force military construction projects for fiscal year 2012. The authorized amounts are listed on an installation-by-installation basis.

### **Family housing (sec. 2302)**

The committee recommends a provision that would authorize new construction and planning and design of family housing units for the Air Force for fiscal year 2012. It would also authorize funds for facilities that support family housing, including housing management offices, housing maintenance, and storage facilities.

### **Improvements to military family housing units (sec. 2303)**

The committee recommends a provision that would authorize funding for fiscal year 2012 to improve existing Air Force family housing units.

**Authorization of appropriations, Air Force (sec. 2304)**

The committee recommends a provision that would authorize appropriations for the active component military construction and family housing projects of the Air Force authorized for construction for fiscal year 2012 in this Act. This provision would also provide an overall limit on the amount authorized for military construction and family housing projects for the active-duty component of the Air Force. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Modification of authorization to carry out certain fiscal year 2010 project (sec. 2305)**

The committee recommends a provision that would modify the authorization contained in the table in section 2301(a) of the Military Construction Authorization Act for Fiscal Year 2010 (division B of Public Law 111-84; 123 Stat. 2628) for Hickam Air Force Base, Hawaii for construction of a Ground Control Tower at the installation.

**Extension of authorization of certain fiscal year 2009 project (sec. 2306)**

The committee recommends a provision that would extend the fiscal year 2009 authorization for a Child Development Center at Spangdahlem Air Base, Germany until October 1, 2012, or the date of an act authorizing funds for military construction for fiscal year 2013, whichever is later.

**Rescission of Air Force military construction funds (sec. 2307)**

The committee recommends a provision that would rescind unobligated military construction funds.

**Item of Special Interest**

**Report on using flying operation costs in the Air Force's strategic basing process**

The committee commends the Air Force for its commitment to developing and maintaining a transparent, repeatable, and effective strategic basing process. The committee is aware that the Air Force has developed a process that consists, in part, of establishing basing criteria, developing a preliminary list of candidate bases based upon those criteria, and selecting final bases following a detailed evaluation of a smaller group of installations.

The committee notes that the basing criterion typically includes an evaluation of the relative cost of basing aircraft at each candidate base, which typically represents 5 percent or less of the total score for candidate bases. For instance, the F-35A basing criteria provided a maximum of 5 points out of 100 points for those candidate bases with the lowest evaluated costs.

In addition, the evaluation of the relative cost of each candidate base during the strategic basing process has typically consisted of an evaluation of (1) local military construction costs, as determined by the July 2009 Office of Secretary of Defense pricing guide, and

(2) costs related to the basic allowance for housing for personnel associated with the basing decision.

The committee notes that the cost criteria do not appear to include the relative operational costs that may vary from each candidate base. Given the high cost of operating aircraft and the fact that these flying operation costs are recurring, the committee believes these costs warrant examination in the strategic basing process.

These flying operation costs include, at a minimum, the costs associated with the additional flying time resulting from a candidate base's relative distance to (1) operational training areas for fighters and training aircraft, (2) operational refueling tracks for tankers, and (3) critical logistic centers for strategic and tactical airlift aircraft.

The committee therefore directs, no later than 180 days after the enactment of this Act, the Secretary of the Air Force to review and report on the role that the efficiency of flying operation costs should play in the strategic basing process and any steps that it plans to take to capture these costs in evaluating candidate bases in that process.



## **TITLE XXIV—DEFENSE AGENCIES**

### **Summary**

The budget request included authorization of appropriations of \$3.8 billion for military construction for the defense agencies, \$75.3 million for chemical demilitarization construction, and \$54.0 million for family housing for the defense agencies, the Family Housing Improvement Fund, and the Homeowners Assistance Program for fiscal year 2012.

The committee recommends an authorization of appropriations of \$3.5 billion for military construction for the defense agencies, \$75.3 million for chemical demilitarization construction, and \$54.0 million for family housing for the defense agencies, the Family Housing Improvement Fund, and the Homeowners Assistance Program for fiscal year 2012.

The committee recommends incrementing funding for Mountainview Operations Facility, the Data Center, two Ambulatory Care Centers, and a Hospital Replacement Facility. This action is taken without prejudice and merely to facilitate the most efficient use of taxpayer funds.

The committee recommends deferring the authorization for the High Performance Computing Capacity until the design is more mature and costs are better projected. The committee eliminates funding in this fiscal year without prejudice and encourages the Department to submit the project next fiscal year with a more complete design package.

The committee recommends increasing the funding for the Whitelaw Wedge Building Addition as updated justification documents show more funding is required to meet program specifications. It should be noted, the Department has requested this additional funding.

### **Subtitle A—Defense Agency Authorizations**

#### **Authorized defense agencies construction and land acquisition projects (sec. 2401)**

The committee recommends a provision that would authorize military construction projects for the defense agencies for fiscal year 2012. The authorized amounts are listed on an installation-by-installation basis.

#### **Energy conservation projects (sec. 2402)**

The committee recommends a provision that would authorize the Secretary of Defense to carry out energy conservation projects.

**Authorization of appropriations, defense agencies (sec. 2403)**

The committee recommends a provision that would authorize appropriations for the military construction and family housing projects of the defense agencies authorized for construction for fiscal year 2012 in this Act. This provision would also provide an overall limit on the amount authorized for military construction and family housing projects for the defense agencies. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Subtitle B—Chemical Demilitarization Authorizations****Authorization of appropriations, chemical demilitarization construction, defense-wide (sec. 2411)**

The committee recommends a provision that would authorize military construction projects for the chemical demilitarization program for fiscal year 2012. The authorized amounts are listed on an installation-by-installation basis.

**Rescission of defense agencies military construction funds (sec. 2412)**

The committee recommends a provision that would rescind unobligated military construction funds.



## **TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM**

### **Summary**

The Department of Defense requested authorization of appropriation of \$272.6 million for the North Atlantic Treaty Organization Security Investment Program for fiscal year 2012. The committee recommends an authorization of appropriation of \$272.6 million for this program.

### **Authorized NATO construction and land acquisition projects (sec. 2501)**

The committee recommends a provision that 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 title and the amount of recoupment due to the United States for construction previously financed by the United States.

### **Authorization of appropriations, NATO (sec. 2502)**

The committee recommends a provision that would authorize appropriations of \$272.6 million for the United States' contribution to the North Atlantic Treaty Organization Security Investment Program for fiscal year 2012.



## **TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES**

### **Summary**

The Department of Defense requested authorization of appropriations of \$1.2 billion for military construction in fiscal year 2012 for Guard and Reserve forces facilities. The committee recommends a total of \$1.2 billion for military construction for the reserve components. The detailed funding recommendations are contained in the state list table included in this report.

The tables contained in this report make two location changes to projects requested in the President's budget request. These corrections were requested by the Secretary of the Army. They are changing the location of two Army Reserve Centers: the first from Lawrence, Indiana to Fort Benjamin Harrison, Indiana, and the second from Weldon Springs, Missouri to Saint Charles, Missouri.

### **Authorized Army National Guard construction and land acquisition projects (sec. 2601)**

The committee recommends a provision that would authorize military construction projects for the Army National Guard for fiscal year 2012. The authorized amounts are listed on a location-by-location basis.

### **Authorized Army Reserve construction and land acquisition projects (sec. 2602)**

The committee recommends a provision that would authorize military construction projects for the Army Reserve for fiscal year 2012. The authorized amounts are listed on a location-by-location basis.

### **Authorized Navy Reserve and Marine Corps Reserve construction and land acquisition projects (sec. 2603)**

The committee recommends a provision that would authorize military construction projects for the Navy Reserve and Marine Corps Reserve for fiscal year 2012. The authorized amounts are listed on a location-by-location basis.

### **Authorized Air National Guard construction and land acquisition projects (sec. 2604)**

The committee recommends a provision that would authorize military construction projects for the Air National Guard for fiscal year 2012. The authorized amounts are listed on a location-by-location basis.

**Authorized Air Force Reserve construction and land acquisition projects (sec. 2605)**

The committee recommends a provision that would authorize military construction projects for the Air Force Reserve for fiscal year 2012. The authorized amounts are listed on a location-by-location basis.

**Authorization of appropriations, National Guard and Reserve (sec. 2606)**

The committee recommends a provision that would authorize appropriations for the reserve component military construction projects authorized for construction for fiscal year 2012 in this Act. This provision would also provide an overall limit on the amount authorized for military construction projects for each of the reserve components of the military departments. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Extension of authorizations of certain fiscal year 2008 projects (sec. 2607)**

The committee recommends a provision that would extend the authorizations for certain Guard and Reserve fiscal year 2008 military construction projects until October 1, 2012, or the date of enactment of an act authorizing funds for military construction for fiscal year 2013, whichever is later. These extensions were requested by the Department of Defense.

**Extension of authorizations of certain fiscal year 2009 projects (sec. 2608)**

The committee recommends a provision that would extend the authorizations for certain Guard and Reserve fiscal year 2009 military construction projects until October 1, 2012, or the date of enactment of an act authorizing funds for military construction for fiscal year 2013, whichever is later. These extensions were requested by the Department of Defense.

**Modification of authority to carry out certain fiscal year 2009 project (sec. 2609)**

The committee recommends a provision that would modify the authorization contained in the table in section 2601(a) of the Military Construction Authorization Act for Fiscal Year 2009 (division B of Public Law 110–714; 122 Stat. 4710) for Elko, Nevada for construction of an Army Reserve Center.

**Item of Special Interest**

**Guard and Reserve budget requests**

The committee recognizes that in the past, Congress has chosen to increase National Guard and Reserve military construction budgets above the amounts requested by the President. For example, in fiscal years 2008–2010, the last 3 fiscal years funded with congressional additions, the Air Force National Guard and Reserve appropriations more than doubled over the budget request. In fiscal year 2011, Congress added over \$300.0 million to the President's

request for all of the reserve components; and in 2010, Congress added approximately \$600.0 million, 60 percent above the President's request.

We are concerned that the Department has, in previous years, under-budgeted National Guard and Reserve military construction accounts. Therefore, the committee directs each of the services to review the future-years defense program for National Guard and Reserve military construction to determine if currently projected funding levels, if enacted into law, will result in infrastructure funding deficiencies for these components.



## **TITLE XXVII—BASE CLOSURE AND REALIGNMENT ACTIVITIES**

### **Summary and explanation of tables**

The budget request included \$323.5 million for the ongoing cost of environmental remediation and other activities necessary to continue implementation of the 1988, 1991, 1993, and 1995 Base Realignment and Closure (BRAC) rounds. The committee has authorized the amount requested for these activities in section 2701 of this Act.

In addition, the budget requested an authorization of appropriations of \$258.7 million for implementation of the 2005 BRAC round. The committee has authorized the amount requested for these activities in section 2702 of this Act.

The following table provides the specific amount authorized for each BRAC military construction project as well as the amount authorized for appropriations for all BRAC activities, including military construction, environmental costs, relocation and other operation and maintenance costs, permanent change of station costs for military personnel, and other BRAC costs.

### **Authorization of appropriations for base realignment and closure activities funded through Department of Defense base closure account 1990 (sec. 2701)**

The committee recommends a provision that would authorize appropriations for fiscal year 2012 for ongoing activities that are required to implement the decisions of the 1988, 1991, 1993, and 1995 Base Realignment and Closure rounds.

### **Authorized base realignment and closure activities funded through Department of Defense base closure account 2005 (sec. 2702)**

The committee recommends a provision that would authorize military construction projects for fiscal year 2012 that are required to implement the decisions of the 2005 Base Realignment and Closure round. The table included in this title of the report lists the specific amounts authorized at each location.

### **Authorization of appropriations for base realignment and closure activities funded through Department of Defense base closure account 2005 (sec. 2703)**

The committee recommends a provision that would authorize appropriations for military construction projects for fiscal year 2012 that are required to implement the decisions of the 2005 Base Realignment and Closure (BRAC) round. This provision would also provide an overall limit on the amount authorized for BRAC mili-

tary construction projects. The state list contained in this report is the binding list of the specific projects authorized at each location.

**Rescission of military construction funds for base realignment and closure activities funded through Department of Defense base closure account 1990 (sec. 2704)**

The committee recommends a provision that would rescind unobligated military construction funds.



## **TITLE XXVIII—MILITARY CONSTRUCTION GENERAL PROVISIONS**

### **Subtitle A—Military Construction Program and Military Family Housing Changes**

#### **General military construction transfer authority (sec. 2801)**

The committee recommends a provision that would allow the transfer of authorization of appropriations, not to exceed \$400.0 million, within the military construction accounts.

#### **Extension of temporary, limited authority to use operation and maintenance funds for construction projects outside the United States (sec. 2802)**

The committee recommends a provision that would reauthorize temporary, limited authority to use operation and maintenance funds for construction projects outside of the United States for fiscal year 2012.

The committee continues to support operational flexibility and the ability of commanders to satisfy urgent war-fighting requirements in theaters where contingency operations are being conducted. The temporary authority extended in this provision is specifically written to facilitate these activities under certain conditions.

The authority precludes use at a military installation where the United States is reasonably expected to have a long-term presence, such as locations with permanently stationed U.S. Armed Forces or locations identified as forward operating bases that have a steady, constant rotation of U.S. military forces. In cases where an installation is shown to have a reasonable expectation of a long-term presence, the committee expects the Department to use other authorities for emergency and contingency construction contained in title 10, United States Code, to address facility requirements.

The committee notes that the Department of Defense has identified cooperative security locations (CSL) and forward operating locations (FOL) as “enduring locations” in Theater Security plans maintained by each Combatant Commander. It is the committee’s belief that this identification was made in order to justify the use of military construction funds at those locations; however, it has also resulted in a concern of whether a CSL or FOL can reasonably be expected to have a long-term presence precluding the use of the temporary authority contained in this section.

The committee expects the Department to assess the expected duration of the operational requirement and the status of forces at a location in question to determine whether there is a reasonable expectation that the United States will have a long-term presence at any location. The committee believes that the designation of a

CSL as an enduring location does not by itself indicate a long-term presence. The required assessment should be provided to Congress as part of the statutory notification for each project.

The committee also notes that this authority can only be used for requirements in which the United States would have no intention of using the constructed facility or infrastructure after the emergent requirement was satisfied. The level of construction should be the minimum extent necessary to meet the operational requirement and temporary methods of construction should be used to the extent practicable to safely support the operation.

**Clarification of authority to use the Pentagon Reservation Maintenance Revolving fund for minor construction and alteration activities at the Pentagon Reservation (sec. 2803)**

The committee recommends a provision to clarify the use of Pentagon Maintenance Revolving fund for minor construction and alteration activities at the Pentagon Reservation.

**Subtitle B—Real Property and Facilities Administration**

**Exchange of property at military installations (sec. 2811)**

The committee recommends a provision that would allow for certain exchanges of real property at military installations.

**Clarification of authority to limit encroachments (sec. 2812)**

The committee recommends a provision that would amend the Readiness and Environmental Protection Initiative (REPI) program, codified at section 2684a of title 10, United States Code. The REPI program is designed to limit the development or use of property in the vicinity of military installations to protect the military mission while also preserving the environment. The amendment would clarify that certain agreements entered into pursuant to section 2684a can provide for enforcement of environmental covenants and easements to protect Department of Defense (DOD) interests and would allow payments by the United States to be made in a lump sum and to be placed in an interest bearing account with the interest being available to be applied for the same purposes as the principal. Also, the amendment would authorize DOD to enter into agreements without a “reverter” clause so long as certain conditions are met.

**Department of Defense conservation and cultural activities (sec. 2813)**

The committee recommends a provision that would amend section 2694 of title 10, United States Code, to enhance the ability of the Department of Defense to assist in the implementation of certain ecosystem-wide land management plans and to clarify that the purpose of wildlife studies already authorized under the section includes the sustainability of military operations.

**Subtitle C—Land Conveyances****Release of reversionary interest, Camp Joseph T. Robinson, Arkansas (sec. 2821)**

The committee recommends a provision to make a technical correction to facilitate a land conveyance at Camp Joseph T. Robinson, Arkansas.

**Clarification of land conveyance authority, Camp Caitlin and Ohana Nui areas, Hawaii (sec. 2822)**

The committee recommends a provision that clarifies the authority of the Secretary of the Navy to convey real property located at Camp Caitlin and the Ohana Nui areas, Hawaii.

**Subtitle D—Other Matters****Investment plan for the modernization of public shipyards under jurisdiction of department of the Navy (sec. 2831)**

The committee recommends a provision that would require the Secretary of the Navy to submit a plan to address the facility and infrastructure requirements at each public shipyard under the jurisdiction of the Department of the Navy.

**Data servers and centers (sec. 2832)**

The committee recommends a provision that would impose a moratorium on the acquisition or upgrade of data servers, server farms, and data centers, with a waiver process for exceptions; and require the implementation of a plan developed by the Department of Defense (DOD) Chief Information Officer (CIO) to achieve (1) a reduction in the size of data centers, (2) a reduction in the energy consumed to power and cool servers and data centers, (3) an increase in server virtualization, (4) an increase in the utilization rates of servers and data center capacity, (5) a reduction in the cost of software and applications running on servers and within data centers, and (6) a reduction in the cost of labor associated with operating servers and data centers.

The committee is aware that the executive branch, under the guidance of the Federal Chief Information Officer (CIO), is attempting government-wide to achieve substantial gains in server utilization and virtualization rates, and a dramatic reduction in the number and overall size of government data centers. This government-wide efficiency initiative hopes to take advantage of commercial practices that have produced huge savings in the private sector. The administration is also working on a strategy to exploit rapidly maturing cloud computing and thin-client computing models and technology. The committee intends that this provision will assist the Secretary of Defense in wringing out as much savings and efficiencies as possible in the information technology sector.

The provision is modeled on direction and guidance already issued by the Army and Navy. The committee chose not to impose specific numerical objectives to be achieved to provide flexibility to the Department, but will not be satisfied with gains that are significantly at variance with commercial benchmarks. The current level of performance is clearly dismal, which should allow rapid

progress and substantial cost savings. For one example of current inefficiency, the Federal CIO has found that the average server utilization rate across the Federal government is about 27 percent, as compared to a reasonable benchmark of about 80 percent.

The committee advises the Department to exercise careful scrutiny in this consolidation endeavor about applications, software costs, and labor costs. Without reducing the number of applications running on servers, and without reducing the number of people maintaining servers, data centers, applications, and software, server and data center consolidation will not save much money, if any. The committee expects the DOD CIO to provide aggressive and measurable targets to the components and to be prepared to defend the results.

The committee is concerned that DOD's planning to date in this area has not focused enough attention on outsourcing to the commercial sector. The committee is aware that security practices are today insufficient to justify moving DOD sensitive data and computing services to so-called public clouds. But the committee does assume that the commercial sector is more efficient at designing, building, and operating large data centers than the government is, especially in a competitive environment. This provision requires the DOD CIO to develop and articulate a long-term outsourcing strategy as part of the Department's reporting to Congress.

There is a related, final point. Taking advantage of commercial technologies for cloud computing, virtualization, and thin-client architectures and services raises security concerns in some respects, but provides opportunities for security improvements at the same time. For example, the General Services Administration outsourced its internal computing services and achieved significant performance and capacity improvements at greatly reduced costs and, significantly, substantially increased cybersecurity at the same time. Outsourcing and managed security services should be considered together.

### **Items of Special Interest**

#### **Force Protection and Anti-Terrorism Standards**

The committee recognizes the importance of anti-terrorism and force protection (AT/FP) standards for Department of Defense (DOD) installations and facilities. Revised standards developed in the aftermath of the terrorist attacks in 2001 and published as Unified Facilities Criteria (UFC) were intended to ensure a minimum level of protection for all military, civilian, and contractor personnel working for the Department of Defense.

Since then, the Department has invested billions of dollars with the support of Congress to upgrade security infrastructure and to install AT/FP measures at military facilities around the world, to include facilities that are leased by the Department of Defense for use by DOD employees and members of the military.

The committee notes that the Department has delayed compliance with deadlines for the implementation of AT/FP standards for certain facilities and is in the process of studying a reduction in the requirements for AT/FP measures in future facilities and leases.

In September 2009, the Under Secretary of Defense for Acquisition, Logistics, and Technology approved a delay of the requirement that all lease renewals executed after September 30, 2009, comply with the enhanced DOD minimum anti-terrorism (AT) criteria for buildings that house DOD employees. At the same time, the Under Secretary directed the development of a detailed plan of action to acquire UFC AT compliant leased-facility space that will enable all DOD employees occupying leased facilities in the National Capital Region to be located in AT compliant space. As of this date, that plan of action has not been developed.

The committee is concerned that changes to the requirements for AT/FP standards in the UFC, as well as a change in the policy of implementation, may result in a portion of the DOD workforce not having the same level of protection as others in similar military and leased facilities. The committee believes the Department should continue to take positive and direct actions to acquire UFC AT compliant facilities, to the maximum extent practicable.

#### **Defense facility condition index**

The Department of Defense (DOD) has the responsibility to maintain in the United States and overseas over 539,000 facilities with a plant replacement value exceeding \$700.0 billion located on approximately 29 million acres of land. These assets must provide modern, safe, work and training areas for our military forces, as well as quality housing. Due to competing resource priorities, the Department has historically struggled to budget for the maintenance or recapitalization of facilities at levels comparable to the private sector. This chronic underfunding has been the subject of numerous Government Accountability Office reports that cite the impact to military readiness as well as increased costs in Operations and Maintenance accounts as a result of deferred maintenance and recapitalization.

The committee notes that the Department does not have a set of standards or metrics that can be used to inform budget decisions and Congress on the minimal annual levels of funding required to recapitalize the physical plant at a rate that matches the design lives of facilities in the DOD inventory. In contrast, the committee notes that the Department provides Congress annually a budgetary goal of the minimal amount required to maintain the physical plant, and an assessment of the budget request against that goal for funding requested annually for facility sustainment requirements. Theoretically, the Department should fund 100 percent of that requirement annually, but budgetary pressures result in a request to Congress ranging typically from 80 to 90 percent of the goal. The committee also notes that budget pressures and other priorities can result in funds appropriated for facility sustainment being used to fund other categories of base operating support. This leads to facilities that do not receive minimal levels of annual preventive maintenance, and are not modernized to current standards for safety, security, and technology. Over the long-term, underfunded maintenance on DOD's facilities costs the Department more in eventual repairs and replacement.

The committee also notes that in previous years, the Department used a metric to gauge the annual level of funding dedicated to the

recapitalization of facilities. This metric applied the annual budget request for recapitalization in both the military construction and operations accounts to the value of DOD's physical plant to determine the rate in years that a facility would be replaced. The DOD goal was 67 years, but annual budget requests in each service or defense agency ranged from 97 years to 1,100 years. The Department has since stopped using this metric.

The committee is aware that the military departments maintain a rating system for facilities; the Q-rating, or the Facility Condition Index, which are reported to the Office of the Secretary of Defense annually. The ratings are based on the ability of the facility to support the military mission supported by the facility, and are as follows:

- (1) Q-1: New or well maintained (Good);
- (2) Q-2: Satisfactorily maintained (Fair);
- (3) Q-3: Under maintained (Poor); and
- (4) Q-4: Considered for replacement (Failing—facility is still safe, but more cost-effective to replace than maintain).

With such a system already in existence, the committee encourages the Department to adopt a program that will establish goals to achieve a minimum overall Q-rating for each service and the Department as a whole by a certain year, and then maintain that rating, as a basis of analysis to inform budget discussions related to the adequate annual amounts for military construction and facility sustainment, restoration, and modernization accounts.

As an example, the committee notes that the DOD Education Administration (DODEA) is undergoing a major renovation of its facilities. DODEA has stated in a report to Congress that only 30 percent of its facilities are Q-2 or better, with the remaining 70 percent at Q-3 or Q-4, and that 49 percent of its facilities are greater than 45 years of age. In response, DODEA has allocated resources to meet a set of goals that by the conclusion of the current program, which is funded between fiscal years 2011–2016, all of its facilities will be Q-2 or greater, and only 7 percent will be greater than 45 years of age. The committee supports these goals and believes the military services and other defense agencies would benefit from a similar strategy.

Therefore, the committee directs the Secretary of Defense to include within the budget request for fiscal year 2013 a set of facility repair and recapitalization goals based on the Q ratings at various categories of facilities and an assessment of the funding levels contained in the request for each military service and defense agency and their impact on such Q ratings.

### **Kansas City Information Technology Center**

The committee is aware that Marine Corps plans call for establishing the primary information technology center to support the Marine Corps Enterprise Information Technology Services (MCEITS) program at the Kansas City Information Technology Center (KCITC) in Kansas City, Missouri. The committee understands that the Marine Corps has conducted a review to consider other potential geographic locations for the center.

The committee notes that the KCITC is housed in an existing federal building owned by the General Services Administration

with room for potential expansion, that the Federal government has made a significant investment in this facility, and that nearly 800 government civilians and contractors provide an existing information technology capability at KCITC. In a time of severe budgetary constraints, the federal government should not undertake a course of action that would require the unnecessary and duplicative use of funds to develop a new facility instead of locating functions in an existing facility that has the capacity to address its needs.

The committee directs the Secretary of the Navy to report to the Committees on Armed Services of the Senate and the House of Representatives by no later than August 1, 2011, on Marine Corps plans for the location of information technology centers to support the MCEITS program. The Secretary's report should specifically address the need for new facilities or new construction at any locations currently under consideration, the source of funds for any such facilities or construction, other costs associated with any required movement of employees or equipment, and any other relevant issues that the Marine Corps may be considering.

#### **Life cycle cost management in military construction projects**

The committee is concerned that the need to control costs in military construction projects is resulting in the specification of construction methods, building systems, and equipment in facility designs that may be cheaper to acquire initially, but may not be efficient or economical in the long-term. While the selection of a building system with an estimated design life of 20 years may be less expensive to purchase than one of a 50-year design life, the cost of maintenance and a quicker need to replace the system results in additional costs that are incurred over the life of the military mission or requirement. In addition, current Department of Defense (DOD) guidelines do not require facility designers to address goals established for sustainable design, energy consumption reduction, and energy efficiencies as baseline requirements for performance of building systems and equipment in new or renovated facilities.

The committee further notes that section 2802 of title 10, United States Code, requires the secretary of each military department in requesting authorization for a military construction project to "submit to the President such recommendations as the Secretary considers to be appropriate regarding the incorporation and inclusion of life-cycle cost-effective practices as an element in the project documents." The committee notes that the provision in title 10 is intended to ensure life cycle costs analyses are incorporated in each justification for a military construction project in order to provide for the most efficient investment over the life of the facility.

Therefore, the committee directs the Secretary of Defense to include in the military construction project data (DD Form 1391) submitted for each project included in future Presidents' budget requests a description of proposed construction in paragraph 10 that includes a clear specification of the minimum design life for the facility as well as a description of the specific ratings for energy efficiency for each major building system. In addition, the DD Form 1391 should clearly delineate for the congressional defense committees what specific items of the proposed construction will address

a reduction of the life cycles costs of the facility in terms of maintenance/replacement cost avoidance or a reduction in utility costs. The committee intends for the inclusion of these items in the DD Form 1391 to serve as minimum, mandatory requirements that will be carried out during design of the facility with the goal of achieving the most efficient use of taxpayer funds over the life of the building.

The committee defines a “building system” to include the structure, roof, windows/doors, walls/insulation, lighting, heating, ventilation, air conditioning, electrical service, water, sewage, communication systems, utility management, fire alarms/suppression, security system, and other equipment required to complete the facility.



**DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS**

**TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS**

**Subtitle A—National Security Programs Authorization**

**Overview**

Title XXXI authorizes appropriations for atomic energy defense activities of the Department of Energy for fiscal year 2012, including: the purchase, construction, and acquisition of plant and capital equipment; research and development; nuclear weapons; naval nuclear propulsion; environmental restoration and waste management; operating expenses; and other expenses necessary to carry out the purposes of the Department of Energy Organization Act (Public Law 95–91). This title authorizes appropriations in three categories: (1) National Nuclear Security Administration (NNSA); (2) defense environmental cleanup; and (3) other defense activities.

The budget request for atomic energy defense activities at the Department totaled \$18.1 billion, a 12 percent increase above the fiscal year 2011 appropriated level. Of the total amount requested:

- (1) \$11.8 billion is for NNSA, of which:
  - (a) \$7.6 billion is for weapons activities;
  - (b) \$2.5 billion is for defense nuclear nonproliferation activities;
  - (c) \$1.2 billion is for naval reactors; and
  - (d) \$450.1 million is for the Office of the Administrator;
- (2) \$5.4 billion is for defense environmental cleanup; and
- (3) \$860.0 million is for other defense activities.

The budget request also included \$6.2 million within energy supply.

The committee recommends \$18.1 billion for atomic energy defense activities, the amount of the budget request.

Of the amounts authorized, the committee recommends:

- (1) \$11.8 billion for NNSA, of which;
  - (a) \$7.6 billion is for weapons activities, a decrease of \$1.0 million below the budget request;
  - (b) \$2.5 billion is for defense nuclear nonproliferation activities, a reduction of \$2.8 million below the budget request;
  - (c) \$1.2 billion is for naval reactors, the amount of the budget request; and
  - (d) \$450.1 million is for the Office of the Administrator, the amount of the budget request;

(2) \$5.4 billion for defense environmental cleanup activities, an increase of \$10.0 million above the amount of the budget request; and

(3) \$860.0 million for other defense activities, the amount of the budget request.

The committee recommends no funds for energy supply, a reduction of \$6.2 million.

#### **National Nuclear Security Administration (sec. 3101)**

The committee recommends a provision that would authorize a total of \$11.8 billion for the Department of Energy (DOE) in fiscal year 2012 for the National Nuclear Security Administration (NNSA) to carry out programs necessary to national security, \$3.8 million below the amount of the budget request.

#### **Weapons activities**

The committee recommends \$7.6 billion for weapons activities, \$1.0 million below the amount of the budget request.

The committee recommends funding for these programs as follows: \$2.0 billion for directed stockpile work, a decrease of \$2.0 million below the budget request; \$1.8 billion for campaigns, a decrease of \$2.0 million below the budget request; \$2.3 billion for readiness in the technical base and facilities, a reduction of \$5.0 million below the budget request; \$251.3 million for the secure transportation asset, the amount of the budget request; \$222.1 million for nuclear counterterrorism incident response, the amount of the budget request; \$96.3 million for facilities and infrastructure recapitalization, the amount of the budget request; \$104.0 million for site stewardship, the amount of the budget request; \$847.5 million for safeguards and security, a decrease of \$2.0 million below the request; and \$30.0 million for national security applications, an increase of \$10.0 million above the budget request.

The committee notes that the NNSA received a substantial increase in its budget for fiscal year 2011, has requested a substantial increase in fiscal year 2012, and has additional substantial annual increases planned well into the future. Notwithstanding the congressional support for further modernization of the nuclear weapons complex infrastructure and the life extension programs, the committee urges the NNSA to find efficiencies where and whenever possible. The ability to sustain these increases during a time of decreasing federal and defense budgets will be increasingly difficult as time goes on. Good stewardship of the funding, as well as the nuclear weapons and the nuclear weapons complex, is critical to the long-term support for and sustainment of the projected increases.

#### **Directed stockpile work**

The committee recommends \$2.0 billion for directed stockpile work, a decrease of \$2.0 million below the amount of the budget request. The directed stockpile account supports work directly related to weapons in the stockpile, including day-to-day maintenance as well as research, development, engineering, and certification activities to support planned life extension programs. This account also includes fabrication and assembly of weapons compo-

nents, feasibility studies, weapons dismantlement and disposal, training, and support equipment.

The committee recommends a decrease of \$2.0 million for the W-78 life extension study. The committee fully supports the life extension for the W-78, as well as exploring the possibility of common options for both the W-78 and the W-88. The committee is aware, however, that because of the 8 month delay in receiving authorization to start this study the program is behind schedule and will not need all of the requested funds in 2012.

The committee is concerned that in spite of the substantial increases in the NNSA weapons activities account, the budget does not fully support the enhanced surveillance efforts. The committee urges NNSA to identify and utilize any excess weapons activities funds for enhanced weapons surveillance.

### **Campaigns**

The committee recommends \$1.8 billion for campaigns, a decrease of \$2.0 million below the amount of the budget request. The campaigns focus on science and engineering efforts involving the three nuclear weapons laboratories, the Nevada National Security Site, and the weapons production plants. Each campaign is focused on a specific activity to support and maintain the nuclear stockpile without underground nuclear weapons testing. These efforts form the scientific underpinning of the Department of Energy's annual certification that the stockpile remains safe, secure, and reliable without nuclear weapons testing.

The committee recommends an increase of \$5.0 million in National Ignition Facility (NIF) campaign for diagnostics, cryogenics, and experimental support. The committee wants to insure that there are adequate diagnostics to fully utilize and support the experimental capability of the NIF.

The committee recommends a reduction of \$7.0 million in the readiness campaign for tritium readiness. The reduction for tritium readiness takes into account a large carryover balance resulting from contracting delays and problems with the tritium producing bars. The committee recognizes the importance of having a domestic source for enriched uranium using U.S. technology to meet our nation's future tritium requirements to ensure the safety and reliability of the U.S. nuclear arsenal.

The 2012 Stockpile Stewardship and Management plan defines the elements of the stockpile stewardship program including the careful planning that goes into designing and developing the science, technology, and engineering (STE) program. The STE program provides the physics based understanding needed to predict performance of various weapons components to support the life extension and surveillance programs. As stated in the report: "These STE capabilities determine what can be engineered and the spectrum of changes that can be confidently assessed without UGT {underground testing}." Two of the key elements of the STE program are the Predictive Capability Framework (PCF) and the Component Maturation Framework (CMF). Each of these frameworks has a detailed, complementary 15 year plan. The PCF plan carefully balances the four key components of weapons assessment with the development of experimental and computation capabilities. The CMF

develops the components needed for life extension based on the development of the knowledge and predicative capabilities derived from the PCF. As the plan states: "These strategies are coupled because the CMF includes the maturation plans for development and production of stockpile sustainment components. PCF provides the tools and capabilities for establishing the environments that those components will witness and the qualification of those components in meeting performance specifications."

The committee notes that the NNSA is considering a new type of subcritical experiment called a scaled experiment for which the diagnostics do not exist and that is not included in the STE plan. While the committee recognizes the need to modify the STE plans from time to time, the committee is concerned that a near-term scaled experiment can only be done at the expense of some other part of the STE plan as there is not funding in the budget request to support the scaled experiment. The committee understands the cost of the experiment and the diagnostics could be as much as several hundred million dollars. The committee is also aware that NNSA has tasked the JASONS to conduct a review of this type of experiment and to assess its benefits to stockpile stewardship; including how and when these experiments should be incorporated into the STE plan. The committee directs the NNSA not to obligate or expend any funds to conduct such an experiment until the JASON study is complete, and the NNSA submits to the committee a plan that will identify the cost of the experiment, the cost of the development of the diagnostics, the source of the funds, what portions of the current STE will not be conducted, and any impact or delay to the complementary goals of the current PCF and CMF.

The committee notes that one of the essential stockpile tools, the JASPER gas gun located at the Nevada National Security Site, is not operational. The committee directs the NNSA to set forth a plan to resume operations as soon as possible.

#### **Readiness in the technical base**

The committee recommends \$2.3 billion for readiness in the technical base (RTBF), a decrease of \$5.0 million below the budget request for operations of facilities. This account funds facilities and infrastructure in the nuclear weapons complex and includes construction funding for new facilities.

The committee commends the NNSA and the Los Alamos National Laboratory for their efforts to address the nuclear safety issues at the PF-4 facility that have been identified by the Defense Nuclear Facilities Safety Board. The committee supports prompt resolution of these issues as well as other emerging issues recently identified by the laboratory and would support efforts by the NNSA to identify additional funds to resolve the issues at PF-4.

The committee recommends a reduction of \$5.0 million for the Kansas City Plant as a result of substantial excess carry-over balances above the NNSA threshold levels of carry-over funds as identified by the Government Accountability Office.

The committee appreciates the identification of specific funds for the Kansas City Responsive Infrastructure Manufacturing and Sourcing (KCRIMS) project as a separate element of the RTBF and directs the NNSA to maintain the distinction between the KCRIMS

and the old Bannister Complex funding until the move to the new facility is complete. The committee also notes that the KCRIMS project is on schedule.

The committee continues to believe that replacing the existing Chemical and Metallurgical Research facility, and the existing Uranium Processing facility (UPF) are essential and urges the NNSA to continue to look at options to reduce the cost of the new Chemical and Metallurgical Research Replacement (CMRR) facility and the new UPF consistent with maintaining health and safety and validated mission requirements.

The committee continues to believe that managing the design and construction of the CMRR, the UPF, and the other new NNSA nuclear facilities will be very challenging. Managing these projects in accordance with the DOE 413 order series and project management and guidance is essential for success, as is making sure that the projects have clearly defined and validated requirements that do not change. The NNSA is also directed to conduct a true independent cost estimate for both the CMRR Nuclear Facility, which is phase III of the CMRR project, and the UPF. The committee instructs the Government Accountability Office (GAO) to review these independent cost estimates to ensure the accuracy of the cost estimates. The committee also directs the GAO to evaluate the NNSA's efforts to ensure that all cost savings measures have been considered. The committee continues to be concerned that the phase III project is being divided into multiple sub-projects. Notwithstanding this management approach the committee directs as it did last year, that the CMRR baseline, when developed and submitted to the committee at the CD-2 phase of construction, reflect all phases and subprojects for the purpose of developing a cost and schedule baseline and to be accounted for as a single project.

The committee also remains concerned about what appears to be a building maintenance backlog at the Pantex Plant exacerbated by the recent flood and urges NNSA to maintain adequately the Pantex Plant.

The committee also notes that the successful Facilities and Infrastructure Recapitalization Program (FIRP) is coming to a close. The FIRP was established in the early days of the NNSA to address the large backlog of deferred maintenance in the nuclear weapons complex. Even though the FIRP is coming to an end, the challenge of maintaining the complex does not go away. The committee urges the NNSA to be mindful of the need to maintain facilities and not slip back into the old habits of deferring maintenance.

#### **Secure transportation asset**

The committee recommends \$251.3 million for the secure transportation asset (STA), the amount of the budget request. The secure transportation asset is responsible for the transportation of nuclear weapons, weapons materials, and components, and other materials requiring safe and secure transport. In the Senate report accompanying S. 3001 (S. Rept. 110-335) of the National Defense Authorization Act for Fiscal Year 2009, the committee directed the STA to include in its budget submittal for fiscal year 2010 a break out of the lease expenses for each leased facility and the expenses for each minor construction project. The STA decided not to pursue

a third-party financing option. If the STA resumes consideration of any third-party option, the committee expects STA to fully notify Congress of such arrangements in advance of executing any leases.

#### **Nuclear counterterrorism incident response**

The committee recommends \$222.1 million for nuclear counterterrorism incident response, the amount of the budget request.

#### **Facilities and infrastructure**

The committee recommends \$96.4 million for the facilities and infrastructure program, the amount of the budget request.

#### **Site stewardship**

The committee recommends \$104.0 million for site stewardship, the amount of the budget request.

#### **Safeguards and security**

The committee recommends \$847.5 million for safeguards and security, a decrease of \$2.0 million below the amount of the budget request from construction project 08-D-701, nuclear materials upgrade project.

#### **National security applications**

The committee recommends \$30.0 million for national security applications, an increase of \$10.0 million above the budget request, to support sustainment of the special skills, capabilities, and infrastructure of the NNSA laboratories to support a broad array of national security challenges.

#### **Defense Nuclear Nonproliferation programs**

The committee recommends \$2.5 billion for the Defense Nuclear Nonproliferation program, a reduction of \$2.8 million below the amount of the budget request. The NNSA has management and oversight responsibility for the nuclear nonproliferation programs at the DOE.

The committee recommends funding for these programs as follows: \$427.0 million for nonproliferation and verification research and development, an increase of \$9.4 million above the budget request, \$159.8 million for nonproliferation and international security, a decrease of \$2.0 million; \$571.6 million for international nuclear materials production and cooperation, the amount of the budget request, \$880.0 million for fissile materials disposition, a decrease of \$10.2 million; and \$508.3 million for the global threat reduction initiative, the amount of the budget request.

#### **Nonproliferation and verification research and development**

The committee recommends \$427.0 million for nonproliferation and verification research and development an increase of \$9.4 million above the amount of the budget request. The committee notes that included in the budget request for research and development is \$55.8 million for pension payments, thus the true amount requested for actual research and development is \$361.8 million.

The committee continues to support the valuable research and development work that is conducted under this program. The addi-

tional funding will support high priority research requirements including work to support the long-term ability of the United States to monitor and detect clandestine nuclear weapons development activity, and to attribute nuclear weapons, improvised nuclear devices, and radiological dispersal devices. Much of the work supported by NNSA is unique to the Federal Government and serves as the technical basis for work by many other agencies including the Department of Homeland Security and the Department of Defense.

#### **Nonproliferation and international security**

The committee recommends \$159.8 million for nonproliferation and international security, a decrease of \$2.0 million for Global Initiatives for Proliferation Prevention (GIPP). The committee notes that the GIPP has significant prior-year funds. Elsewhere in this Act the committee recommends a provision that would bring the GIPP program in Russia to a close at the end of 2013.

#### **International nuclear materials protection and cooperation**

The committee recommends \$571.6 million for international nuclear materials protection and cooperation, the amount of the budget request.

#### **Fissile materials disposition**

The committee recommends \$880.0 million for fissile materials, a decrease of \$10.2 million below the amount requested. This fissile materials disposition program converts excess weapons grade plutonium to mixed oxide fuel for use in commercial power reactors. The United States and Russia have signed an agreement where each country has agreed to disposition 34 metric tons of excess weapons grade plutonium, thus removing the possibility that this plutonium could be reused for weapons or fall into the hands of terrorists.

#### **United States fissile materials disposition**

The committee recommends \$880.0 million for U.S fissile materials disposition, the amount of the budget request. The committee is concerned about the delay as well as the cost growth in the pit disposition program. The pit disposition facility is required to take apart the plutonium pits from weapons and produce the plutonium oxide needed to manufacture the mixed oxide fuel to support the U.S. plutonium disposition program.

#### **Russian fissile materials disposition**

The committee recommends no funds for the Russian fissile materials disposition program, a reduction of \$10.2 million below the budget request. The committee notes that although the United States and Russia, after many years of negotiations, finally signed a new protocol to the Plutonium Management and Disposition agreement to allow each country to disposition 34 metric tons of excess weapons grade plutonium, the implementation of the Russia portion of this program has been delayed. As a result there are excess carryover funds available from fiscal year 2011 to offset this reduction.

The committee notes that the budget request includes \$7.2 million to continue the joint gas reactor technology demonstration program with Russia. The gas reactor is a more efficient burner of excess plutonium than either conventional nuclear power reactors or fast reactors, which Russia currently plans to use to disposition plutonium. The committee notes that Russia and the United States jointly fund this effort and that Russian support for the program generally exceeds the U.S. contribution. The committee directs the NNSA to use fiscal year 2011 carry over funds to sustain the gas reactor project in fiscal year 2012.

The committee continues to support the fissile materials disposition program as an important part of the overall nuclear non-proliferation program.

#### **Global threat reduction initiative**

The committee recommends \$508.3 million for the global threat reduction initiative, the amount of the budget request. The committee supports this effort to secure within 4 years, vulnerable nuclear material that could be used in a dirty bomb or in an improvised nuclear device. The committee directs the NNSA to provide quarterly reports, at the end of each quarter of fiscal year 2012, briefly describing the projects, including the cost and schedule for each project that has been implemented that quarter.

#### **Naval reactors**

The committee recommends \$1.2 billion for naval reactors, the amount of the budget request. The committee notes that the Naval Reactors program is in the second year of the planning and design of a major new nuclear facility at the DOE Idaho National Laboratory to support the management of spent naval nuclear fuel. Elsewhere in this act the committee recommends a provision that would authorize the Defense Nuclear Facilities Safety Board to exercise its oversight responsibilities during the design and construction of this facility.

#### **Office of the Administrator**

The committee recommends \$450.1 million for the Office of the Administrator, the amount of the budget request.

#### **Defense environmental cleanup (sec. 3102)**

The committee recommends a provision that would authorize \$5.4 billion for defense environmental cleanup activities at the Department of Energy (DOE), an increase of \$10.0 million. The defense environmental cleanup activities support the cleanup of contaminated facilities, soil, ground and surface water, and the treatment and disposal of radioactive and other waste generated through the production of nuclear weapons and weapons materials. The environmental management program was established in 1989 to clean up 50 years of Cold War waste from the production of nuclear weapons and materials including plutonium and highly enriched uranium.



**Savannah River Site**

The committee recommends \$1.2 billion for the Savannah River Site an increase of \$10.0 million to maintain the H-Canyon. The committee believes that it is premature to stop operations at the H-Canyon and that the facility should continue to operate. Past experience has shown that the H-Canyon will be needed as new waste streams evolve and as the National Nuclear Security Administration continues to receive returned highly enriched uranium research reactor fuels. The committee directs the DOE to use fiscal year 2012 funds to maintain operations at the H-canyon rather than placing it in a warm-standby status.

**Waste Treatment Plant**

The committee continues to follow the progress of the design review that Environmental Management is carrying out at the Waste Treatment Plant (WTP) at the Department of Energy (DOE) Hanford Site in Richland, Washington. While the purpose of this review is to simplify the operations of the pretreatment facility, the committee wants to ensure that the appropriate safety analysis is performed to develop the analytical basis for any determinations as to whether a system is safety class or safety significant. As the DOE guidance says "a successful safety design depends on the quality of the safety analysis and on engineering judgment in the transformation of this guidance to the final design." The committee expects the analysis for this very important and very expensive facility to be of high quality.

The Defense Nuclear Safety Board (DNFSB) has a statutory responsibility to oversee operational nuclear safety aspects of the WTP project. Part of this responsibility includes oversight of the facility construction and design to ensure that the design meets DOE industry standards and guidance for nuclear safety. The committee continues to expect the review and design change process to be carried out expeditiously but also thoroughly and to be kept informed by both DOE and the DNFSB as the effort progresses.

**Other defense activities (sec. 3103)**

The committee recommends a provision that would authorize \$860.0 million for other defense activities, the amount of the budget request. The committee recommends \$456.5 million for health, safety, and security, the amount of the budget request; \$170.1 million for Legacy Management, the amount of the budget request; \$98.5 million for Nuclear Energy, defense related infrastructure for the Idaho site security, the amount of the budget request; \$118.0 million for departmental administration, the amount of the budget request; \$11.9 million for acquisition workforce improvements, the amount of the budget request; and \$6.4 million for the Office of Hearings and Appeals, the amount of the budget request.

**Subtitle B—Program Authorizations, Restrictions, and Limitations****Review of security vulnerabilities of national laboratory computers (sec. 3111)**

The committee recommends a provision that amends section 2659 of title 50, United States Code, to delete the requirement for an annual independent external red team to review the security and vulnerabilities of the computers at the national laboratories and for the Secretary to submit an annual report setting forth the results of the red team review. The provision would direct the Secretary of Energy to conduct an annual review of security vulnerabilities of the national laboratory computers. The Secretary would submit a report to the congressional defense committees only if and when a significant vulnerability was discovered.

**Review by Secretary of Energy and Secretary of Defense of Comptroller General assessment of budget requests with respect to the modernization and refurbishment of the nuclear security complex (sec. 3112)**

The committee recommends a provision that would amend section 3255 of the National Nuclear Security Administration Act (50 U.S.C. 2455(a)) to direct the Secretary of Energy, in consultation with the Secretary of Defense, to review the Government Accountability Office (GAO) report required by this section. Within 30 days of receiving the GAO report, the Secretary of Energy, in consultation with the Secretary of Defense, would complete the review of the GAO report and submit the results to the congressional defense committees. This report would include the results of the review of the GAO report and the views of the two Secretaries with respect to the findings in the GAO report.

In addition the two Secretaries would report on whether the actual funding level in the fiscal year in which the report is submitted is sufficient for the modernization and refurbishment of the nuclear security complex and the refurbishment of the nuclear weapons stockpile. Finally, the report would include a description of any measures the administration plans to take in response to the GAO report.

**Aircraft procurement (sec. 3113)**

The committee recommends a provision that would authorize the Secretary of Energy to use weapons activities funds available in any fiscal year prior to fiscal year 2013 to purchase not more than one aircraft. The committee notes that this will allow the Secure Transportation Asset (STA) to acquire a third Boeing 737 aircraft.

The committee also notes that in the Committee Print No. 10 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), the Secretary of Energy and the Administrator of the National Nuclear Security Administration (NNSA) were directed to consult with the Federal Aviation Administration (FAA) to determine whether the operations of the aircraft are public or civil operations, or a combination, and the appropriate equivalency standard under which the STA aircraft should be operated, maintained, and managed. In addition, the Secretary and the

Administrator were directed to submit a report to the congressional defense committees that sets forth the FAA determination, the ability of the NNSA to meet the requirements of the Department of Energy (DOE) orders if NNSA will operate as a self-regulated entity, and whether the DOE Office of Aviation is capable of conducting FAA like oversight and inspections. This report was required to be delivered before 737 operations began. The committee notes that this report has still not been submitted. As a result the committee directs that no 737 operations begin until the report is submitted.

**Limitation on use of funds for establishment of centers of excellence in countries outside of the former Soviet Union (sec. 3114)**

The committee recommends a provision that would prohibit the Administrator of the National Nuclear Security Administration (NNSA) from obligating or expending more than \$0.5 million of Defense Nuclear Nonproliferation program funds to establish a center of excellence in any country outside of the former Soviet Union (FSU) until such time as the Administrator of the NNSA submits to the congressional defense committees a report on the particular center to be established. The report would identify the country where the center will be established, the purpose for which the center will be used, the agreement under which the center will operate, and the funding plan for the center including any cost-sharing arrangement.

The committee supports the continued efforts of the NNSA nonproliferation programs in countries outside of the FSU but would like to understand in more detail plans for new centers as these plans evolve.

The committee also supports the effort to secure the most vulnerable nuclear material in 4 years, but recognizes that this is a significant challenge that will require close interagency cooperation to be successful. The committee notes that the Department of Defense and the NNSA, have a long and productive history of cooperation in threat reduction programs, and urge them to continue this close collaboration in the accelerated program to secure vulnerable nuclear materials.

**Recognition and status of National Atomic Testing Museum (sec. 3115)**

The committee recommends a provision that would amend section 7142 of title 42, United States Code, to recognize the National Atomic Testing Museum in Las Vegas, Nevada.

**Subtitle C—Reports**

**Report on feasibility of federalizing the security protective forces contract guard workforce at certain Department of Energy Facilities (sec. 3121)**

The committee recommends a provision that would direct the Secretary of Energy and the Administrator for Nuclear Security to report on the feasibility of federalizing some or all of the security protective forces contract guard force at Department of Energy

(DOE) atomic energy facilities. The provision would also direct the Secretary and the Administrator to submit a draft of the report to the Comptroller General. Not later than 1 year from the date of enactment of this Act the final report, together with the comments of the Comptroller General, would be submitted to the congressional defense committees.

Managing the DOE contractor protective forces to take into account the physical requirements, the special responsibilities of the protective forces, longevity, and retirement options, has been an issue that the DOE and the National Nuclear Security Administration have been struggling with for several years.

There have been many studies including one in June 2009, titled "Enhanced Career Longevity and Retirement Options for DOE Protective Force Personnel." This study made 29 recommendations for action by DOE. In the report accompanying the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84), the Secretary was directed to submit an implementation plan by April 2010, for the 29 recommendations. This plan was submitted in January 2011. While many of the recommendations will be implemented under this plan the most difficult recommendations, dealing with retirement options, will, as the January 2011 report says, require "further detailed analysis before any potential actions can be appropriately discussed."

The committee includes this provision as an additional option for the DOE to consider as a solution to the retirement challenges that confront the protective forces. The committee does not favor any specific approach other than one that recognizes the valuable contributions of the protective forces, many of whom are veterans, and sustains their ability to continue to serve their country.

**Comptroller General study on oversight of Department of Energy defense nuclear facilities (sec. 3122)**

The committee recommends a provision that would direct the Comptroller General to conduct a study of the value of and the need for external regulation or external oversight of the safety of nuclear operations and the design and construction of defense nuclear facilities at the Department of Energy (DOE) to protect public health and safety. For the defense nuclear facilities, the study would require the Comptroller to assess the value of external oversight or regulation; to assess the ability of existing regulatory authorities to regulate nuclear safety; an assessment of the Defense Nuclear Facilities Safety Board's capability (DNFSB) to regulate safety, if there were to be given such authority; to assess the effectiveness of the current oversight functions of the DNFSB; an assessment of the relative advantages and disadvantages of oversight versus external regulation; to identify any facilities that are similar to facilities regulated by the Nuclear Regulatory Commission (NRC); to identify the facilities that should remain under DNFSB oversight or be transferred to external regulation and when any such facilities should be transferred; whether the external regulatory authority, if required, should be a new or existing authority; a comparison of the relative advantages and disadvantages of oversight and external regulation and any other recommendations that the Comptroller might wish to make.

An interim report on the status of the study would be submitted to the congressional defense committees 180 days after the date of enactment of this Act. One year after the date of enactment, the final study would be submitted to the DOE, the DNFSB, and the NRC for comments, which would in turn be due to the congressional defense committees 180 days after receipt of the report. The congressional defense committees would also receive the final report when it is provided to the DOE, the NRC, and the DNFSB.

The defense nuclear facilities of the DOE and the National Nuclear Security Administration (NNSA) are not subject to external regulation for matters of nuclear safety. Under the terms of the Atomic Energy Act of 1954 (Public Law 83-703), the DOE instead relies on internal regulatory authority. Over the years the technical strength and the rigor of the internal authority has varied. In the late 1980s the DOE experienced a series of events that conclusively demonstrated that the internal authority alone was not adequate. In response Congress established the DNFSB to provide independent, external oversight at the DOE and NNSA. At the time there was considerable discussion as to whether the external oversight or regulation was the most appropriate approach. In the end, Congress determined that an external authority was needed but that the external authority should provide independent technical oversight and not be a regulator in the same vein as the NRC. As a result Congress established the DNFSB in the National Defense Authorization Act for Fiscal year 1989 (Public Law 100-456) to provide recommendations to the Secretary of Energy regarding worker and public health safety at the facilities operated by the DOE.

In creating the DNFSB, one aim of Congress was to provide an expert body to act as an adviser to DOE on establishing, and operating in accordance with, standards comparable to those that prevailed in the commercial nuclear power industry. The Board's responsibilities to review the standards that underpinned safety pertained to all lifecycle phases of defense nuclear facilities—design, construction, operation, and decommissioning. The DNFSB is also responsible for investigating any event or practice at a DOE facility that had or could adversely affect public health and safety, for analyzing design and operational data pertinent to safety, and for reconstruction design reviews and construction oversight for DOE nuclear facilities.

Congress provided the Board with a variety of powers to carry out its oversight mission, chief among them, the power to issue formal recommendations to the Secretary. These recommendations are not binding on the Secretary but the Secretary must respond and if the Secretary chooses not to accept the recommendations, has to fully explain the reason for not accepting the recommendations. The manner and timing of the Secretary's response is specifically set forth in the statute. In its efforts to formulate its recommendations and other advice, the Board is empowered to conduct investigations and studies, gather information, issue subpoenas, hold public hearings, and establish reporting requirements for DOE. The Board is statutorily required to deliver reports to Congress at least annually on its oversight activities, any recommendations issued to the Secretary, and improvements in safety achieved at de-

fense nuclear facilities as a result of its activities. The DNFSB is unique in that it is oversight with teeth.

Although there have been several studies and reports since the DNFSB was created, weighing the oversight versus regulation debate, the committee is particularly concerned that with the unprecedented amount of nuclear facility construction projects that are currently underway or planned, it is time to revisit the issue. The committee is concerned that given the current small size and budget of the DNFSB the task will be overwhelming and in the end, nuclear health and safety will suffer at the DOE without some change.

There are many options to deal with the problem, the oversight capacity of the DNFSB could increase by increasing the current size of the DNFSB, which is approximately 100 people, the DNFSB could be converted to a regulatory and licensing body, an existing regulatory body, such as the NRC could be tasked to oversee the DOE, or some new hybrid approach might be appropriate. These are just a few examples of potential recommendations that could flow from the study. The committee notes that the Comptroller General has looked at the issue of DOE external regulation or oversight previously and thus has the expertise to conduct the study.

**Plan to complete the Global Initiatives for Proliferation Prevention program in the Russian Federation (sec. 3123)**

The committee recommends a provision that would direct the Administrator for Nuclear Security at the Department of Energy (DOE) to submit a plan with the fiscal year 2013 budget request to complete the Global Initiatives for Proliferation Prevention (GIPP) program in the Russian Federation by the end of calendar year 2013.

The committee notes that since the GIPP program was established in the early 1990s to work with Russian and other former Soviet Union scientists and engineers in the early days following the collapse of the Cold War, it has had considerable success. As one of the original programs to support the nuclear weapons scientists, and former biological and chemical weapons scientists, it filled a critical gap in research and development funding while at the same time bringing U.S. industry and Russian scientists and engineers together. With the passage of time, however, the mission has changed as a large portion of the original Russian Cold War scientists and engineers have retired or no longer participate in the program. As a result, the committee believes that the time has come for the DOE to bring this aspect of the Russian GIPP program to a close.

## **TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD**

### **Authorization (sec. 3201)**

The committee recommends a provision that would authorize \$33.2 million for the Defense Nuclear Facilities Safety Board (DNFSB), an increase of \$4.2 million above the budget request.

The DNFSB is the independent oversight entity for operational nuclear safety at the Department of Energy (DOE) defense nuclear facilities. The work of the DNFSB ensures that as a self-regulated entity, the DOE has an external oversight body, which although not a regulatory body, can bring to the attention of the DOE issues dealing with operational nuclear safety.

The committee notes that the DNFSB received \$23.3 million in fiscal year 2011, approximately 18 percent less than the fiscal year 2011 budget request. As a result of this reduction the DNFSB is unable to increase its staff by 7 people as planned and will remain at 103 Full-Time Employees, has had to forgo critical computer upgrades, has been unable to contract for specific technical expertise and may reduce the level of oversight at certain DOE facilities.

The DNFSB was established by Congress to provide oversight for nuclear operations in lieu of a formal regulatory process. With major new nuclear facilities under construction and more planned, and older facilities experiencing ever more difficult operating environments, oversight is needed more than ever. The committee directs the DNFSB and the Secretary of Energy to explore two options to ensure the DNFSB retains the ability to execute its statutory mission. The first is to look at the option of establishing a set percentage of the DOE annual budget request each year for nuclear facility construction to support the additional work associated with the new construction. These funds would be transferred to DNFSB by DOE to offset the increased cost of oversight. The second option would be to look at utilizing a full cost recovery user fee model similar to the Nuclear Regulatory Commission.

The committee is concerned that with several major new nuclear facilities planned, including the uranium processing facility, the chemical and metallurgical research replacement facility, as well as new work on plutonium pit disassembly and plutonium oxide production, the DNFSB will need additional technical staff to review fully the operational nuclear safety for the new projects. Meaningful DNFSB participation occurs at the early stages of design when done in a collaborative fashion with the DOE.

Over the past several years the DNFSB has been heavily focused on design changes that the DOE is making to the Waste Treatment Plant (WTP) at the DOE Hanford facility. The committee commends the DOE and the DNFSB for significantly improving the working relationship at the WTP. Nevertheless there still remain

a number of unresolved issues, such as pulse jet mixing testing, and the ability of the WTP to process all of the waste currently stored in the tanks at Hanford. The committee urges the DOE and the DNFSB to agree to a process to resolve current and future issues. The committee continues to urge the DOE to complete the analysis necessary to justify the changes to the WTP.

**Authority of the Defense Nuclear Facilities Safety Board to review the facility design and construction of the construction project 10-D-904 of the National Nuclear Security Administration (sec. 3202)**

The committee recommends a provision that would amend section 2286g(1)(A) of title 42, United States Code, to provide authority to the Defense Nuclear Facilities Safety Board to review the facility design and construction of the construction project 10-D-904 of the National Nuclear Security Administration (NNSA).

This construction project is a new, billion dollar facility for the NNSA Deputy Administrator for Naval Nuclear Reactors, which will receive spent nuclear fuel from Naval surface ships and submarines. As a nuclear facility at the NNSA the committee believes that oversight similar to other large construction projects at NNSA is warranted. The committee notes that this authority is limited solely to the nuclear safety design and operation for and during the planning, engineering, design, and construction of the project only.



## **TITLE XXXIII—MARITIME ADMINISTRATION**

### **Maritime Administration (sec. 3301)**

The committee recommends a provision that would re-authorize certain aspects of the Maritime Administration.



## **DIVISION D—FUNDING TABLES**

### **Authorization of amounts in funding tables (sec. 4001)**

The committee recommends a provision that would provide for the allocation of funds among programs, projects, and activities in accordance with the tables in division D of this bill, subject to reprogramming in accordance with established procedures.

Consistent with the previously expressed views of the committee, the provision would also require that decisions by agency heads to commit, obligate, or expend funds to a specific entity on the basis of such funding tables be based on authorized, transparent, statutory criteria, or merit-based selection procedures in accordance with the requirements of sections 2304(k) and 2374 of title 10, United States Code, and other applicable provisions of law.

### **Funding tables (secs. 4101–4601)**

The committee recommends provisions that provide line-item guidance for the funding authorized in this Act, in accordance with the requirements of section 4001. The provisions also display the line-item funding requested by the administration in the fiscal year 2012 budget request and shows where the committee either increased or decreased the requested amounts.

The Department of Defense may not exceed the authorized amounts (as set forth in the provision or, if unchanged from the administration request, as set forth in budget justification documents of the Department of Defense) without a reprogramming action in accordance with established procedures. Unless noted in this report, funding changes to the budget request are made without prejudice.

# TITLE XLI—PROCUREMENT

## SEC. 4101. PROCUREMENT.

### SEC. 4101. PROCUREMENT Committee Recommended Adjustments (In Thousands of Dollars)

Line	Item	FY 2012 Request		Senate Change		Senate Authorized	
		Qty	Cost	Qty	Cost	Qty	Cost
<b>AIRCRAFT PROCUREMENT, ARMY</b>							
3	AERIAL COMMON SENSOR (ACS) (MIP) .....	18	539,574		-451,100	18	88,474
	Program delay .....				[-451,100]		
<b>MISSILE PROCUREMENT, ARMY</b>							
9	GUIDED MLRS ROCKET (GMLRS) .....	2,784	314,167		-150,000	2,784	164,167
	Program reduction .....				[-150,000]		
13	STINGER MODS .....	0	14,495		-14,500	0	-5
	Transfer at Army request to RDTE Army PE 23801A .....				[-14,500]		
<b>PROCUREMENT OF W&amp;TCV, ARMY</b>							
14	ABRAMS UPGRADE PROGRAM .....	21	181,329	49	322,000	70	503,329
	Program increase .....			[49]	[322,000]		
17	INTEGRATED AIR BURST WEAPON SYSTEM FAMILY .....	5	16,046		-16,000	5	46
	Transfer at Army's request to RDTE, Army PE 64601A .....				[-16,000]		
19	MACHINE GUN, CAL .50 M2 ROLL .....	4,700	65,102		-34,000	4,700	31,102
	Transfer at Army request to WTCV line 34 .....				[-34,000]		
20	LIGHTWEIGHT .50 CALIBER MACHINE GUN .....	700	28,796		-1,700	700	27,096

34	Transfer at Army request to RDTE Army PE 64601A .....	0	14,856					0	48,856
	M2 50 CAL MACHINE GUN MODS .....							0	
	Transfer at Army request from WTCV line 19 .....							[34,000]	
								[-1,700]	
39	<b>OTHER PROCUREMENT, ARMY</b>								
	JOINT TACTICAL RADIO SYSTEM .....	17,120	775,832					17,120	575,832
	Program delay in GMR and Maritime/Fixed radios .....							[-200,000]	
147	GROUND SOLDIER SYSTEM .....	0	184,072					0	155,772
	Program delay and transfer to PE 64827A .....							[-28,300]	
198	BCT TRAINING/LOGISTICS/MANAGEMENT .....	0	149,308					0	26,008
	Program cancelation .....							[-123,300]	
199	BCT TRAINING/LOGISTICS/MANAGEMENT INC 2 .....	0	57,103					0	3
	Program cancelation .....							[-57,100]	
200	BCT UNMANNED GROUND VEHICLE INC 2 .....	0	11,924					0	24
	Program cancelation .....							[-11,900]	
4	<b>JOINT IMPR EXPLOSIVE DEV DEFEAT FUND</b>								
	OPERATIONS .....	0	220,634					0	0
	Transfer to Title XV JIEDDO Operations .....							[-220,634]	
3	<b>AIRCRAFT PROCUREMENT, NAVY</b>								
	F/A-18E/F (FIGHTER) HORNET .....	28	2,369,047					19	1,874,047
	Funded in H. R. 1473 .....							[-9]	
17	<b>WEAPONS PROCUREMENT, NAVY</b>								
	FLEET SATELLITE COMM FOLLOW-ON .....	0	238,215					-1	33,215
	Booster for SV4 early to need .....							[-1]	
68	<b>OTHER PROCUREMENT, NAVY</b>								
	GAMES .....	0	195,141					0	105,541
	Transfer to Ship Communications Automation (OPN 76) per USN re-quest.							[-77,600]	

**SEC. 4101. PROCUREMENT**  
**Committee Recommended Adjustments**  
(In Thousands of Dollars)

Line	Item	FY 2012 Request		Senate Change		Senate Authorized	
		Qty	Cost	Qty	Cost	Qty	Cost
76	Transfer to PE 33138N (RDW 201) per USN request .....				[-12,000]		
	SHIP COMMUNICATIONS AUTOMATION .....	0	177,510		77,600	0	255,110
	Transfer from CANES (OPN 68) pe USN request .....				[77,600]		
<b>31</b>	<b>PROCUREMENT, MARINE CORPS</b>						
	RADIO SYSTEMS .....	0	89,479		1,000	0	90,479
	Equipment upgrade for CBNIRF (UFR) .....				[1,000]		
<b>24</b>	<b>AIRCRAFT PROCUREMENT, AIR FORCE</b>						
	HH-60M .....	3	104,711	-2	-69,900	1	34,811
	Combat losses funded in FY11 .....			[-2]	[-69,900]		
25	LIGHT ATTACK ARMED RECON ACFT .....	9	158,549	-9	-158,549	0	0
	Defer production pending R&D completion .....			[-9]	[-158,549]		
40	F-16 .....	0	73,346		-16,600	0	56,746
	Mode 5 procurement ahead of need .....				[-16,600]		
73	H-60 .....	0	34,371		54,600	0	88,971
	Transfer from PE 65299F (RDAF 81) per USAF request .....				[54,600]		
75	HC/MC-130 MODIFICATIONS .....	0	431		10,400	0	10,831
	Transfer from PE 65299F (RDAF 81) per USAF request .....				[10,400]		
76	OTHER AIRCRAFT .....	0	115,338		0	0	115,338
	EHF SATCOM, FAB-T advance procurement-AF program change (non-add).				[47,100]		
<b>19</b>	<b>MISSILE PROCUREMENT, AIR FORCE</b>						
	GPS III SPACE SEGMENT .....	0	81,811		-40,000	0	41,811

	Excess advance procurement—AF program change .....								
	<b>OTHER PROCUREMENT, AIR FORCE</b>								
46	MILSATCOM SPACE .....	0	104,720			0		0	104,720
	EHF SATCOM, FAB-T advance procurement-AF program change (non-add).							[63,800]	
	<b>PROCUREMENT, DEFENSE-WIDE</b>								
52	NON-STANDARD AVIATION .....	15	272,623	-6		9		-96,600	176,023
	NSAV-M Unjustified Requirement .....			[-2]				[-50,100]	
	AvFID Funding ahead of need .....			[-4]				[-55,000]	
	NSAV-L Transfer from OCO .....							[8,500]	
70	INTELLIGENCE SYSTEMS .....	0	74,702			0		15,600	90,302
	VSO/ALP Unfunded Requirement .....							[15,600]	
71	SMALL ARMS AND WEAPONS .....	0	9,196			0		4,000	13,196
	VSO/ALP Unfunded Requirement .....							[4,000]	
76	COMBATANT CRAFT SYSTEMS .....	0	6,899			0		15,000	21,899
	HSAC Unfunded Requirement .....							[15,000]	
78	TACTICAL VEHICLES .....	0	33,915			0		27,800	61,715
	VSO/ALP Unfunded Requirement .....							[27,800]	
88	SOLDIER PROTECTION AND SURVIVAL SYSTEMS .....	0	362			0		2,600	2,962
	VSO/ALP Unfunded Requirement .....							[2,600]	

**SEC. 4102. PROCUREMENT FOR OVERSEAS CONTINGENCY OPERATIONS**

**SEC. 4102. PROCUREMENT FOR OVERSEAS CONTINGENCY OPERATIONS**  
 Committee Recommended Adjustments  
 (In Thousands of Dollars)

Line	Item	FY 2012 Request		Senate Change		Senate Authorized	
		Qty	Cost	Qty	Cost	Qty	Cost
<b>AIRCRAFT PROCUREMENT, ARMY</b>							
8	AH-64 BLOCK II/WRA .....	1	35,500		-35,500	1	0
	Program reduction .....				[-35,500]		
12	UH-60 BLACKHAWK M MODEL (MYP) .....	4	72,000	-1	-17,500	3	54,500
	Combat Loss funded in FY11 .....			[-1]	[-17,500]		
<b>JOINT IMPR EXPLOSIVE DEV DEFEAT FUND</b>							
1	ATTACK THE NETWORK .....	0	1,368,800		-90,000	0	1,278,800
	Undistributed efficiencies reduction .....				[-90,000]		
2	DEFEAT THE DEVICE .....	0	961,200		-150,000	0	811,200
	Undistributed efficiencies reduction .....				[-150,000]		
3	TRAIN THE FORCE .....	0	247,500		-5,000	0	242,500
	Undistributed efficiencies reduction .....				[-5,000]		
4	OPERATIONS .....	0			200,634	0	200,634
	Transfer from Title I Operations .....				[220,634]		
	Undistributed efficiencies reduction .....				[-20,000]		
<b>PROCUREMENT, MARINE CORPS</b>							
32	COMM SWITCHING & CONTROL SYSTEMS .....	0	54,177		70,000	0	124,177
	Digital technical control shelters .....				[20,000]		
	Data distribution system modules .....				[50,000]		
38	MEDIUM TACTICAL VEHICLE REPLACEMENT .....	783	392,391		-300,000	783	92,391





# TITLE XLII—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

## SEC. 4201. RESEARCH, DEVELOPMENT, TEST, AND EVALUATION.

### SEC. 4201. RESEARCH, DEVELOPMENT, TEST, AND EVALUATION Committee Recommended Adjustments (In Thousands of Dollars)

Line	Program Element	Item	FY 2012 Request	Senate Change	Senate Authorized
84	0604601A	<b>SYSTEM DEVELOPMENT &amp; DEMONSTRATION, ARMY</b> INFANTRY SUPPORT WEAPONS .....	73,728	17,700	91,428
		Transfer at Army request from WTCV line 17 .....		[16,000]	
		Transfer at Army request from WTCV line 20 .....		[1,700]	
119	0604827A	SOLDIER SYSTEMS—WARRIOR DEM/VAL .....	48,309	7,600	55,909
		Transfer at Army request from OPA line 147 .....		[7,600]	
121	0604869A	PATRIOT/MEADS COMBINED AGGREGATE PROGRAM (CAP) .....	406,605	-406,605	0
		Program Decrease .....		[-406,605]	
		<b>ROT&amp;E MANAGEMENT SUPPORT, ARMY</b>			
140	0605601A	ARMY TEST RANGES AND FACILITIES .....	262,456	50,000	312,456
		Program Increase .....		[50,000]	
		<b>OPERATIONAL SYSTEMS DEVELOPMENT, ARMY</b>			
169	0203801A	MISSILE/AIR DEFENSE PRODUCT IMPROVEMENT PROGRAM .....	44,560	14,500	59,060



**SEC. 4201. RESEARCH, DEVELOPMENT, TEST, AND EVALUATION**  
**Committee Recommended Adjustments**  
(In Thousands of Dollars)

Line	Program Element	Item	FY 2012 Request	Senate Change	Senate Authorized
80	0605221F	SABRS integration on SV 5 and 6 NEXT GENERATION AERIAL REFUELING AIRCRAFT	877,084	[20,000] -127,100	749,984
81	0605229F	Align funding to signed KC-46A contract CSAR HH-60 RECAPITALIZATION	94,113	[-127,100] -83,113	11,000
		Transfer to HC-130 modifications (APAF 75) per USAF request Transfer to HH-60 modifications (APAF 73) per USAF request Program reduction to reflect new acquisition strategy		[-10,400] [-54,600] [-18,113]	
97	0605807F	<b>RD&amp;E MANAGEMENT SUPPORT, AIR FORCE</b> TEST AND EVALUATION SUPPORT	654,475	50,000 [50,000]	704,475
		Program Increase			294
129	0207138F	<b>OPERATIONAL SYSTEMS DEVELOPMENT, AIR FORCE</b> F-22A SQUADRONS	718,432	-140,000 [-140,000]	578,432
191	0305159F	Provide funds that Air Force can execute in FY12 ENTERPRISE QUERY & CORRELATION	0	20,000 [20,000]	20,000
		Enterprise query & correlation			
18	0602663D8Z	<b>APPLIED RESEARCH, DW</b> DATA TO DECISIONS APPLIED RESEARCH	9,235	-4,000 [-4,000]	5,235
19	0602668D8Z	Program Decrease CYBER SECURITY RESEARCH	9,735	-5,000 [-5,000]	4,735
		Program Decrease			
41	0603648D8Z	<b>ADVANCED TECHNOLOGY DEVELOPMENT (ATD), DW</b> JOINT CAPABILITY TECHNOLOGY DEMONSTRATIONS	187,707	-10,000	177,707

43	0603663D8Z	Program Decrease—Unjustified growth DATA TO DECISIONS ADVANCED TECHNOLOGY DEVELOPMENT Program Decrease	9,235	[-10,000] -4,000 [-4,000]	5,235
45	0603668D8Z	CYBER SECURITY ADVANCED RESEARCH Program Decrease	10,709	-5,000 [-5,000]	5,709
47	0603680D8Z	DEFENSE-WIDE MANUFACTURING SCIENCE AND TECHNOLOGY PROGRAM Program Increase—Industrial Base Innovation Fund program	17,888	30,000 [30,000]	47,888
48	0603699D8Z	EMERGING CAPABILITIES TECHNOLOGY DEVELOPMENT Cargo airship demonstration Pelican	26,972	-13,000 [2,000] [-15,000]	13,972
61A	0604775D8Z	DEFENSE RAPID INNOVATION PROGRAM Program Increase	0	200,000 [200,000]	200,000
68	0603901C	DIRECTED ENERGY RESEARCH Program Decrease—ALTB	96,329	-60,000 [-60,000]	36,329
71	0603942D8Z	TECHNOLOGY TRANSFER Program Increase—Technology Transition Initiative	0	10,000 [10,000]	10,000
<b>ADVANCED COMPONENT DEVELOPMENT &amp; PROTOTYPES, DW</b>					
83	0603881C	BALLISTIC MISSILE DEFENSE TERMINAL DEFENSE SEGMENT THAAD production improvements	290,452	20,000 [20,000]	310,452
88	0603888C	BALLISTIC MISSILE DEFENSE TEST & TARGETS Program Decrease—Excess funds	1,071,039	-40,000 [-40,000]	1,031,039
91	0603892C	AEGIS BMD SM-3 Block IB production improvements	960,267	30,000 [30,000]	990,267
99	0603907C	SEA BASED X-BAND RADAR (SBX) Program Decrease—Excess funds	177,058	-20,000 [-20,000]	157,058
101	0603913C	ISRAELI COOPERATIVE PROGRAMS David's Sling development Arrow System Improvement Program Arrow-3 interceptor development	106,100	50,000 [25,000] [20,000] [5,000]	156,100
104	0604016D8Z	DEPARTMENT OF DEFENSE CORROSION PROGRAM Program increase—funding shortfall	3,221	32,100 [32,100]	35,321

**SEC. 4201. RESEARCH, DEVELOPMENT, TEST, AND EVALUATION**  
 Committee Recommended Adjustments  
 (In Thousands of Dollars)

Line	Program Element	Item	FY 2012 Request	Senate Change	Senate Authorized
111	0604881C	AEGIS SM-3 BLOCK IIA CO-DEVELOPMENT Program Increase- software Integration	424,454	20,000 [20,000]	444,454
		<b>SYSTEM DEVELOPMENT AND DEMONSTRATION (SDD), DW</b>			
121	0604764K	ADVANCED IT SERVICES JOINT PROGRAM OFFICE (AITS-JPO) Cyber threat discovery	49,198	20,000 [20,000]	69,198
		<b>RD&amp;E MANAGEMENT SUPPORT, DW</b>			
163	0605801KA	DEFENSE TECHNICAL INFORMATION CENTER (DTIC) Program Decrease	56,269	-4,000 [-4,000]	52,269
165	0605804D8Z	DEVELOPMENT TEST AND EVALUATION Program Increase	15,805	5,000 [5,000]	20,805
		<b>OPERATIONAL SYSTEMS DEVELOPMENT, DW</b>			
201	0302019K	DEFENSE INFO INFRASTRUCTURE ENGINEERING AND INTEGRATION Cybersecurity pilots	8,366	20,000 [20,000]	28,366
207	0303140G	INFORMATION SYSTEMS SECURITY PROGRAM File sanitization tool (FIST)	348,593	3,000 [3,000]	351,593
		<b>DARPA--UNDISTRIBUTED</b>			
		Undistributed reduction--Underexecution		-150,000 [-150,000]	-150,000

**SEC. 4202. RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FOR OVERSEAS CONTINGENCY OPERATIONS.**

There are no committee-recommended adjustments to the budget request.

# TITLE XLIII—OPERATION AND MAINTENANCE

## SEC. 4301. OPERATION AND MAINTENANCE.

### SEC. 4301. OPERATION AND MAINTENANCE Committee Recommended Adjustments (In Thousands of Dollars)

Line	Item	FY 2012 Request	Senate Change	Senate Authorized
<b>OPERATION &amp; MAINTENANCE, ARMY</b>				
<b>BA 04: ADMIN &amp; SRVWIDE ACTIVITIES</b>				
430	OTHER SERVICE SUPPORT .....	1,093,877		1,083,877
	Unjustified program growth-Joint DOD Support .....		-10,000	
	Unjustified program growth-PA Strategic Communications .....		[-5,000]	
	Unjustified program growth-PA Strategic Communications .....		[-5,000]	
<b>UNDISTRIBUTED</b>				
480	UNDISTRIBUTED .....		-459,100	-459,100
	Reduction in funding for contract services .....		[-121,700]	
	Reduction in funding for DoD business systems .....		[-32,500]	
	Management efficiencies in the military intelligence program .....		[-29,900]	
	Unobligated balances .....		[-275,000]	

### OPERATION & MAINTENANCE, ARNG

#### UNDISTRIBUTED



190	UNDISTRIBUTED ..... Reduction in non-dual status technician limitation .....	-20,000 [-20,000]
<b>OPERATION &amp; MAINTENANCE, NAVY</b>		
710	UNDISTRIBUTED ..... Reduction in funding for contract services ..... Reduction in funding for DoD business systems ..... Management efficiencies in the military intelligence program ..... Unobligated balances .....	-298,300 [-122,800] [-40,400] [-11,300] [-123,800]
<b>OPERATION &amp; MAINTENANCE, MARINE CORPS</b>		
210	UNDISTRIBUTED ..... Reduction in funding for DoD business systems ..... Unobligated balances .....	-28,800 [-7,200] [-21,600]
<b>BA 04: ADMIN &amp; SRVWD ACTIVITIES</b>		
400	ADMINISTRATION ..... Program decrease .....	497,180 [-165,000]
420	OTHER SERVICEWIDE ACTIVITIES ..... Air Force funds for Space Shuttle (for museum) ..... Program decrease .....	662,180 1,078,769 [-14,000] [-104,000]
<b>OPERATION &amp; MAINTENANCE, AIR FORCE</b>		
470	UNDISTRIBUTED ..... Reduction in funding for contract services ..... Reduction in funding for DoD business systems .....	-353,900 [-144,200] [-19,400]

SEC. 4301. OPERATION AND MAINTENANCE Committee Recommended Adjustments (In Thousands of Dollars)				
Line	Item	FY 2012 Request	Senate Change	Senate Authorized
	Management efficiencies in the military intelligence program .....		[-46,600]	
	Unobligated balances .....		[-143,700]	
<b>BA 04: ADMIN &amp; SRVWD ACTIVITIES</b>				
180	DEFENSE SECURITY COOPERATION AGENCY .....	682,831	-152,280	530,551
	Reduction to Global Train and Equip .....		[-150,000]	
	Program decrease—Security Cooperation Assessment Office .....		[-2,280]	
250	OFFICE OF ECONOMIC ADJUSTMENT .....	81,754	-33,000	48,754
	Ahead of need—Guam FSRM .....		[-33,000]	
<b>OPERATION &amp; MAINTENANCE, DEFENSE-WIDE</b>				
<b>UNDISTRIBUTED</b>				
280	UNDISTRIBUTED .....		-844,200	-844,200
	Reduction in funding for contract services .....		-694,800	
	Reduction in funding for DoD business systems .....		-18,200	
	Management efficiencies in the military intelligence program .....		-41,300	
	Impact Aid .....		25,000	
	Severe disabilities .....		5,000	
	Unobligated balances .....		-119,900	
<b>DEFERRED EXPENSES FOR FOREIGN OPERATIONS .....</b>			<b>406,605</b>	<b>406,605</b>

**SEC. 4302. OPERATION AND MAINTENANCE FOR OVERSEAS CONTINGENCY OPERATIONS.**

SEC. 4302. OPERATION AND MAINTENANCE FOR OVERSEAS CONTINGENCY OPERATIONS Committee Recommended Adjustments (In Thousands of Dollars)				
Line	Item	FY 2012 Request	Senate Change	Senate Authorized
<b>OPERATION &amp; MAINTENANCE, ARMY</b>				
<b>BA 01: OPERATING FORCES</b>				
150	COMMANDERS EMERGENCY RESPONSE PROGRAM .....	425,000	-25,000	400,000
	Termination of CERP in Iraq .....		[-25,000]	
<b>AFGHANISTAN INFRASTRUCTURE FUND</b>				
<b>UNDISTRIBUTED</b>				
050	UNDISTRIBUTED .....		-75,000	-75,000
	Undistributed Reduction .....		[-75,000]	
<b>OPERATION &amp; MAINTENANCE, MARINE CORPS</b>				
<b>BA 01: OPERATING FORCES</b>				
010	OPERATIONAL FORCES .....	2,069,485	27,000	2,096,485
	Family of Shelters and Shelters Equipment .....		[27,000]	
<b>OPERATION &amp; MAINTENANCE, DEFENSE-WIDE</b>				
<b>BA 01: OPERATING FORCES</b>				
020	SPECIAL OPERATIONS COMMAND .....	3,269,939	-11,300	3,258,639
	Trans Regional Web Initiative .....		[-11,300]	

# TITLE XLIV—OTHER AUTHORIZATIONS

## SEC. 4401. OTHER AUTHORIZATIONS.

### SEC. 4401. OTHER AUTHORIZATIONS Committee Recommended Adjustments (In Thousands of Dollars)

Line	Item	FY 2012 Request	Senate Change	Senate Authorized
<b>WORKING CAPITAL FUND, ARMY</b>				
010	PREPOSITIONED WAR RESERVE STOCKS .....	101,194	-6,700	94,494
	Reduction in funding for DoD business systems .....		[-6,700]	
<b>WORKING CAPITAL FUND, AIR FORCE</b>				
030	WAR RESERVE MATERIAL .....	65,372	-6,300	59,072
	Reduction in funding for DoD business systems .....		[-6,300]	
<b>DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE</b>				
010	DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE .....	1,156,282	-39,000	1,117,282
	Undistributed reduction for contractor support .....		[-30,000]	
	Undistributed reduction to U.S. European Command's counterdrug activities .....		[-5,000]	
	Office of Naval Intelligence (PC 3359) .....		[-3,500]	
	Strategic communications/program termination (PC 9220) .....		[-500]	
<b>OFFICE OF THE INSPECTOR GENERAL</b>				
010	OFFICE OF THE INSPECTOR GENERAL .....	286,919	40,500	327,419
	Program increase—Growth plan .....		[40,500]	

020	OFFICE OF THE INSPECTOR GENERAL .....	1,600	2,900	4,500
	Program increase—Growth plan .....		[2,900]	

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**SEC. 4402. OTHER AUTHORIZATIONS FOR OVERSEAS CONTINGENCY OPERATIONS.**

SEC. 4402. OTHER AUTHORIZATIONS FOR OVERSEAS CONTINGENCY OPERATIONS Committee Recommended Adjustments (In Thousands of Dollars)				
Line	Item	FY 2012 Request	Senate Change	Senate Authorized
	<b>WORKING CAPITAL FUND, DEFENSE-WIDE</b>			
010	DEFENSE LOGISTICS AGENCY (DLA) .....	369,013	-38,500	330,513
	Reduction in funding for DoD business systems .....		[-38,500]	

# TITLE XLV—MILITARY CONSTRUCTION

## SEC. 4501. MILITARY CONSTRUCTION.

### SEC. 4501. MILITARY CONSTRUCTION Committee Recommended Adjustments (In Thousands of Dollars)

Account	State/ Country	Installation	Project Title	Budget Request	Senate Change	Senate Authorized
Army	Alaska	Fort Wainwright	<b>Military Construction, Army</b>			
Army	Texas	Fort Bliss	Aviation Complex, Ph 3A .....	114,000	-57,000	57,000
Army	Texas	Fort Bliss	Vehicle Maintenance Facility .....	24,000	-24,000	0
Army	Virginia	Fort Belvoir	Infrastructure .....	14,600	-14,600	0
Army	Germany	Germersheim	Road and Infrastructure Improvements .....	31,000	-31,000	0
Army	Germany	Germersheim	Infrastructure .....	16,500	-16,500	0
Army	Germany	Germersheim	Central Distribution Facility .....	21,000	-21,000	0
Army	Honduras	Honduras Various	Barracks .....	25,000	-5,000	20,000
Navy	California	Bridgeport	<b>Military Construction, Navy</b>			
Navy	California	Coronado	Multi-Purpose Building—Addition .....	19,238	-3,100	16,138
Navy	Bahrain Island	SW Asia	Fitness Center North Island .....	46,763	-14,700	32,063
Navy	Bahrain Island	SW Asia	Bachelor Enlisted Quarters .....	55,010	-55,010	0
Navy	Guam	Joint Region Marianas	Waterfront Development, Ph 4 .....	45,194	-45,194	0
Navy	Guam	Joint Region Marianas	North Ramp Utilities—Anderson AFB, Inc 2 .....	78,654	-78,654	0
Navy	Guam	Joint Region Marianas	Finegayan Water Utilities .....	77,267	-77,267	0
AF	Nebraska	Offutt AFB	<b>Military Construction, Air Force</b>			
AF	Utah	Hill AFB	STRATCOM Replacement Facility, Inc 1 .....	150,000	-30,000	120,000
			F-35 ADAL Hangar 45E/AMU .....	6,800	-6,800	0

SEC. 4501. MILITARY CONSTRUCTION  
 Committee Recommended Adjustments  
 (In Thousands of Dollars)

Account	State/ Country	Installation	Project Title	Budget Request	Senate Change	Senate Authorized
AF	Guam	Joint Region Marianas	Guam Strike Fuel Systems Maintenance Hangar .....	128,000	-64,000	64,000
AF	Qatar	Al Udeid	Blatchford Preston Complex, Ph 4 .....	37,000	-37,000	0
			<b>Military Construction, Defense-Wide</b>			
Def-Wide	Colorado	Buckley Air Force Base	Mountainview Operations Facility .....	140,932	-70,500	70,432
Def-Wide	Georgia	Fort Gordon	Whitelaw Wedge Building Addition .....	11,340	6,365	17,705
Def-Wide	Maryland	Fort Meade	High Performance Computing Capacity, Inc 1 .....	29,640	-29,640	0
Def-Wide	Utah	Camp Williams	IC CNCI Data Center 1, Inc 3 .....	246,401	-123,200	123,201
Def-Wide	Maryland	Joint Base Andrews	Ambulatory Care Center .....	242,900	-121,500	121,400
Def-Wide	Texas	Fort Bliss	Hospital Replacement, Inc 3 .....	136,700	-27,300	109,400
Def-Wide	Texas	Joint Base San Antonio	Ambulatory Care Center, Ph 3 .....	161,300	-80,700	80,600
Def-Wide	WORLDWIDE	UNSPECIFIED	Unspecified Minor Milcon .....	6,365	-6,365	0
Def-Wide	WORLDWIDE	UNSPECIFIED	Planning and Design .....	52,974	-15,000	37,974



# TITLE XLVI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

## SEC. 4601. DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS.

### SEC. 4601. DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS Committee Recommended Adjustments (In Thousands of Dollars)

Program	FY 2012 Request	Senate Change	Senate Authorized
<b>Electricity Delivery &amp; Energy Reliability</b>			
Infrastructure security & energy restoration .....	6,187	-6,187	0
<b>Weapons Activities</b>			
<b>Stockpile systems</b>			
W78 Stockpile systems .....	109,518	-2,000	107,518
<b>Campaigns:</b>			
<b>Inertial confinement fusion ignition and high yield campaign</b>			
Diagnostics, cryogenics and experimental support .....	86,259	5,000	91,259
<b>Readiness Campaign</b>			
Tritium readiness .....	77,491	-7,000	70,491
<b>Readiness in technical base and facilities (RTBF)</b>			
<b>Operations of facilities</b>			
Kansas City Plant .....	156,217	-5,000	151,217
<b>Safeguards and security</b>			
Defense nuclear security Construction:			

SEC. 4601. DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS  
 Committee Recommended Adjustments  
 (In Thousands of Dollars)

Program	FY 2012 Request	Senate Change	Senate Authorized
08-D-701 Nuclear materials S&S upgrade project Los Alamos National Laboratory .....	11,752	-2,000	9,752
National security applications .....	20,000	10,000	30,000
<b>Defense Nuclear Nonproliferation</b>			
<b>Nonproliferation and verification R&amp;D</b>			
Operations and maintenance .....	417,598	9,361	426,959
<b>Nonproliferation and international security</b> .....	<b>161,833</b>	<b>-2,000</b>	<b>159,833</b>
GIPP .....		[-2,000]	
<b>Fissile materials disposition</b>			
Russian surplus materials disposition .....	10,174	-10,174	0
<b>Defense Environmental Cleanup</b>			
<b>Savannah River sites:</b>			
Nuclear material stabilization and disposition .....	235,000	10,000	245,000

## LEGISLATIVE REQUIREMENTS

### Departmental Recommendations

Ten separate legislative proposals on the National Defense Authorization Act for Fiscal Year 2012 were submitted as executive communications to the President of the Senate by the Assistant Secretary of Defense for Legislative Affairs of the Department of Defense and subsequently referred to the committee. Information on these executive communications appears below. All of these executive communications are available for review at the committee.

Executive communication No.	Dated	Received in the committee on armed services
EC-1039 .....	March 25, 2011 .....	March 30, 2011
EC-1040 .....	Undated .....	March 30, 2011
EC-1355 .....	April 1, 2011 .....	April 14, 2011
EC-1362 .....	April 12, 2011 .....	May 3, 2011
EC-1363 .....	April 12, 2011 .....	May 3, 2011
EC-1523 .....	Undated .....	May 10, 2011
EC-1524 .....	April 15, 2011 .....	May 10, 2011
EC-1746 .....	May 3, 2011 .....	May 19, 2011
EC-1747 .....	May 6, 2011 .....	May 19, 2011
EC-2106 .....	May 27, 2011 .....	June 14, 2011

### Committee Action

The committee ordered reported, by roll call vote, a comprehensive original bill and, by voice vote, a series of original bills for the Department of Defense, military construction and Department of Energy authorizations.

The committee vote to report the National Defense Authorization Act for Fiscal Year 2012 passed by roll call vote, 26-0, as follows: In favor: Senators Levin, Lieberman, Reed, Akaka, Nelson, Webb, McCaskill, Udall, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Inhofe, Sessions, Chambliss, Wicker, Brown, Portman, Ayotte, Collins, Graham, Cornyn, and Vitter. Opposed: None.

The 6 other roll call votes on motions and amendments to the bill which were considered during the course of the full committee markup are as follows:

1. MOTION: To conduct Full Committee markups in closed session because classified information will be discussed.

VOTE: Passed on a roll call vote, 17-9.

In Favor: Senators Levin, Lieberman, Reed, Akaka, Nelson, Webb, Udall, Hagan, Begich, Manchin, Gillibrand, Blumenthal, Inhofe, Sessions, Chambliss, Wicker, and Graham.

Opposed: Senators McCaskill, Shaheen, McCain, Brown, Portman, Ayotte, Collins, Cornyn, and Vitter.

2. MOTION: To place the F-35 Joint Strike Fighter (JSF) into a probationary status on December 31, 2011 for certain cost growth and to require termination of the program on December 31, 2012 should the program cost remain at least 10 percent above the contract's target cost.

VOTE: Failed on a roll call vote, 13-13.

In Favor: Senators Webb, McCaskill, Udall, Manchin, McCain, Inhofe, Sessions, Chambliss, Wicker, Brown, Portman, Graham, and Vitter.

Opposed: Senators Levin, Lieberman, Reed, Akaka, Nelson, Hagan, Begich, Shaheen, Gillibrand, Blumenthal, Ayotte, Collins, and Cornyn.

3. MOTION: To require the Secretary of Defense to ensure that the low-rate initial production contract for lot 5 of the F-35 Joint Strike Fighter (JSF) program (aircraft funded in fiscal year 2011) is: (1) a fixed price contract; and (2) the contract requires that the contractor absorb 100 percent of costs above the target cost.

VOTE: Passed on a roll call vote, 26-0.

In Favor: Senators Levin, Lieberman, Reed, Akaka, Nelson, Webb, McCaskill, Udall, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Inhofe, Sessions, Chambliss, Wicker, Brown, Portman, Ayotte, Collins, Graham, Cornyn, and Vitter.

Opposed: None.

4. MOTION: To strike the language in the proposed committee amendment relating to detainee matters that would permit the transfer of an unprivileged enemy belligerent for trial by an alternative court or competent tribunal having lawful jurisdiction.

VOTE: Failed on a roll call vote, 7-19.

In Favor: Senators Lieberman, Inhofe, Sessions, Portman, Ayotte, Cornyn, and Vitter.

Opposed: Senators Levin, Reed, Akaka, Nelson, Webb, McCaskill, Udall, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Chambliss, Wicker, Brown, Collins, and Graham.

5. MOTION: To change the language in the proposed committee amendment relating to detainee matters so that those being held in military custody must either be a member of, or part of, al-Qaeda or an affiliated entity or a participant in the course of planning or carrying out an attack against the United States.

VOTE: Failed on a roll call vote, 10-16.

In Favor: Senators Lieberman, Inhofe, Sessions, Chambliss, Wicker, Brown, Portman, Ayotte, Cornyn, and Vitter.

Opposed: Senators Levin, Reed, Akaka, Nelson, Webb, McCaskill, Udall, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Collins, and Graham.

6. MOTION: To adopt the proposed committee amendment relating to detainee matters, as modified and amended.

VOTE: Passed on a roll call vote, 25-1.

In Favor: Senators Levin, Lieberman, Reed, Akaka, Nelson, Webb, McCaskill, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Inhofe, Sessions, Chambliss, Wicker, Brown, Portman, Ayotte, Collins, Graham, Cornyn, and Vitter.

Opposed: Senator Udall.

### **Congressional Budget Office Cost Estimate**

It was not possible to include the Congressional Budget Office cost estimate on this legislation because it was not available at the time the report was filed. It will be included in material presented during Senate floor debate on the legislation.

### **Regulatory Impact**

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that a report on the regulatory impact of the bill be

included in the report on the bill. The committee finds that there is no regulatory impact in the case of the National Defense Authorization Bill for Fiscal Year 2012.

**Changes in Existing Law**

Pursuant to the provisions of paragraph 12 of rule XXVI of the Standing Rules of the Senate, the changes in existing law made by certain portions of the bill have not been shown in this section of the report because, in the opinion of the committee, it is necessary to dispense with showing such changes in order to expedite the business of the Senate and reduce the expenditure of funds.

## ADDITIONAL VIEWS

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### ADDITIONAL VIEWS OF MR. McCAIN

In a very tough fiscal environment, this markup represents an effort, albeit one I am not at all satisfied with, to support our warfighters and the readiness of the United States military. Unfortunately, we could have and should have done much more. Against my wishes and votes, the committee chose to authorize hundreds of millions of dollars of unnecessary and unrequested pork-barrel projects and rejected my efforts to finally put a stop to the out-of-control cost overruns of the already unaffordable F-35 program. While the bill as a whole does good for our military, it is hardly a product that we should boast about. Americans have every right to expect more of us, commensurate with the sacrifices our troops and their families make for us every day.

The Defense Authorization bill is an important piece of legislation that directly supports our troops, their readiness and training, and military families while our country continues to be engaged in two wars and supporting a NATO operation in Libya. Therefore, I voted to move the bill out of committee. Nevertheless, I will continue my efforts to fight the egregious and unconscionable waste and misallocation of precious resources in this bill during debate on the Senate floor and I reserve the right to oppose passage of the bill by the full Senate unless it is improved. I urge my colleagues to do the same.

The President requested \$553 billion for the routine operations of the Department of Defense for 2012. The overall budget request, including funding for operations in Iraq and Afghanistan, was \$671 billion. This bill will reduce that amount by almost \$6.4 billion. But the cut is actually deeper, and the tangible negative impact on the real priorities of the Department of Defense is more serious, when we take into account that over \$1 billion was taken from the military's request for their legitimate and prioritized needs and used for unrequested funding that was added by this Committee for pork-barrel, special interest spending that is not wanted by the Pentagon.

The Defense Department has been told by President Obama to make some very hard decisions to find an additional \$400 billion in national security spending cuts by 2023—on top of the \$178 billion in efficiencies and top-line reductions over the next five years that Secretary Gates has already announced. As a result, the Department cannot afford to waste a dime on projects that do not provide increased combat capability or a substantial increase in efficiency or effectiveness for the taxpayer and the warfighter. The Armed Services Committee must play its role by scrutinizing the Defense budget for programs that are wasteful, out of control, or

are not essential to our core national security needs. But most importantly, this Committee must ensure we do not add to the problem by continuing business as usual by adding unneeded, unrequested spending. This should be our guiding principle for every decision we make. Sadly, that was not done in this mark up.

For example, this bill authorizes funding for so-called “innovation” and “transition” programs totaling \$250 million for the purpose of continuing earmarks, pure and simple. The funding mechanism used in this bill has been designed to skirt the technical definition of an earmark contained in Senate Rules, but make no mistake these programs were not requested or desired by the Pentagon. Instead of funding real military priorities vetted and approved by our most senior and experienced military leaders, these funds will be used to fund special interests and pet projects of individual Members. This is just another glaring example of why Congress as a whole is held in almost universal disrepute by the American people.

The House of Representatives tried this same gimmick to get around the moratorium on earmarks in their chamber by creating a neat little \$1 billion “Mission Force Enhancement Transfer Fund” as their pork basket in the Defense bill. That transparent charade fooled no one. As the Council for Citizens Against Government Waste noted, Members of the House readily seized the opportunity to turn it into a slush fund for their pork projects back home by “taking \$651.7 million to fund 111 projects: 59 of the add-ons, or 53 percent appear to be similar to projects included as earmarks.” That may not be what was intended, but clearly that is what happened.

This bill uses a similar ruse—putting hundreds of millions of dollars into what amounts to slush funds of undesignated spending to be steered by powerful Members to their pet projects and special interests as a means to backdoor earmarks. To avoid this predictable result, I offered a series of amendments to strike all unrequested funding increases that ignored and contradicted the President’s budget request. I regret I was not more successful.

To highlight an example of how this works, \$10 million was added for the “Metals Affordability Initiative,” something used to push Member-generated unrequested funding on the Air Force for the benefit of major defense contractors. Developing new, technologically superior and less-costly specialty metals for the aircraft industry is a valid joint interest of the Pentagon and the defense industry. But if this program produced great results as claimed, why wouldn’t the Air Force fund it themselves, not depend on Congress to earmark the money? Rather than allowing economic forces to incentivize the Air Force and the defense industry to invest where mutual returns are high, this program is a self-licking ice cream cone. The Air Force does not ask for the money because it has higher priorities. Defense contractors use lobbyists to get Congress to fund the program, and the money the Congress supplies cuts the costs of research and development for defense contractors so they can benefit from government-sponsored research and pay for more lobbyists.

This program, like many other examples of waste in the Pentagon budget, would not exist if it hadn’t been pushed by Congress

and funded by earmarks when the Air Force has higher priorities. In this case, the earmarks total \$70 million since 1999—not a small taxpayer investment. Two years ago, eight Senators requested \$7 million each for this program as an acknowledged earmark. In negotiations with the House, that number grew to \$10 million of unrequested funding and was authorized by Congress. Last year, 10 Senators requested \$10 million each for the initiative as an earmark. Although we claimed to have eliminated earmarks in our Authorization bill last year, \$8 million was provided by our pork-loving colleagues in the Defense appropriations bill.

According to watchdog groups, over \$1.1 million has been spent on lobbying for the initiative since 2003. Last year, over \$200,000 was spent on lobbyists for an \$8 million return to the defense industry through government-sponsored research. The report you are now reading says that the Committee “*strongly urg[es] the Air Force to institutionalize this program with adequate resources in future years.*” The straight-talk translation of that Washington babble is the Committee is trying to force the Air Force to burrow this program into their core budget so Congress doesn’t have to earmark it. I disassociate myself from that request. This is a low priority program for the Air Force and I do not support telling a military service they should request funding for programs they do not deem a high military priority.

I was able to convince the Committee to delete one item of unrequested spending of interest to Americans who are trying hard just to pay “the bills that count.” I was able to challenge and remove \$6 million from the Chairman’s draft bill that was proposed for a military utility assessment of a telescope searching for—if you can believe it—extraterrestrial life.

Unfortunately, I was not as successful in ending hundreds of millions of dollars of other wasteful, misallocated spending. For example, this bill will provide an extra \$322 million for tank upgrades that the Army no longer needs or wants—unrequested funding which every senior Army leader coming before our committee has rejected. And, that \$322 million for 2012 is just a downpayment. To keep the tank plant in Lima, Ohio, running until 2017 when the Army wants to start the next round of tank upgrades will cost about \$500 million a year. That’s four years after 2012 at about \$500 million a year in a continuing waste of Army resources. The Army knows that starting the plant up again in 2017 will cost money, too, but the most efficient solution is to stop production in 2012 when the Army’s current requirements have been fully met. But that’s not the decision of this Committee. I will continue my efforts on the Senate floor to strip this unnecessary funding from the Defense Bill.

I am also strongly opposed to the cuts taken from accounts required to support the warfighter that were used to fund these outrageous earmarks and unneeded, unrequested spending. Secretary Gates has sounded the alarm against excessive reductions in defense spending that cut into the muscle of our military capabilities. I could not agree with him more. I am acutely aware that “budgetary cowardice,” as Secretary Gates recently described general across-the-board reductions, is the path to a hollow force.



In rejecting Secretary Gates' advice, this committee cannot possibly foresee the full repercussions of the cuts to the military services' and Defense-wide Operation and Maintenance (O&M) accounts that the Committee took to fund its billion-dollar-plus shift of scarce resources to programs not requested by the Pentagon. But, we do know these accounts were extraordinarily stressed by the series of continuing resolutions for the first six months of Fiscal Year 2011 when crucial depot maintenance was deferred, contracts were delayed or cancelled, and civilian employees were told to expect a furlough. After Congress finally ended its dereliction of constitutional duty and provided full-year funding for the Defense Department in March—six months into the fiscal year—these same O&M accounts were further stretched by our operations in Libya. Those costs are being borne within existing funding for FY11 and are now projected to reach \$1.1 billion by September 30, 2011. If the Department can find savings within the O&M accounts in Fiscal Year 2012 by finding efficiencies and reforming practices, then by all means we should encourage them to do it. But, we should give our military leadership the flexibility to fund the higher priorities of their selection that directly support the warfighter and also fund those items that were deferred during FY11 as a result of these unbudgeted and unexpected events. This bill contains over \$406 million that was added specifically by my amendments to address this purpose, taking that money from the Medium Extended Air Defense System (MEADS) program being developed with NATO allies that Defense and Army leaders have repeatedly testified is at high technical risk of failure and which will never be operationally fielded by the United States.

The bill makes some minor progress in controlling the Defense Department's spiraling health care costs, but as with other challenges we faced in this bill, we could have and should have done more. Fulfilling the Department's request to link TRICARE Prime enrollment fees for working-age retirees to the index of National Health Expenditures per capita would have been the right thing to do. Instead, this bill limits future increases to the Cost of Living Adjustment (COLA) for military retired pay, which for several years in this economic environment has been static. Doing so ignores the fiscal reality that when national health care costs increase, so do health care costs for the Department of Defense. As Secretary Gates has repeatedly testified, health care costs are "eating the Department alive." According to the Congressional Budget Office, medical care could consume more than 16 per cent of the Defense Department's top-line by the year 2028.

TRICARE fees haven't changed since they were established in 1995. At that time, according to Defense Department estimates, working-age retirees paid about 27 percent of their total health care costs when using civilian care. In response to questions from the Committee during the markup of this bill, the Department confirmed that in fiscal year 2011, out-of-pocket expenses for working-age retirees who are enrolled in TRICARE Prime and therefore pay a \$460 per year fee for family coverage, would represent less than 9 percent of the total cost of the family's health care costs.

Military retirees and their families deserve the best possible medical care in return for a career of military service to their na-

tion, and nothing less, and that is what TRICARE must provide. But we cannot ignore the fact that health care costs will undermine the combat capability and training and readiness of our military in the future if we don't control the cost growth now. Elsewhere in this report, the committee notes that it plans to review options for phasing in future enrollment fee adjustments as early as fiscal year 2014. As a result, I plan to address TRICARE Prime enrollment fees when the bill is debated on the Senate floor. We must find an equitable way to both sustain the health care benefit for our military retirees and ensure that future health care costs do not undermine the needs of our troops on active duty and their families in the future.

Finally, this committee has the solemn responsibility to our country to exercise aggressive oversight to eliminate weapons programs that are over cost, behind schedule, or are not providing improvements in combat power and capabilities. Last month, we heard from Defense and industry witnesses concerning the problem-plagued F-35 program and the potential for further cost overruns and production delays. If we fail to act now, continuing cost overruns on the F-35 of the kind we have experienced over the last 10 years will siphon off precious resources and put at risk every other major Defense procurement program. We simply can't stand by and let that happen. I offered an amendment that would have sent this message loudly and clearly.

Under my amendment, the entire F-35 program would go on probation if on December 31, 2011, the actual cost of building these jets under the fixed-price contract for the fourth lot of aircraft exceeded the negotiated target cost by 10 percent. If, a year from that date, the actual cost remained at least 10 percent above the contract's target cost, my amendment would have effectively required that the program start winding up. Probation would only have been triggered if there was a cost overrun of several hundred million dollars at a point on December 31, 2011 when only 30 percent of the work on the contract is expected to be completed. And I might add that, under this contract, even when the actual cost is 10 percent over the target cost, the prime contractor is still allowed a tidy profit that most Americans would be more than happy to have on an investment. So, to avoid termination of the program, all the contractor would have to do is absorb more of the cost overruns and accept less of a profit. That did not seem unreasonable.

It seems to me that if costs were several hundred million dollars or more over the target price with 30 percent of the work done on a fixed-price contract, we would have a good idea where the F-35 program was headed. My amendment would have sent an unmistakable signal to the Pentagon and the prime contractor that we will not continue down the road of cost overruns and schedule delays on the F-35 simply because other alternatives were hard to come by. While the 13-13 vote on my amendment allowed the Chairman to block its adoption, I will renew my efforts to keep focus on constraining the costs of the F-35 both in terms of buying the aircraft and their sustainment costs, which are currently estimated to be a jaw-dropping \$1 trillion over the F-35's lifecycle. As badly as new-generation aircraft may be needed by the Air Force, Navy, and Marine Corps, the F-35 cannot be allowed to drain re-

sources from all the other procurement needs we face for the next 25 years.

As an alternative to my amendment on the F-35, the bill requires that the contract for the fifth lot of aircraft be executed under a fixed price and requires the contractor to bear the responsibility for any cost overrun, with a carve-out for certain constructive changes required by the government. Unfortunately, I have no sense at all that leadership at the Department of Defense would have accepted any proposal by the prime contractor that the program use this type of contract to produce F-35 aircraft—particularly after Secretary Gates added \$7.4 billion and 33 months to finish developing them.

Even after Secretary Gates' efforts to restructure the program twice over the last year and a half, the General Accountability Office (GAO) found that the F-35 program still has considerable "concurrency risk," that is, the risk of major, costly discoveries late in production arising from the overlap between development and production. I am concerned that the absence of a contract structure that would let the Department and the prime contractor work together to reduce that risk efficiently—which is the result imposed by the F-35 provision adopted in the bill—could result in the contractor simply insisting on a much higher fixed price, or require that a "risk premium" be baked into the fee structure of the next lot's contract. By rejecting my amendment, I believe we lost an opportunity to tell the Pentagon and the prime contractor that increased cost on the F-35 cannot and will not be tolerated. My amendment sent that message strongly, simply, and powerfully. Its rejection is an opportunity lost when the future of the program hangs in the balance.

This Nation is at a critical juncture of decisions concerning our conduct of three wars, our record deficit spending, and the dynamic state of world affairs. We cannot continue business as usual, and yet in too many cases that is exactly what this bill does. Our citizens need decisive action to make hard decisions and the will to carry them out. This bill fails to provide that leadership and continues to put off the hard calls and fiscal discipline that our country so desperately needs. I cannot, as it is currently drafted, give it my full support, but I will continue my efforts to improve the bill as it moves through the process of consideration by the Senate and conference negotiations with the House.

JOHN MCCAIN.

### **ADDITIONAL VIEWS OF MR. CHAMBLISS**

While I cosponsored the underlying Levin, McCain, and Graham Amendment relating to detainee matters, I remain concerned about several provisions concerning the detention and transfer of terrorist detainees. Many of these concerns would have been alleviated by amendments that I and other members offered during mark-up, some of which were considered outside the Committee's jurisdiction. I also note that there appears to be some confusion about the role and capabilities of the High-Value Detainee Interrogation Group established last year as a result of the President's Executive Order 13491. I believe all of these issues must be resolved before the Senate takes final action on this bill.

SAXBY CHAMBLISS.

## **ADDITIONAL VIEWS OF MS. AYOTTE**

### **Strategic Airlift Aircraft Force Structure**

The U.S. Air Force (USAF) proposed fiscal year 2012 budget requests that the currently-mandated 316 airlift aircraft fleet inventory minimum be repealed. As recently as June 16, 2011, in a letter to Chairman Levin, USAF Deputy Chief of Staff for Operations, Plans, and Requirements, Lieutenant General Herbert Carlisle states, *“after extensive study, the Air Force remains convinced that our nation’s strategic airlift requirement will be met with 299 C–5s and C–17s.”*

I applaud the Air Force’s attempt to right-size the nation’s strategic airlift force structure while ensuring the U.S. military can continue to meet the strategic airlift requirement. After extensive study as recent as 2010, the USAF has identified a peak of demand for airlift capacity at 32.7 Million Ton Miles per Day (MTM/D). According to the Mobility Capabilities and Requirements Study–2016, this peak demand of 32.7 MTM/D can be met by 223 C–17s, 52 C–5Ms and 24 C–5As; totaling 299 strategic airlift aircraft. The programmed fleet of 222 C–17s and 79 C–5s provides a capacity of 33.31 MTM/D, which exceeds peak demand.

By allowing the Air Force to reduce the fleet to 299 aircraft, according to the Air Force, the U.S. Government would avoid paying more than \$1.23 billion in unprogrammed expenditures including maintenance costs and flying hours through fiscal year 2016 and costly investments in avionics upgrades and maintenance for aircraft slated for retirement. In this time of fiscal crisis when we must reduce federal spending, the Department of Defense (DoD) should not be required to spend millions of dollars maintaining aircraft that DoD does not need.

Some have expressed concern about the impact on C–5s. It is important to note that if allowed to reduce the fleet, DoD would retire early-model C–5s (e.g., Alpha Model) and that not all C–5s would be retired. Late-model C–5s will continue to be an important part of the fleet for decades to come, as well as the associated C–5 maintenance and supply chain.

This fleet reduction would allow the Air Force to reinvest approximately \$1.14 billion into C–17 program development, including operation and maintenance, personnel, and increased flying hours for three C–17 Air Reserve Component unit conversions. This fleet reduction would save millions of dollars and ensure that the U.S. continues to have a robust national strategic airlift readiness posture.

I am disappointed that the committee chose not to include the Air Force’s legislative proposal in the President’s budget request for fiscal year 2012 to lower the floor for large cargo aircraft. I will continue to work to repeal this statutory burden on our military.

### **Detainee Compromise**

I applaud the committee for its effort to develop common sense detainee policies. As reported by the committee, I believe the compromise detainee language contains several positive elements. Some examples include:

- Acknowledgement of the authority to detain unprivileged enemy belligerents pursuant to the authorization of the use of force,
- the requirements for certifications relating to transfer of detainees, the prohibition on the use of funds for facilities in the U.S. for detainees,
- the annual detention review,
- the procedures for status determination of unprivileged enemy belligerents, and
- the clarification of right to plead guilty in trial of capital offense by military commission.

I believe these positive aspects of the compromise were strengthened by the adoption of two of my amendments. The first amendment related to the prohibition on the use of funds to construct or modify facilities in the U.S. to house detainees transferred from Guantanamo. According to the original language, this prohibition would have only lasted for fiscal year 2012, but my amendment made this prohibition permanent. I think the American people have been very clear that they do not want terrorists detained in the United States—not just next fiscal year but for years to come. My second amendment adopted by the committee required military custody not just for attacks or attempted attacks against the United States, but also against our coalition partners. This amendment was necessary in order to send a clear message of unity to our coalition partners and enemies alike.

Despite these positive components of the compromise amendment, as well as the two changes that were adopted, three significant problems remain. The first problem is that the compromise language allows unprivileged enemy belligerents to be transferred for trial by an alternative court—including an Article III civilian court. We are at war with violent extremists, including al Qaeda and associated forces, who have killed thousands of Americans and who continue their efforts to murder the innocent. Military tribunals are the appropriate venue for bringing justice to terrorists. These tribunals shield American communities from the security concerns that would accompany a civilian trial in the United States, and military tribunals are better equipped to protect the classified information that often arises in a terrorist trial.

A second significant problem in the compromise relates to who is required to be held in military custody. The current language says a “member of, or part of, al-Qaeda or an affiliated entity and a participant in the course of planning or carrying out and an attack or attempted attack against the United States or its coalition partners.” The incorporation of “and” instead of “or” would result in a significant population of terrorists not being required to be held in military custody. Under the current language, members of al Qaeda who are not currently planning or engaging in an attack would not be required to be held in military custody. For example, spiritual advisors, financial facilitators, body guards, and couriers

not currently planning an attack would not be required to be held in military custody.

The third problem with the compromise language relates to the recidivism waiver. I do not believe the waiver authority should include the ability to send Guantanamo detainees to countries that have released terrorists who have returned to the fight. As Secretary Gates and Under Secretary Vickers have testified, 25% of those released have returned to the fight or are suspected of returning to the fight. I do not believe we should be sending terrorist detainees to countries that have proven themselves unable to prevent recidivism.

Said al Shihri and Abdul Zakir are former Guantanamo detainees who have been released. One is a leader in al Qaeda in the Arabian Peninsula, the other a leader in the Taliban in Afghanistan. If these former Guantanamo detainees or others who could be released via the recidivism waiver kill Americans, it would be very difficult to justify to families of the deceased why we chose to transfer a terrorist to a country with a known recidivism problem. I do not believe the national security waiver should allow transfers to countries with a track record of releasing terrorists who return to the fight.

I look forward to addressing these shortcomings in the detainee compromise on the floor of the Senate. I also look forward to addressing our nation's interrogation policies to ensure our intelligence community—consistent with our values and all applicable law—has the necessary tools to keep us safe.

KELLY AYOTTE.

