

## PRESS RELEASE



**United States Senate  
Committee on Armed Services**

**Carl Levin, Michigan  
Chairman**

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### **SENATE AND HOUSE COMPLETE CONFERENCE ON NATIONAL DEFENSE AUTHORIZATION BILL FOR FISCAL YEAR 2003**

Senator Carl Levin (D-MI) and Senator John Warner (R-VA), Chairman and Ranking Member of the Senate Armed Services Committee, announced today that the Senate and House conferees reached agreement yesterday on the National Defense Authorization Bill for Fiscal Year 2003. The bill authorizes funding for the Department of Defense and the national security programs of the Department of Energy.

“The events following September 11, 2001, have once again shown that the U.S. military is the most capable fighting force in the world,” Senator Levin said. “The conferees have produced a balanced bill that will ensure that our forces have the resources, tools and technologies that they need to deter and, if necessary, prevail in future conflicts.”

“The challenges our nation faces in the world today are unprecedented,” said Senator Warner. “As we conclude this conference, our nation is engaged in an all-out global war against terrorism, and is preparing -- with our allies -- to confront new threats posed by self-proclaimed ‘leaders,’ such as Osama bin Laden and Saddam Hussein. Equally, if not more, threatening are the unknown ‘leaders’ in this unprecedented era of non-state threats. Diplomacy shall always be our first means of deterrence, but we must be ever mindful of the wisdom of our first President, George Washington, who admonished future generations in 1790 that, ‘To be prepared for war is

one of the most effectual means of preserving the peace.’”

Senator Warner added, “With this conference report, we signal our continuing strong support for those who proudly wear the uniform of our armed forces as they bravely protect our freedom at home and around the world.”

### **CONFERENCE REPORT HIGHLIGHTS**

The conferees:

- approved, for the fourth year in a row, a significant military pay raise above the rate of inflation, authorizing an across-the-board pay raise of 4.1%, and an additional targeted pay raise for mid-career personnel that will result in pay raises ranging from 5.5% to 6.5%;
- authorized a new Assignment Incentive Pay of up to \$1,500 per month to encourage service members to volunteer for hard-to-fill assignments;
- authorized an enhanced special compensation for military retirees with 20 or more years of service who incurred a qualifying combat-related disability. A qualifying combat-related disability is any rated disability attributable to an injury for which the retiree was awarded the Purple Heart, or a service-connected disability rated at 60% or higher incurred as a direct result of armed conflict, while engaged in hazardous service, in the performance of duty under conditions simulating war, or through an instrumentality of war. The amount of the compensation is equal to the amount of retired pay forfeited because of receipt of veterans’ disability compensation;
- authorized \$10.4 billion for new construction of military facilities and housing, an increase of approximately \$740.0 million above the requested level;
- added more than \$900.0 million to the Navy’s shipbuilding accounts to support a number of programs, including refueling a nuclear submarine; additional advance procurement of CVN-X, the next generation aircraft carrier and payment for prior year shipbuilding costs of *Virginia*-class submarines; DDG-51 class destroyers; and LPD-17 class amphibious transport docks;
- approved the request of over \$2.0 billion for force protection improvements to DOD installations around the world and required DOD to develop and submit a comprehensive plan to improve the preparedness of military installations to deal with terrorist incidents;
- directed the Department of Energy to study a broad range of options to reduce the threat of radiological or “dirty” bombs; to improve the security of radiological source material; to return Russian-origin weapons-usable material located in other nations to Russia for storage and disposition; and to accelerate the disposition of Russian highly enriched

uranium and plutonium; and

- established the new positions of Under Secretary of Defense for Intelligence and Assistant Secretary of Defense for Homeland Defense.

The conferees also:

- authorized an increase of more than \$375.0 million to the Defense Department's Science and Technology (S&T) budget, bringing the Department closer to the Secretary's goal of 3% of the defense budget for S&T;
- advanced the transformation of the Air Force by fully funding the \$5.2 billion requested by the Department for the F-22, the \$3.5 billion requested for continued research and development on the Joint Strike Fighter, and the more than \$600.0 million requested for Air Force unmanned aerial vehicles;
- approved the budget request of \$141.0 million for Navy and Air Force unmanned combat aerial vehicles (UCAVs), further advancing the Defense Department toward the goal established in the Fiscal Year 2001 National Defense Authorization Act to have one-third of all U.S. military operational deep-strike aircraft be unmanned by 2010;
- required the Secretary of Defense to provide, with the submission of budget justification materials to Congress, performance goals, development baselines, and funding profiles for each block of each ballistic missile defense system that could be fielded;
- required the Joint Requirements Oversight Council to perform a one-time review of the cost, schedule, and performance criteria for ballistic missile defense programs in order to assess the validity of those criteria in relation to military requirements;
- authorized \$7.6 billion for ballistic missile defense programs, but approved a provision that allows the President to allocate \$814.3 million of those funds for either a) research and development of ballistic missile defense programs or b) Department of Defense activities to combat terrorism;
- approved the budget request of \$416.0 million for the Nunn-Lugar Cooperative Threat Reduction (CTR) program, including funding for the destruction of chemical weapons in Russia;
- provided the President with the authority to waive any of the annual certification conditions required before carrying out the CTR program or the Freedom Support Act programs for three fiscal years;
- directed the Secretary of Defense to establish a program which provides the Army with a Future Combat Systems (FCS) non-line-of-sight (NLOS) cannon indirect fire capability to

equip the Objective Force not later than fiscal year 2008, and authorized the reallocation of funds requested for the development of the Crusader field artillery system and an additional \$173.0 million for the FCS NLOS cannon and other indirect fire programs; and

- authorized a National Call to Service enlistment program with unique incentives to encourage individuals to serve the nation by enlisting in the Armed Forces.

The conference recommendations take an important step to ensure the readiness of our military forces by authorizing \$10.0 billion, as requested by the Administration, to fund ongoing operations in the war against international terrorism during fiscal year 2003. These funds would require passage of a subsequent appropriations act by the Congress.

### **SUBCOMMITTEE ON PERSONNEL**

The Personnel Subcommittee focused on continuing the improvements in the compensation and quality of life of the men and women in the Armed Forces, retirees and their families. To address these issues, the conferees:

- for the fourth year in a row, approved a significant military pay raise above the rate of inflation, authorizing an across-the-board pay raise of 4.1%, and an additional targeted pay raise for mid-career personnel that will result in pay raises ranging from 5.5% to 6.5%;
- authorized the active duty end strength requested by the Administration, while expressing the conferees' belief that active duty end strengths should be increased to meet mission requirements;
- authorized a National Call to Service enlistment program with unique incentives to encourage individuals to volunteer to serve the nation by enlisting in the Armed Forces. National Call to Service participants would serve on active duty for 15 months after completion of initial entry training, followed by a service commitment in the active component, reserves, or civilian national service programs. Participants would be offered a choice of incentives at the end of their active duty service: a \$5,000 bonus, educational assistance, or repayment of a student loan;
- authorized an increase in end strength from 4,000 to 4,400 cadets or midshipmen at the service academies;
- authorized an enhanced special compensation for military retirees with 20 or more years of service who incurred a qualifying combat-related disability. A qualifying combat-related disability is any rated disability attributable to an injury for which the retiree was awarded the Purple Heart, or a service-connected disability rated at 60% or higher incurred as a direct result of armed conflict, while engaged in hazardous service, in the performance of duty under conditions simulating war, or through an instrumentality of war. The amount

of the compensation is equal to the amount of retired pay forfeited because of receipt of veterans' disability compensation;

- directed the Secretary of Defense to carry out a quadrennial review of the quality of life of members of the Armed Forces;
- authorized an increase in the basic allowance for housing that will reduce average out-of-pocket expenses for off-post housing to 7.5% in 2002, continuing progress toward the goal of eliminating average out-of-pocket housing expenses by 2005;
- authorized an increase in the basic allowance for subsistence for enlisted members in assigned single Government quarters without access to Government meals;
- authorized a new Assignment Incentive Pay of up to \$1,500 per month to encourage service members to volunteer for hard-to-fill assignments;
- authorized \$35.0 million for impact aid, including \$30.0 million for assistance to local educational agencies and an additional \$5.0 million for assistance to local educational agencies serving children with severe disabilities;
- prohibited requiring or encouraging service members to wear abayas while serving in Saudi Arabia;
- authorized members of the National Guard to use commissary and exchange stores when ordered to duty in a state status in response to a federally declared national emergency;
- extended to 14 years the maximum period that a member of the Selected Reserves can use the Montgomery GI Bill;
- required that health care providers approved for medicare also be considered as approved for TRICARE;
- increased substantially the bonuses and special pays authorized for health care professionals;
- simplified TRICARE claims and required the Comptroller General to evaluate TRICARE claims processing;
- required the Comptroller General to report on TRICARE network health care provider turbulence; and
- required the Secretary of Defense and the Secretary of Veterans Affairs to improve sharing of health care resources.

## **SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT**

The Readiness Subcommittee oversees military readiness issues including training and exercises, logistics, industrial operations including depots and shipyards, military construction, and environmental programs, as well as policies and procedures related to the reform of management practices at DOD. The conferees emphasized supporting the readiness of U.S. forces, improving the quality of facilities where service members live and work, and increasing efficiencies across Department of Defense operations.

The conferees supported DOD's requested increases for training and operating budgets, as well as for maintenance and repair of existing facilities. The conferees also authorized \$10.4 billion for new construction of military facilities and housing, an increase of approximately \$740.0 million above the requested level.

The conferees also provided numerous legislative provisions to improve management and oversight of the Department of Defense. The provisions would:

- require improved management and greater competition for the \$50.0 billion of service contracts awarded by the Department each year and include up to \$600 million in savings to be achieved through the implementation of these improvements;
- achieve \$400.0 million in savings by deferring expenditures on upgraded financial management and feeder systems until the Department completes a comprehensive plan to ensure that the expenditures will not be wasted;
- require the Department of Defense to adopt improved management controls to address abuses of purchase cards and travel cards by DOD employees;
- require the Department of Defense to institute a more disciplined process for evolutionary acquisition and spiral development of major defense acquisition programs by issuing guidance and instituting a process for the approval of acquisition plans;
- reinforce the requirement in last year's National Defense Authorization Act that made the Department of Defense, rather than Federal Prison Industries (FPI), responsible for determining whether FPI products meet the Department's needs and authorized the Department to seek competitive bids on products produced by FPI;
- require the Department of Defense to track its purchases of each category of products and services that have been determined to be environmentally preferable or made with recycled materials and to report annually to Congress on the progress achieved;
- require the Department of Defense to establish a single point of contact for addressing environmental problems caused by unexploded ordnance and related constituents on current and former military facilities;

- require the Department of Defense to designate an official responsible for coordinating efforts across the Department to prevent and mitigate the corrosion of military equipment and facilities. The conferees added \$11.0 million to test promising new anti-corrosion technologies and pursue programs proven to reduce corrosion of military equipment; and
- authorize an additional \$85.4 million for ammunition war reserves and training requirements of the services.

In order to ensure that our forces can continue to use their training ranges effectively, the conferees:

- authorized exemption of the Department of Defense from the Migratory Bird Treaty Act in the event of the incidental taking of migratory birds during authorized military readiness activities, while requiring the Department to take appropriate actions to avoid any unnecessary takings and to monitor the impact of authorized activities on affected categories of migratory birds;
- authorized the Department of Defense to enter into partnerships with non-federal entities to create buffer zones to preclude further development around military installations and to convey surplus property around military installations to entities that will use the property for resource conservation purposes that would not interfere with DOD's training; and
- authorized \$7.2 million to remove residue from ranges, improve range management, and acquire improved targets.

The conferees also prohibited the base closure commission from recommending the closing of a base not recommended for closure by the Department of Defense during the 2005 base closure round unless at least two commissioners have visited that base, thereby ensuring that the practice of commissioners visiting any bases they add to the Department's list would be continued in the 2005 round.

### **STRATEGIC SUBCOMMITTEE**

The Strategic Subcommittee has jurisdiction over the national security space programs, strategic forces, ballistic and cruise missile defense programs, intelligence, surveillance and reconnaissance programs, and Department of Energy (DOE) nuclear and environmental programs.

The conferees continued to support the modernization programs for the strategic bomber forces to improve their conventional capabilities. Specifically, the conferees authorized an additional \$72.0 million to upgrade the B-2 bomber; authorized an additional \$10.0 million to modernize the B-52 bomber; and approved the budget request of \$260.7 million for the modernization programs for the B-1 bomber.

The conferees also:

- authorized an additional \$23.0 million to modernize the Minuteman III ICBM and to down-load the missile to a single warhead configuration consistent with the Nuclear Posture Review;
- authorized \$7.6 billion for ballistic missile defense programs, but approved a provision that allows the President to allocate \$814.3 million of those funds for either a) research and development of ballistic missile defense programs or b) Department of Defense activities to combat terrorism;
- required the Secretary of Defense to provide, with the submission of budget justification materials to Congress, performance goals, development baselines, and funding profiles for each block of each ballistic missile defense system that could be fielded; and
- required the Joint Requirements Oversight Council to perform a one-time review of the cost, schedule, and performance criteria for ballistic missile defense programs in order to assess the validity of those criteria in relation to military requirements.

For programs at the Department of Energy (DOE) the conferees:

- directed the Secretary of Defense and the Secretary of Energy to review the current nuclear test readiness posture of the U.S. and to recommend the appropriate test readiness level and the cost and schedule necessary to achieve it;
- authorized the budget request of \$15 million for the Robust Nuclear Earth Penetrator (RNEP), but prohibited expenditure of these funds until the Secretary of Defense submits a report setting forth the requirement for, the employment policy for, and potential conventional alternatives to the RNEP;
- authorized almost \$1 billion to fund the Administration's accelerated defense environmental cleanup initiative, entitled the Environmental Management Cleanup Reform program;
- extended the authority of DOE to provide contractor indemnification under the Price-Anderson provisions of the Atomic Energy Act through December 31, 2004; and
- provided authority to DOE to assess civil penalties or contract penalties against contractors who do not comply with regulations to ensure industrial and construction health and safety of workers at DOE sites.

### **SUBCOMMITTEE ON SEAPOWER**

The Subcommittee on Seapower has jurisdiction over all Navy and Marine Corps



programs, including aviation programs. In this area the conferees:

- approved more than \$9.6 billion in requested procurement funding for such major programs as the two DDG-51 *Arleigh Burke*-class destroyers, one SSN-774 *Virginia*-class attack submarine, one T-AKE auxiliary cargo and ammunition ship, one LPD-17 amphibious transport dock, continued funding for the LHD-8 amphibious assault ship, ship overhauls and conversions, and completion of prior year shipbuilding programs. The conferees also approved more than \$3.0 billion in requested funding for 12 C-17 strategic airlift aircraft;
- authorized an increase of \$488.0 million in Navy accounts to pay for increased costs of prior year shipbuilding programs, including:
  - S \$213.0 million for *Virginia*-class attack submarines;
  - S \$150.0 million for LPD-17 dock landing ships; and
  - S \$125.0 million for DDG-51 *Arleigh Burke*-class destroyers;
- authorized an increase of \$229.0 million for continuing the CVNX-1 aircraft carrier program on the same schedule as the Navy planned last year, with a contract award in fiscal year 2006;
- added more than \$230.0 million to the budget request in additional funding to sustain readiness programs, including:
  - S \$200.0 million to refuel and keep in active service an additional *Los Angeles*-class attack submarine that would otherwise be retired early;
  - S \$11.3 million for C-17 maintenance trainers;
  - S \$8.0 million to provide more reliable ship equipment monitoring systems;
  - S \$22.5 million for upgrading the software in submarine sonar systems operating with commercial off-the-shelf (COTS) hardware; and
  - S \$10.0 million to upgrade less reliable combat control systems on submarines; and
- authorized additional funding above the budget request to improve the ability to meet non-traditional threats, including:
  - S \$26.0 million for modifications to the capability of the P-3 aircraft to support operations in littoral environments, shifting emphasis from blue water threats;
  - S \$5.0 million for the upgrades to the Close-in Weapons System (CIWS) to permit ships to defend themselves better against small boat and helicopter threats; and
  - S \$20.0 million for improving and buying more decoys that will enable Navy vessels to defend against challenging cruise missile threats.

**AIRLAND SUBCOMMITTEE**

The Airland Subcommittee has jurisdiction over the policies and programs for the Army and the Air Force, as well as the tactical aviation of all the services. The conferees endeavored to accelerate transformation programs, while also promoting readiness to respond to near and mid-term threats.

The conferees approved the requested funding for a number of major weapon systems, including:

- \$5.2 billion to build 23 F-22 Raptor aircraft and continue F-22 development;
- \$212.0 million for 35 Joint Primary Training aircraft for the Air Force;
- \$3.47 billion for continued development of the Joint Strike Fighter;
- \$914.9 million for the Comanche helicopter;
- \$691.4 million for the Abrams tank; and
- \$681.4 million for the Family of Medium Tactical Vehicles.

The conferees also authorized significant additional funding above the budget request for transformation programs, service readiness, and non-traditional capabilities. These included:

- \$264.7 million for 20 Blackhawk helicopters, including an increase over the President's budget request of \$111.3 million for 6 UH-60L Blackhawk helicopters and 2 HH-60L MEDEVAC helicopters, and \$15.0 million for one UH-60 Blackhawk simulator;
- \$44.7 million for 180 Guided Multiple Launch Rockets, an increase of \$15.0 million over the President's budget request;
- \$939.0 million for Stryker Armored Vehicle development and procurement, an increase of \$3.0 million over the President's budget request;
- \$457.1 million for Bradley Fighting Vehicle upgrades, including an increase of \$60.0 million over the President's budget request to upgrade 45 Bradley AO vehicles to the A2ODS configuration for the Army National Guard;
- \$227.9 million for High Mobility Multipurpose Wheeled Vehicles (HMMWV), including an increase of \$31.1 million over the President's budget request for up-armored HMMWVs;
- \$251.8 million for the Family of Heavy Tactical Vehicles, including an increase of \$9.0 million over the President's budget request for the Movement Tracking System;
- \$164.9 million for development of the Future Combat System, an increase of \$105.0 million over the President's budget request;
- \$3,384.5 million for F/A-18E/F aircraft, including an increase of \$240.0 million to buy 4 additional aircraft, for a total purchase of 48 aircraft in fiscal year 2003, supporting more

efficient procurement under the current multiyear procurement contract;

- \$267.5 million for modification to the EA-6B Electronic Attack aircraft, an increase of \$44.0 million to the President's budget request for center wing section repairs and electronic attack equipment;
- an additional \$42.5 million for 6 Joint Primary Training aircraft and simulators for the Navy;
- an additional \$87.0 million for the procurement of an EC-130J aircraft;
- an additional \$20.0 million for Litening targeting pod upgrades for the Air National Guard;
- an additional \$8.1 million for the Panoramic Night Vision Goggles for the Air Force; and
- an additional \$15.0 million to accelerate the development of an extended range variant of the Air Force Joint Air-to-Surface Standoff Missile.

In addition, the conferees:

- directed the Secretary of Defense to establish a program which provides the Army with a Future Combat Systems (FCS) non-line-of-sight (NLOS) cannon indirect fire capability to equip the Objective Force not later than fiscal year 2008, and authorized the reallocation of funds requested for the development of the Crusader field artillery system and an additional \$173 million for the FCS NLOS cannon and other programs;
- adopted a provision stating that the Secretary of the Air Force shall not enter into any lease for tanker aircraft until the Secretary submits the report outlining the plans for the program required by section 8159 of the DOD Appropriations Act for Fiscal Year 2002 and obtains authorization and appropriation of funds necessary to enter into a lease for such aircraft, consistent with his publicly stated commitments to the Congress to do so;
- directed the Chief of the National Guard Bureau to submit a report through the Chief of Staff of the Army on the impact of the Army Aviation Modernization Plan on the Army National Guard;
- directed the Secretary of the Army to submit a quarterly report, for fiscal year 2003, on the cost, schedule, performance, goals, milestone events and significant events accomplished in the RAH-66 Comanche aircraft program;
- directed the Secretary of the Army to submit a report on the Army's experimentation program regarding the design of the Objective Force;

- authorized the Secretary of the Army to enter into a 5 year multiyear procurement contract for the Family of Medium Tactical Vehicles (FMTV) provided that all key performance parameters required in the initial operational test and evaluation have been met and a cost savings of at least 10% of the procurement of FMTV trucks under the program over 5 fiscal years using multiyear procurement contracting authority measured against the procurement of the same number of vehicles using annual contacts is achieved; and
- approved multiyear authority for the Air Force and Marine Corps to buy new C-130J and KC-130J aircraft under a six-year multiyear procurement contract in order to gain a projected \$650.0 million in savings as compared to buying the aircraft on an annual basis.

### **SUBCOMMITTEE ON EMERGING THREATS AND CAPABILITIES**

The Emerging Threats and Capabilities Subcommittee oversees programs and policies to improve the ability of the armed services to meet nontraditional threats, including terrorism and weapons of mass destruction, and to promote the transformation of the armed services to meet the threats of the 21st Century. In these areas, the conferees approved:

- an initiative to address budget shortfalls and organizational shortcomings in the Department's test and evaluation infrastructure. As a part of this initiative, the conferees included provisions that would:
  - S** establish a new Test and Evaluation Resource Center, which would be responsible for developing a strategic plan for DOD test and evaluation resources and providing independent oversight of the adequacy of proposed DOD budgets for test and evaluation resources;
  - S** establish an objective of fully funding the institutional and overhead costs of the Major Range and Test Facility Base through direct appropriations by no later than fiscal year 2006; and
  - S** require the Department to establish a single financial management and accounting system for test and evaluation facilities, develop a plan to improve the test and evaluation workforce, and report to Congress on any waivers or deviations from established testing requirements.
- a provision requiring DOD to develop and submit a comprehensive plan to improve the preparedness of military installations to deal with terrorist incidents;
- legislation that will accelerate the transition of new defense technologies from laboratories into the hands of the military;
- legislation that will help small businesses provide their innovative technologies for

combating terrorism to the Department; and

- legislation that will help the Department address critical workforce shortages so that defense labs can hire and retain the finest technical talent available.

To help ensure that our military is prepared to face the challenges and threats of the 21st century, the conferees:

- approved the President's budget request of \$416.7 million for the Nunn-Lugar Cooperative Threat Reduction (CTR) program, including funds for destruction of chemical weapons in Russia;
- approved \$1.1 billion for Department of Energy proliferation prevention and threat reduction programs and transferred the Russian plutonium production reactor shutdown program from the Department of Defense to the Department of Energy;
- added over \$375.0 million for high priority science and technology programs that will be the foundation of the next generation of military systems;
- authorized an additional \$88.5 million for Test and Evaluation facilities and programs;
- added over \$200.0 million for Army science and technology accounts to develop the new technologies in robotics, precision munitions, computers and communications to develop the Army's Objective Force;
- approved an increase of \$105.0 million for research and development on the Army Future Combat System;
- added \$36.0 million for development of fuel cell technology for stationary and vehicle applications;
- added \$65.3 million for advanced vehicle technologies, including hybrid technology to support Army transformation efforts;
- added nearly \$50.0 million for DOD investments in basic research (conducted in collaboration with universities and national laboratories) to develop next generation military capabilities and help train tomorrow's scientific leaders;
- added \$57.0 million to the budget request for Special Operations Command to address training shortfalls and pressing equipment needs of the operators;
- added \$30.0 million for DOD research and development and procurement related to managing the consequences of incidents involving weapons of mass destruction;
- authorized the budget request of \$1.4 billion for research, development and procurement

for Chemical and Biological Defense programs and approved more than \$100.0 million in additional funding for a number of innovative and leading technologies to defend against chemical and biological weapons;

- added \$23.5 million for DOD support for National Guard counter-drug activities; and
- approved the budget request of \$1.5 billion for chemical weapons demilitarization in the United States.