91-101-1791

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

September 20, 1991

The Honorable Les Aspin
Chairman, Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the two Houses meet in conference on the National Defense Authorization Act for Fiscal Years 1992 and 1993 (H.R. 2100), I would like to convey the Administration's views on the House bill and the Senate amendment. The greatest shortcomings in the legislation are those identified in the President's letters to Congress during the year, including B-2 Stealth bomber program reductions, Strategic Defense Initiative reductions, and excessively large active and reserve components of the armed forces. The unparalleled survivability, autonomous operation, very long range, tremendous firepower and employment flexibility of the B-2 make it an essential element of U.S. forces of the future. Also, the capability to defend against ballistic missiles with the SDI programs grows increasingly important, as the experiences of the past year demonstrate.

With the changes in the world situation and the reduced resources devoted to the national defense, we have developed carefully plans for reducing the size of the armed forces while maintaining their capabilities. If the Congress fails to enact the vital Military Voluntary Separation Incentive Act, prohibits involuntary separations from the armed forces, and requires excessively large Reserve and Guard forces, too much of the limited funding available for the national defense would be absorbed paying personnel we could no longer afford to train and equip effectively. What we need is a smaller, but highly trained and well-equipped force for the future.

Provisions of the House bill or the Senate amendment would divert funding from top priority programs, such as the B-2 bomber, SDI, the C-17 airlifter, and airborne reconnaissance, to provide excessive funding for items such as the F-16, V-22, remanufactured F-14 aircraft, Reserve equipment and construction, SEA LANCE and SLAM missiles, M-1 tanks, and OH-58D helicopters. Congressional misallocation of funds both wastes resources in the current budget years and creates large requirements for future funding that impose an unacceptable burden on the taxpayers. Also, the House bill's prohibition on moving an aircraft wing to Crotone, Italy and provision of insufficient funding for the NATO infrastructure program would damage the NATO alliance.

The Administration strongly opposes provisions in the Senate amendment to establish ill-advised organizational arrangements for defense intelligence activities and counterproductive, and in some aspects constitutionally questionable, restrictions on the protection of information in special access programs. We urge also that the conference reject provisions to change the base closure laws and to establish an industrial policy for technology development. The Administration also strongly opposes provisions in the House bill that would lift controls on defense contractor expenditure of taxpayers' money for independent research and development. We urge the conferees to reject restrictions on cost-cutting competition in weapons maintenance and on our supply inventory improvements.

We will weigh heavily the actions of the Congress on these matters in advising the President whether to approve or veto the defense authorization bill that is ultimately presented to him. This letter outlines many, but not all of our concerns with the legislation. We urge the conferees to support the Administration's budget submission in preparing the final bill, in particular with respect to the B-2 program, the SDI program, and the size and personnel management of the armed forces.

Sincerely,

Dick Cheney #350

Department of Defense

FY 1992
Appeal to the
Authorization Conferees

#350

September 9, 1991

For Additional Information:
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697-2125

AUTHORIZATION CONFERENCE APPEAL

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OPERATIONS,

PERSONNEL &

REVOLVING FUNDS

APPEAL

ITEMS

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Administration of Uniformed Services Treatment Facilities (USTF)

Language/Provision: The Senate included a provision (Sec. 711) which changes the designation of a USTF and changes the flow of funding to a USTF. The House did not address this issue.

DoD Position: As written, the Senate provision will allow the designation of additional Uniformed Services Treatment Facilities (USTF), which the Department opposes. The provision should allow for the establishment of satellite facilities associated with a USTF under the Managed Care Plan. Such satellite facilities will allow the USTF to expand the level of health care services in order to satisfy the requirements of the Managed Care Plan. Satellite facilities will become integral components in the health services delivery network within the USTF service area. Satellite facilities will not be reimbursed separately from the USTF. Allowing the establishment of satellite facilities will occur only after the USTFs have implemented, and are treating patients under, the Managed Care Plan.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Assignment of Tactical Airlift Mission to Air Reserve Components

Language/Provision: The House included a provision (Sec. 122) which repeals Sec. 1438 of the National Defense Authorization Act for FY 1991/1992. Section 1438 required that, not later than September 30, 1992, the Secretary of Defense assign the tactical airlift mission to the Air Force Reserve and the Air National Guard. The Senate did not address this issue.

DoD Position: The transfer of the total theater airlift mission to the Air Reserve Component (ARC) would reduce capability for short-fuzed contingencies by requiring immediate mobilization to support even the smallest contingency. The lower ARC activity levels would also mean reduced Joint Airdrop and Air Transportability Training in support of Army peacetime training. Support of continuing tactical airlift needs in Europe, the Pacific and the Southern Region would present significant complications that would greatly detract from mission accomplishment. Permanent active duty presence overseas would not be possible in its present form. The ARC does not desire to be the sole owner of a weapon system or mission because the ARC is not structured to assume the overwhelming burden of logistical, research and development, and acquisition support required of a sole owner. The current active/ARC relationship works well because it exploits the strengths of each component. The advantages of this relationship dictate that we retain an active presence in the tactical airlift mission. Therefore, the Department urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Burdensharing Contributions by Korea

Language/Provision: The Senate included a provision (Sec. 1118) which provides the authority to accept burdensharing contributions, in the form of cash, from the Republic of Korea for the costs of compensation of local national employees of the Department of Defense in the Republic of Korea and the costs of military construction projects of the Department of Defense in the Republic of Korea. The House did not address this issue.

DoD Position: The authority provided by the Senate provision will facilitate and encourage burdensharing efforts within the Department. Burdensharing arrangements with other host nations are being actively pursued by the Department in its efforts to transfer and reduce costs of operating U.S. forces overseas. These burdensharing arrangements include recoupment of the costs of supplies and services. The Department urges the conferees to support the Senate proposal but to amend the language to allow the collection of contributions provided by the government of Japan for the costs of supplies, utilities, and other services.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: CHAMPUS Disabled Patients Benefit

Language/Provision: The Senate included a provision (Sec. 706) which would expand CHAMPUS coverage to include certain Medicare participants. This provision would permit CHAMPUS coverage for those beneficiaries who are determined to be disabled. The provision also permits CHAMPUS coverage for those beneficiaries whose disability onset occurs after age 65 is reached. In addition, the provision would be implemented retroactively, requiring payment for benefits or services received by a beneficiary who is determined to be disabled, apparently reaching back to the beginning of the CHAMPUS program. It appears that the language does not require coverage under Medicare Part B. The House included no similar provision.

DoD Position: The Senate provision would greatly expand CHAMPUS coverage. The provision contains several components which would be impossible to administer within the next year, and the cost to install a system to track beneficiaries and pay benefits would be prohibitive.

The Department estimates the cost of this provision with respect to making CHAMPUS second payer to Medicare would be over $75 million in FY 1992. If the retroactive portion of the provision is retained, and if enrollment in Medicare Part B is not mandatory, this cost would increase by at least $170 million. If eligibility does not stop at age 65, the annual estimate could increase to over $700 million. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Commissioning of Army Physician Assistants

Language/Provision: The House included a provision (Sec. 501) which supports the Department's request in creating a physician assistant section within the Army Medical Specialist Corps. The provision also requires that Army physician assistants be commissioned and that the Secretary of the Army appoint current Army warrant officer physician assistants in a grade commensurate with their training and experience. The Senate included no similar provision.

DoD Position: The Department supports the House provision. Physician assistants are an integral part of the Department's health care system in both peace and war. Their contributions as physician extenders are important in reducing CHAMPUS referral costs and in providing a significant portion of outpatient care at military hospitals and clinics. Commissioning Army physician assistants would also create equity within the Department, since similarly qualified physician assistants serve as commissioned officers in the Navy and Air Force. Commissioning also would recognize their comparability with other commissioned nonphysician health care providers. Therefore, the Department urges the conferees to support the House provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Defense Business Operations Fund

Language/Provision: The Senate approved implementation of the Defense Business Operations Fund (DBOF) in FY 1992 except capitalization of major construction. The House, in Section 341, prohibited the implementation of any elements of the proposal to establish a DBOF. The House stated its support for the DBOF concept but expressed concern about the availability of DBOF policies and procedures and the availability of financial information required to fulfill congressional oversight responsibilities.

DoD Position: The Senate action will allow the Department to begin implementing the plan to improve Defense management. Implementation of this approach to financial management for the Defense support establishment is key to determining the results of the many reforms included in the Defense Management Report. The Defense Business Operations Fund (DBOF) is an expansion of the revolving fund concept which has been in place for forty years.

In FY 1992, the DBOF will primarily be comprised of activities that are in the existing revolving funds and thus will involve minimal change in procedures. However, getting the new structure in place is an important step to instilling a cost conscious approach to the Department's support functions. Establishment of the DBOF will help realize a number of important objectives shared by the Department and the Congress.

First, it will make the cost of weapons system support more visible, and the level of support more directly related to the requirements of the operating forces -- the customers of the DBOF.

Second, with its increased visibility of all of the costs of a business area, DOD managers will have a better financial management tool to operate with. It is essential that we significantly reduce the cost of our support establishment. With this improved visibility and better tools we expect to see significant reductions in cost.

Third, the Congress will have better information with which to meet its oversight responsibilities. The Senate has expressed its frustration in the past at the difficulty of relating support costs to weapons systems or the operating forces. This revolving fund concept provides that relationship while enhancing visibility over the support operations themselves.

Fourth, the combining of all of the business areas into one fund, (while retaining their identity) will significantly reduce the cost of the financial operations of these business areas, particularly as it relates to transactions within the fund.

DBOF can be implemented in FY 1992 and will enable the Department to respond to many of the previously stated objectives of the Congress. DBOF represents a powerful message to the DOD workforce on the need to reduce the cost of doing business. The Department urges the conferees to adopt the Senate position.

9 September 1991

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Depot Maintenance Workload Competition

Language/Provision: The House included a provision (Sec. 322) which amends 10 U.S.C. 2466, by barring the Secretary of the Army and the Secretary of the Air Force from competing workloads between themselves or with private industry for annual values less than $5 million or more than $15 million. The Senate included a provision (Sec. 313) which extends the depot maintenance workload competition pilot program. This section would also repeal 10 U.S.C. 2466, which currently prohibits the Army and the Air Force from competing depot maintenance tasks between the Army and the Air Force or between the Army or the Air Force and a private contractor.

DoD Position: The Navy has been authorized to compete workloads among their depot maintenance facilities and private industry. They have reported substantial successes in this area, including monetary savings. Placing constraints on the participation of the Air Force and the Army in competitions will eliminate a potential source of significant savings in future Defense budgets and will preclude the Army and the Air Force from meeting savings goals for FY 1992 and future years. The Department believes that repeal of Section 2466 is needed to enable the full realization of our commitment to save $3.9 billion in depot maintenance through FY 1995. Therefore, the Department urges the conferees to support the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Drug Interdiction OPTEMPO & Other Counter-Drug Activities

Appropriations: Drug Interdiction & Counter-Drug Activities, Defense

Summary: The House reduced the Department's request for Drug Interdiction OPTEMPO by $12.0 million, and earmarked $40 million for items not requested by the Department. The Senate reduced funding for optempo by $40.0 million and earmarked $53.1 million for items not requested by the Department.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Drug Interdiction	1,158.6	1,133.7	1,158.6	1,158.6
(Drug Interdiction OPTEMPO)	(302.2)	(290.2)	(262.2)	(302.2)
(Spt to Law Enforcement	(0)	(40.0)	(40.0)	(0)

DoD Position: Both the House and Senate reductions to OPTEMPO will force a reduction in the Services' training and readiness programs. When the central account for drug interdiction was established, OPTEMPO funding was transferred from the Services' accounts in order to identify the total contribution of the Department to the counter-drug effort. The OPTEMPO funds in the drug account provide a portion of the training required to maintain readiness. If the OPTEMPO requirements for the drug program do not materialize, the flying hours and steaming days are still required for training and costs will have to be offset from within a fiscally constrained operation and maintenance budget.

In addition, the earmarking of funds by the House and Senate will force a reduction of funding for critically important counter-drug projects. The projects justified in the Department's FY 1992/1993 Justification of Estimates are important to the Department's overall contribution in support of the President's National Drug Control Strategy.

The Department believes that the Congress should not earmark an additional $40 million for support to Federal, State, and Local law enforcement agencies. The Department has budgeted for and will provide substantial support to law enforcement agencies (LEAs) within its requested program. Examples include: $154 million for National Guard support to local, state, and federal agencies; $30 million for RDT&E initiatives; $22 million for training-related support activities on the Southwest Border; and classified intelligence initiatives in direct support of the various law enforcement agencies. Earmarking an additional $40 million for the LEAs in order to fund unprogrammed LEA unique requirements leads to understating the requirements and actual expenses of other agencies in conducting their assigned missions, and it distorts the Department's own contribution to the drug program.

The Department urges the conferees to support the President's budget request.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Foreign Currency Fluctuation

Language/Provision: The Senate reduced the Department's request by $796.6 million in FY 1992 and $768.4 million in FY 1993 due to anticipated changes in the foreign currency exchange rates. The Senate based their analysis on the exchange rates on June 17, 1991. The House did not make these reductions.

DoD Position: Foreign currency exchange rates have proven to be extremely volatile in the past, and there is no indication that the current rates will remain constant through the next two fiscal years. Since February of this year the effect of exchange rate fluctuation on the FY 1992 program has ranged from a shortfall of $191 million to a surplus of $809 million. If the Senate reduction is implemented, the Department will be underfinanced by $109.8 million in FY 1992 and $104.6 million in FY 1993 based on the rates in effect on August 26, 1991. If the U.S. dollar falls further, the Department would be forced to reduce readiness-related operating programs to accommodate the increased cost. The current balance in the Foreign Currency Fluctuation, Defense Account is only $40 million, an amount insufficient to resolve significant shortfalls.

The Department urges the conferees to support the House position. Consistent with this action, the Department will execute programs at the budgeted foreign currency rates. Any savings derived from favorable fluctuations occuring during execution will be transferred to the Foreign Currency Fluctuation, Defense, account to enable restoration of the corpus to an adequate insurance level.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Foreign National Civilians

Appropriations: Operation & Maintenance: Army, Navy, Air Force, Defense Agencies

Summary: The House reduced the Department's funding request for foreign national employment by $202 million and included a provision (Sec. 1035) which establishes indirect hire end strength ceilings of 57,459 for FY 1992, 38,306 for FY 1993, and 19,153 for FY 1994 and thereafter. The reduction is based on the perceived lack of compliance with the 25 percent reduction mandated by the National Defense Authorization Act for FY 1991. The Senate did not make similar reductions.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
O&M, Army	1,695.0	1,585.0	1,695.0	1,695.0
O&M, Navy	290.9	240.9	290.9	290.9
O&M, Marine Corps	65.1	65.1	65.1	65.1
O&M, Air Force	395.0	365.0	395.0	395.0
O&M, Defense Agencies	47.0	35.0	47.0	47.0
Total	2,493.0	2,291.0	2,493.0	2,493.0

DoD Position: The House action will prevent orderly management of the drawdown of U.S. forces overseas, and will complicate foreign base closures and impact the quality of life of the U.S. soldiers and their family members. Foreign nationals play a critical role in maintaining and sustaining overseas military operations. The majority of them are in occupations that provide direct operation and maintenance and family support. Mission requirements could be degraded by reductions of this magnitude. And further foreign national reductions could create serious relationship problems with host nations, which are critical as we redefine the U.S. role in Europe.

As U.S. forward-deployed forces are reduced, it is critical that the Department be allowed to manage these reductions in cooperation with U.S. allies and commensurate with reduced workload and increased host nation burdensharing. The Department agrees that host nations should bear a fair share of the Defense burden, and burdensharing proposals are being considered to offset foreign national costs. The level of foreign national employment is being reduced. The foreign national work force in the Department's request reflects a decline from 113,500 in FY 1990 to 100,600 (-11 percent) in FY 1992 and to 97,200 (-14 percent) in FY 1993. By comparison, the U.S. direct hire work force declines by only 6 percent in FY 1992 and 8 percent in FY 1993 from the FY 1990 level. And efforts to replace displaced foreign nationals with U.S. civilians would be prohibitive since U.S. direct hire civilians generally cost up to 60 percent more than foreign nationals.

Even though foreign national employees are financed in various Defense appropriations, the House applied the entire foreign national reduction of $202 million to the Operation and Maintenance appropriations which finance approximately 87 percent of the foreign national work force. Therefore, the Department urges the conferees to support the Senate position and fully support the Department's request for foreign national civilians.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Foreign National Employees' Separation Pay Account

Language/Provision: The House included a provision (Sec. 1003) which supports the Department's request to establish an account for foreign national employees. The Senate did not address this issue.

DoD Position: The Foreign National Employees' Separation Pay Account will be used for the accumulation of funds to finance obligations of the United States for separation pay for foreign national employees of the Department of Defense. This account is made necessary by the M-account reforms included in the National Defense Authorization Act for FY 1991 (P.L. 101-510). The Department urges the conferees to support the House position and authorize establishment of this account.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Independent Study of Active and Reserve Force Structure

Language/Provision: The House included a provision (Sec. 402) which requires the Secretary of Defense to have an independent source prepare a study of active and reserve force structure and of required end strength reductions. The study would include: assessment of Total Force Policy in the Persian Gulf, revisions to active and reserve missions, optimal military force structure to meet threats described in net assessments, assessments of cost tradeoffs, and specific rationale for structure and end strength reductions for both active and reserve. The House believes this study is necessary to answer questions not addressed by the recently completed Total Force Policy Study. The Senate did not address this issue.

DoD Position: A study of this type would duplicate the efforts of numerous recent and ongoing studies addressing these issues. An additional study in this area would not serve any useful purpose.

Within the past six months the Department has completed and forwarded the "Total Force Policy Report to the Congress", as required by the FY 1990 Defense Authorization Act, and the FY 1992-93 President's Budget. Both of these reflected active and Reserve force structure and manpower strengths based on a new defense strategy. That strategy and the rationale for active and Reserve strength projections have been provided to the Congress on numerous occasions.

Title V of the Persian Gulf Supplemental Appropriations Act requires a report on the conduct of the war in the Gulf. This report will address many of the issues identified in the House bill including: effectiveness of reserve component forces, integration of Reserve forces and equipment into the Active force, use and performance of Reserves in and out of theater, and the decision making process regarding uses of Reserves. This effort will provide a review of Total Force policy with respect to the Gulf War.

In addition, the Army is conducting the Total Army Force Evolution Study II, the Reserve Component Employment Strategy Study, the Expansibility Study, and the Cadre Division Study. The Army is also in the final stages of preparing a paper addressing active/reserve mix. The Air force and Navy are conducting a thorough review of these same issues.

In view of the exhaustive and continuing analysis of Active and Reserve force structure, the Department urges the conferees to exclude this requirement.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Initial Appointment of Officers in the Reserve Component

Language/Provision: The Senate included a provision (Sec. 501) which requires that all officer appointees be granted Reserve component commissions, regardless of commissioning source. The Senate believes this would provide equity by allowing all active duty commissioned officers to compete for regular commissions based on demonstrated performance and potential. The House does not include a similar provision.

DoD Position: The Department does not believe that there are any advantages to be gained by legislating a change to current law concerning officer commissions. A Regular commission is granted to service academy graduates and the top graduates of ROTC and Officer Candidate/Training Schools based on demonstrated performance and potential while enrolled in the precommissioning program. All enrollees in each program can compete for the Regular commission, and officer candidates recognize that competition for such commissions begins up to four years prior to accession to active duty. This provides an equal opportunity for Regular commissions while recognizing the high level of competition and qualification needed to sustain the rigors of an arduous 4-year military/academic environment at the academies, and the highly competitive and selective distinguished military graduate programs for other commissioning sources. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Integrity of Promotion Selection Process

Language/Provision: The Senate included a provision (Sec. 511) which prescribes uniform regulations governing information furnished to selection boards, disclosure of recommendations of selection boards, and screening of officers for consideration by selection boards. The provision would also establish procedures for removing an officer from a report of a selection board based on information not presented to that board. The House did not address this issue.

DoD Position: The Department has recently reviewed and tightened the promotion selection process, particularly with respect to information available to promotion boards. The Senate provision is unnecessary, overly regulatory, and should be deleted in conference.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Inventory Acquisition Funding

Appropriations: Operations and Maintenance: Army, Navy, Air Force, Defense Agencies

Summary:
The House reduced the Department's Operation & Maintenance request for inventory acquisition by $365 million. Last year a General Accounting Office report stated that $34 billion in unneeded inventory existed in the Department, and the House believes that "there now are indications that the size of this inventory and the magnitude of the problems are much greater than anticipated." The Senate made no similar reductions.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Army O&M	21,887	21,797	21,887	21,887
Navy O&M	23,934	23,824	23,934	23,934
Air Force O&M	20,351	20,211	20,351	20,352
Defense Agencies O&M	8,795	8770	8,795	8,795

DoD Position: The House action does not help the Department to achieve its goal of reducing unneeded inventories, and does, in fact, exacerbate the problem. Reductions to customer funding have no direct impact on inventory, but have a direct and significant impact on readiness. These reductions to already diminished operating funds will prohibit the Services from making purchases from the stock fund of repair parts, fuel, and other items necessary to keep equipment operational. As readiness decreases, inventory will increase as items needed by operational units languish on the shelf in the supply depots.

The Department believes reduction of inventories can only be achieved by prudent management of the stock fund. To this end, the Department initiated the DoD Inventory Reduction Plan (IRP) in May 1990. The plan includes a limit on the authority of the stock funds to buy additional inventory to only eighty percent of what is sold to their customers. This policy insures that inventories are reduced but allows purchases to continue to be made to sustain readiness. However, this policy needs to be flexible and is useful only in the short run. Once inventories are reduced, purchases by the stock fund must be allowed to be made to meet customer requirements. The March 1991 IRP Progress Report pointed out that, due to the aggressive actions undertaken through the IRP, the portion of the total inventory termed "inactive" decreased from $34 billion at the end of FY 1989 to $29 billion at the end of FY 1990. In addition, total inventory decreased in the same period from $109.5 billion to $101.9 billion. Recent General Accounting Office audit work has explicitly acknowledged the comprehensive DoD effort to reduce inventories and the good results being produced.

The Department believes the IRP is working and urges the conferees to fully fund these readiness-related purchases of supplies and equipment from the stock fund.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Inventory Acquisition Restrictions

Language/Provision: The Senate included a provision (Sec. 323) which would prohibit the Department from incurring any stock fund obligations for the acquisition of items of supply if such acquisition is likely to result in an on-hand inventory (excluding war reserves) in excess of two years of operating stocks. The House did not include a similar restriction.

DoD Position: The Senate provision would prevent the acquisition of critical supply items. As a result of this restriction, items would not be available in the supply system when needed to support the readiness of the Military Services. Certain material, usually military unique, low demand items, are made to order exclusively for DoD. These may be difficult to manufacture, with long production lead times, or have significant quantity price breaks due to production line economics. In the first case it may not be possible to obtain the item in less than two years. In the second, buying less than two years of stock may not reduce the total cost significantly and will drive the unit cost up proportionally. Likewise, items with critical uses where the lack of the material may ground an important end item of equipment such as an aircraft or ship, may be stocked as an insurance item. The number of years of stock for these items is *not a* good measure of supply efficiency. Availability of the item in a matter of hours may make a big difference in combat capability. In addition, the rate of consumption may vary as the end items age or as usage changes, affecting the quantity that represents a two year stockage level. Inventory item management policies have been developed to address supply requirements for the above conditions as well as the more common items with a traditional, time dependent, demand based stockage level.

The Inventory Reduction Plan is the Department's mechanism to reduce inventory levels and reflects the Department's commitment to this goal. Discussions with the General Accounting Office, whose report triggered this provision, indicate that they agree with the Department that the inventory pipeline levels currently procured are based on valid inventory requirement concepts and that the elimination of pipeline stocks is not the intent of their recommendations. The Senate provision would affect pipeline stocks without significantly reducing inventories. Preventing the Department from buying the spare parts it needs will have an adverse affect on readiness. The Department urges the conferees to delete this provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Joint Duty Assignments

Language/Provision: The Senate included a provision (Sec. 903) which requires the Secretary of Defense to grant full joint tour credit for any officer in the Persian Gulf combat zone between August 1, 1990 and October 1, 1991, who:

(1) is recommended by the Chairman, Joint Chiefs of Staff (CJCS) and the concerned Service Chief; and
(2) performed service in an assignment that provided significant experience in joint matters; or
(3) frequently interacted on a professional basis with units or members of another Service or an allied armed force.

The provision also requires that a report on the number of officers from each of the Services who received full joint tour credit be included in the FY 1992 Secretary of Defense's "Annual Report to Congress." However, those officers who receive full joint duty credit under this provision would not be incorporated into the annual Title 10 reporting requirements.

DoD Position: The Department agrees with the concept of this proposed legislation, but opposes the provision as written. The authority proposed for the Secretary of Defense is too limiting and the proposed criteria is too broad compared to current statutory language. The Senate provision does not afford the Secretary the latitude to grant partial joint tour credit. Granting full tour credit to officers spending less than 10 months (current minimum for any joint credit) in the AOR is a significant departure from current statutory language and should be utilized with the utmost caution. Additionally, the proposal significantly changes the scope of what joint duty is by saying that officers can qualify for full joint credit with frequent interaction on a professional basis at unit level with members of other Services or an allied armed force. Current statutory language established joint duty at the joint operational level rather than the proposed unit level.

Any provision addressing joint tour credit for service in the Persian Gulf combat zone should give the Secretary the discretion to award partial or full joint tour credit on a case-by-case basis to any officer in the combat zone. Officers granted joint credit under this provision should not be incorporated into the annual Title 10 reporting requirements.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Joint Requirements Oversight Council (JROC)

Language/Provision: The House included a provision (Sec. 901) which would expand the Joint Requirements Oversight Council (JROC) to include: assisting the Chairman, Joint Chiefs of Staff, in identifying and assessing the linkage of military requirements to national military strategy; considering alternatives by evaluating the cost, schedule, and performance criteria of programs and of identified alternatives; ensuring, in assigning joint priority among programs meeting valid requirements, the priorities conform to and reflect resource levels projected by the Secretary; and, excluding the Service staffs from any participation in JROC matters. The Senate did not address this issue.

DoD Position: The Department agrees with the intent of the House language, but believes that new legislation is not necessary because the JROC Charter currently under revision, combined with the new DoD 5000-series documents, complies with the House desires. The JROC review process links requirements to the national military strategy. DoD 5000-2M, governing the preparation of Mission Need Statements, requires that the Defense Planning Guidance govern the determination of mission area needs. Additionally, although the decisions are made by the Defense Acquisition Board, DoDD 5000-1, and DoDI 5000-2 require the JROC to evaluate cost, schedule, and performance tradeoffs in determination of affordability. The JROC accomplishes this at each review of requirements prior to major Milestone decisions. In establishing relative priorities, the JROC considers operational need, producibility, and affordability. Recommendations are then made to the Under Secretary of Defense for Acquisition and in the Defense Planning and Resources Board, where affordability decisions are made. The revised JROC Charter deletes the JROC Services support staff. Support to the JROC Chairman is provided by Joint Staff officers only in collaboration with the CINCs and CINC staffs. Therefore, because the revised JROC charter now meets the intent of the House provision, the Department urges the conferees to delete the House provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Limitation On Involuntary Separation of Career Personnel Ineligible To Retire

Language/Provision: The Senate included a provision (Sec. 401(c)) which would prohibit the involuntary separation of military personnel solely to meet end-strength requirements. The Senate provision would also authorize the Secretary of Defense to waive end-strengths, as necessary, to prevent the prohibition on involuntary separations from causing personnel imbalances that would impact on readiness. The House did not include a similar provision.

DoD Position: The Senate provision is inconsistent with the current drawdown plan and the levels envisioned in the FY 1991 Defense Authorization Act. It will result in a personnel inventory that is not aligned with the skills, grade, and experience mix needed to support future manpower requirements. It will also severely limit advancement opportunities. Finally, it will result in estimated additional costs of nearly $8 billion over the next four years.

The Department has already reduced military strength by over 130,000 from its 1987 peak, exclusively through reduced accessions, voluntary separations, and early retirements. Over the next 4 years, we plan to continue this approach to the maximum extent possible, with an estimated 85 percent of the remaining 400,000 strength reductions achieved in this manner. We also have taken steps to protect service members near retirement (i.e., those who have 15 or more years of service). However, to maintain a vibrant, effective force with the proper mix of skills, grades, and experience, some involuntary separations in other populations will be necessary. Therefore, it is absolutely essential that the Secretary of Defense and the Secretaries of the Military Departments retain the authorities necessary to reduce and reshape our forces to support future warfighting needs and, in doing so, maintain a balance between readiness requirements and personnel considerations.

A substantial part of the Senate's intent could be achieved by favorable consideration of the Department's Voluntary Separation Incentive (VSI). Therefore, the Department urges the conferees to reject the Senate restriction and support the Department's VSI proposal.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Limitation on Military Duty Requirements Resulting in Separation of Female Members from Their Infant Children

Language/Provision: The House included a provision (Sec. 502) regulating the assignment of service members who are mothers of children under the age of six months. The provision would preclude the activation of a reservist or the reassignment of an active duty member to a location or circumstance that would require separation from the child under such circumstances. The Senate did not address this issue.

DoD Position: The House provision would legislate what is most appropriately a DoD policy issue, the balancing of family needs with the duty commitments of the member. Congressional legislation of assignment policy would eliminate needed flexibility in assignment procedures.

The provision governing assignments would restrict the Department's authority to employ the armed forces as may be required in a given set of circumstances. The Department urges the conferees to reject this restrictive provision and permit the Department to retain control of assignment policy.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Management of the Military Workforce

Language/Provision: The House included manpower force management changes including requiring a Baccalaureate Degree prior to promotion to Reserve O-3 (Captain/Lieutenant) and limiting Navy medical officer end strength to not lower than that specified in Section 643(b)(3) of the National Defense Authorization Act for FY 1989. The Senate did not address these issues.

DoD Position: The force management changes directed by the House would impose constraints on manpower management systems that will only aggravate an already delicate distribution of personnel resources. In this era of extreme fiscal constraints and major force/infrastructure reductions, the Department has had to significantly rebalance its resources to be meaningfully responsive to assigned missions. The Navy must be able to assess its own medical officer needs in relation to the total force; arbitrarily defining the size of the medical community denies the Navy the flexibility it needs to manage the downsizing of the officer corps planned over the next few years. As this downsizing occurs, continuing opportunities for our personnel are important in order to achieve retention and experience; denying promotion opportunity to Reserve O-2's unless they hold a Baccalaureate Degree would prohibit highly skilled and technically qualified individuals, particularly previous enlisted personnel that have been commissioned, from advancing within the officer ranks. Therefore, the Department urges the conferees to delete all language that restricts our ability to manage shrinking personnel resources.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Maritime Prepositioning

Appropriations: O&M, Navy; O&M, Marine Corps

Summary: The Senate designated the Marine Corps as Executive Agent for Maritime Prepositioning Programs within the Department of Defense and transferred authorization of $342.0 million in FY 1992 and $343.5 million in FY 1993 from the Operation & Maintenance, Navy account to the Operation & Maintenance, Marine Corps account. The Senate recommended this action to ensure that maritime prepositioning programs continue to receive the high priority they deserve. The House did not address this issue.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Maritime Prepositioning				
O&M, Navy	342.0	342.0	0	342.0
O&M, Marine Corps	0	0	342.0	0

DoD Position: The Maritime Prepositioning Program is only one component of the overall sealift program for which the Navy is responsible. The Marine Corps is responsible for the maintenance of Marine Corps equipment kept aboard the ships, but the Navy, consistent with the long standing practice of funding amphibious ships and sealift capability to support the Corps, funds the procurement, maintenance and operation of the ships. Assigning Maritime Prepositioning responsibility to the Marine Corps would actually decrease the flexibility of the Department to provide them with proper support. As demonstrated by recent deployments to the Persian Gulf, the current system produces outstanding results. However, as current funding responsibilities are aligned, the Operation & Maintenance, Navy appropriation of over $23.0 billion managed to cover the initial mobilization costs of Desert Shield prior to Congressional supplemental funding. The Operation & Maintenance, Marine Corps appropriation does not have sufficient funding to accommodate unpredictable requirements of this magnitude. It is the intention of the Navy to continue full support of the Maritime Prepositioning Program. Accordingly, the Department urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Membership of the Vice Chairman on the Joint Chiefs of Staff

Language/Provision: The Senate included a provision (Sec. 901) which makes the Vice Chairman a full member of the Joint Chiefs of Staff. This action is intended to support the original intent of Goldwater-Nichols, which created the position of a JCS Vice Chairman. The House did not address this issue.

DoD Position: The present exclusion of the Vice Chairman from full JCS membership is an anomaly. Inclusion of the Vice Chairman will contribute an additional fresh, independent point of view to matters under consideration by the Joint Chiefs from a seasoned, experienced four-star operational Commander-in-Chief. While the Vice Chairman currently sits in all JCS meetings, he sits as a full member only in the absence of the Chairman. By design, the Vice Chairman's specific responsibilities and broad interests are different from those of each service chief, cutting across service interests to ensure that service and CINC needs are met.

Among the legislative purposes of Goldwater-Nichols was to promote joint cooperation and to increase the authority of the Chairman. The Vice Chairman's position was conceived to help achieve these goals. The Senate provision will ensure the intent of Goldwater-Nichols is achieved. Therefore, the Department urges the conferees to support the Senate position on this issue.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Mental Health Partial Hospitalization Benefit

Language/Provision: The Senate included a provision (Sec. 703) which establishes the daily rate of reimbursement payable to a provider of partial hospitalization services (other than for physician services) at a rate equal to 50 percent of the rate payable for full hospitalization services in the same locality. This provision also establishes the requirement that all contracts providing for inpatient mental health services must include provisions for partial hospitalization services. All system changes must be operable by October 1, 1991. The House included a provision (Sec. 702) which directs coverage of partial hospitalization by January 1, 1992.

DoD Position: The Department supports the intent of these provisions but believes it is imperative that certain changes be made. The industry itself estimates that, depending on the scope of services, daily reimbursement rates for partial hospitalizations range from one-third to one-half of the full hospitalization rate. Setting the daily rate of reimbursement at "equal to fifty percent", as provided in the Senate provision, without regard to type of service or the length of stay would lead to imprudent government purchases, particularly when the total time prescribed for treatment is comparatively short.

The Senate provision requiring that all CHAMPUS-authorized providers of inpatient mental health services must include provisions for partial hospitalization services would force any and all inpatient mental health program to provide a partial hospitalization program. This provision should authorize those providers to have the opportunity to establish a partial hospitalization program, subject to certain certification standards.

The implementation date of the House provision, January 1, 1992, is more reasonable to accommodate the regulatory process than the October 1, 1991 Senate implementation date.

The Department urges the conferees to incorporate these modifications into the final legislation on partial mental health hospitalization benefits.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Military Family Resource Centers

Language/Provision: The House reduced the the Department's request for funding for the Military Family Resource Center (MFRC) by $5 million. The Senate supported the Department's request.

DoD Position: The House action will reduce funding support for the Military Services' MFRC requirements from 53 percent to 47 percent. The MFRC budget covers the Family Advocacy program, which deals with prevention and treatment of child and spouse abuse. Caseloads in the Family Advocacy Program are more than double the national standard. The impact of Desert Storm on service members and their families and the impending stress related to the force drawdown will continue to increase current case loads and place additional requirements on this program. The Department urges the conferees to support the Department's request and fully fund the Military Family Resource Center.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Minuteman III ICBM Redeployments

Language/Provision: The Senate included a provision (Sec. 1139) which would prohibit any funds from being expended for the redeployment or transfer of operationally deployed Minuteman III missiles from one Air Force base to another. The provision would also prohibit the transfer of spare Minuteman III missiles currently in storage to an operational Minuteman II silo until the Secretary submits a report detailing a plan for restructuring strategic forces consistent with the START treaty, including details on each force structure option examined, to include the location of each Minuteman III missile and Small ICBM. The House action included no similar provisions.

DoD Position: The Senate provision could delay implementation of the ICBM rebasing plan designed to support the START Treaty, and could increase the costs and delay compliance with the reductions mandated by START. The Department has carefully planned its force structure to meet START requirements while maintaining credible nuclear deterrence. The redeployment of Minuteman III missiles is key to meeting this force planning and should begin in FY 1992 as planned to minimize costs and maintain drawdown schedules to reach the START goals set in the signed treaty. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Pentagon Reservation

Language/Provision: The Senate transferred to the Pentagon Reservation Maintenance Revolving Fund (PRMRF) customer accounts $80.1 million included in the President's Military Construction request for a new Pentagon heating and cooling plant and a classified waste incinerator and directed that customer rates be increased to cover the cost of the new plant. The House denied the Department's Military Construction request for this plant and directed that this project be financed by the PRMRF, without transfer of funds. The House stated that Sec. 2804 of the FY 1991 Defense Authorization Act, which created the PRMRF, is clear regarding the direction to finance renovation of the Pentagon through revolving fund customer rates rather than by direct appropriation.

DoD Position: The Department accepts the Senate and House direction to finance Pentagon renovation costs through the Pentagon Reservation Maintenance Revolving Fund, and to require its customers (tenants of the Pentagon) to pay for all the costs of the renovation. In order to make the necessary funds available to the customers to pay the higher rates, the Department urges the conferees to adopt the Senate position providing for transfer of funds to the customer accounts. Failure to support the Senate position will delay the renovation, which all parties have agreed is urgently needed.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Reduction in Headquarters Accounts for Three Acquisition Commands

Appropriations: Operation & Maintenance, Army; Operation & Maintenance, Navy

Summary: The House reduced the Department's request for funding for the headquarters activities at the Army Material Command, the Navy Sea Systems Command, and the Navy Air Systems Command. The reduction was taken because the Army and the Navy had not submitted to Congress required reports that establish priorities for the Department's future civilian drawdown at industrially funded activities. The Senate did not address this issue.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
HQ, Army Material Command	161.4	146.4	161.4	161.4
HQ, Navy Sea and Navy Air Systems Command	46.2	16.2	46.2	46.2

DoD Position: The Department provided the required reports to Congress on April 30, 1991. These reports fully covered all industrially funded activities, including these three commands. The Department urges the conferees to support the Senate position and fully fund these activities.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Repeal of Requirement to Reduce Acquisition Personnel

Language/Provision: The House included a provision (Sec. 903) which would repeal Section 905 of the National Defense Authorization Act for FY 1991. Section 905 required that the Department reduce its acquisition workforce by four percent per year for five years, beginning in FY 1991. The Senate did not address this issue.

DoD Position: The Department strongly supports the House provision. Repeal of Section 905 will provide the Department with the flexibility to match end strength to funded workload. This is consistent with Section 321 of the Senate bill, which recognizes the need for the Department to manage based on workload and not through inflexible end strength controls. The Department urges the conferees to support the House position and repeal Section 905 of the FY 1991 National Defense Authorization Act.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Reserve Forces - Active Duty Officers Assigned to Full Time Support and Training of Army National Guard Combat Units

Language/Provision: The House included a provision (Sec. 534) which requires that, within the FY 1992 active Army end strength, the Secretary of the Army increase the number of officers programmed to be assigned to full-time duty in connection with organizing, administering, recruiting, instructing, or training combat units of the Army National Guard by 1,015. The Senate included a provision (Sec. 413) requiring that the number of active Army officers so assigned be increased by 1,300, with a corresponding increase in officer strength but not in total end strength.

DoD Position: The House and Senate provisions will disrupt the Department's personnel and force structure reduction plans. The Department opposes increased full-time support for two reasons. First, the Army National Guard is programmed to decrease in total end strength during FY 1992. An increase in active duty full-time support does not correlate to a decrease in Army National Guard end strength. Second, to increase active duty officer requirements without a corresponding increase in officer and total end strength and funding will prevent the Army from satisfying valid active wartime requirements. The Department urges the conferees to support the President's Budget with respect to full-time-support manning in the Army National Guard.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Reserve Forces End Strength

Language/Provision: The House and the Senate accepted the active end strength reductions presented in the Department's request, but each recommended restorations to the reserve component end strength levels in FY 1992 and FY 1993. The House recommended overall reserve end strength restorations of 67,496 in FY 1992 and 64,550 in FY 1993, while the Senate recommended restorations of 72,360 in FY 1992 and 46,295 in FY 1993. The House also recommended restorations of full time end strength of 2,861 in FY 1992 and 2,523 in FY 1993, while the Senate recommended restoration of 2,711 in FY 1992 and 2,380 in FY 1993.

DoD Position: The programmed reserve component reductions are part of an overall restructuring of our military forces. This restructuring is driven by a refocusing of the military strategy and recognizes current fiscal constraints. Retention of reserve component forces at previous levels, particularly for the Army reserve components, is not strategically warranted nor fiscally supportable.

The Department has presented a balanced force program. Both House and Senate positions provide for extraneous force levels with no mission and which disrupt the orderly drawdown of the force structure. The reduction in reserve component force structure and end strength is inextricably linked to changes in the threat environment and in our strategy. The demise of the Warsaw Pact and the reduced threat will allow the active and reserve forces to be sized for the new strategy's focus on short-warning regional threats, and the resulting emphasis on Forward Presence and Crisis Response-both of which require predominantly active (though smaller) forces. With less active and reserve component combat structure, the need for combat support and combat service support forces, found mainly in the reserve components, is also reduced. If the Department is forced to reverse the reductions to reserve component end strength, this would require reallocation of funds from other critical areas such as OPTEMPO, training, maintenance, or procurement solely for the purpose of funding unnecessary force structure.

In summary, the Department strongly opposes both the House and Senate actions to restore large amounts of reserve component end strength without regard to force structure and mission.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Reserve Full-Time Support End Strength Accession

Language/Provision: The House included a provision (Sec. 414) which would repeal section 412 of the FY 1991 National Defense Authorization Act. Section 412 limited the accessions into the Army Active Guard and Reserve (AGR) program beginning in FY 1992 to 2% of the total authorized AGR end strength for any given fiscal year and reduced the Army AGR end strength by approximately 5 percent per year with the reduction in AGR to be made up by increases in active component full-time support members. The Senate included a provision (Sec. 412(c)) which would modify Section 412 by delaying implementation until FY 1993.

DoD Position: Each Reserve component unit has unique full-time support requirements which necessitate an appropriate mix of the various types of full-time personnel. Some activities require AGR personnel, while in others, Military Technicians, active duty, or civilians are more appropriate. By limiting the number of one type of full-time support personnel, the Department of Defense may not be able to develop the optimal full-time support force appropriate to readiness requirements. The inflexibility of this provision could lead to a severe skill or geographic mismatch in many Army Reserve component units. In addition, the cap of 2 percent on new accessions does not cover anticipated losses in the AGR program. This will exacerbate the potential problems as it drives the AGR level below the ceilings established in the Senate provision and once again, as previously stated, could lead to severe skill or geographic mismatches. Forcing a reduction in the AGR force and a one for one substitution of active component personnel does not provide sufficient flexibility to manage this critical force. The Department therefore, urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Severance Pay

Language/Provision: The Senate included a provision (Sec. 830) that authorizes the Secretary of Defense to waive the limitations on severance payments made to foreign nationals contained in 10 U.S.C. 2324(e)(1)(M) and (1)(N), provided certain conditions are met. The Secretary must determine that: aplication of the limitations would jeopardize continuation of important support functions for service members; the contractor has taken action or established a plan to minimize payment of severance pay; and such payments are necessary to comply with the laws of the host nation, which are generally applicable to a significant number of businesses in that country. This provision would not apply to contractors that are owned or controlled by citizens of a foreign country, as determined by the head of the contracting agency using the criteria in the Buy America Act.

DoD Position: The Department supports the general objective of the Senate provision, to permit waivers of the current legislative limitation on severance payments made under overseas service contracts. Our current inability to pay severance pay required by local laws seriously jeopardizes many of the services we obtain overseas, such as base maintenance services and banking services for our troops. The Senate provision would only apply to U.S. firms and, as such, the Department is very concerned about its discriminatory aspects, since overseas service contracts are also awarded to foreign firms. Under the Senate provision, foreign firms would be potentially liable for any severance payments in excess of what is customary in the U.S., whereas U. S. firms would not. Consequently, our allies may view this provision as inconsistent with various international agreements that we have entered into with them (such as Status of Forces Agreements and reciprocal procurement Memoranda of Understanding).

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Submission of Claims for Payment for Services Under CHAMPUS

Language/Provision: The Senate included a provision (Sec. 708) which would require each CHAMPUS provider to submit claims for payment for services directly to the appropriate claims processing office. Regulations which are required to be issued as a result of this provision must take effect 120 days after enactment. The House included no similar provision.

DoD Position: The Department is extremely concerned about the potential that providers, particularly those in less populated or rural areas, would simply stop seeing CHAMPUS patients in an effort to avoid the requirement to file claims forms. This is particularly true given the fact that the provision contains no penalty for those who may choose not to file. The Department believes that potential situations such as this could be remedied by including language stipulating that the Secretary may waive this requirement in order to ensure reasonable access to health care services in a given geographic area. In addition, the 120-day requirement by which regulations must be implemented is insufficient, given the nature of the change in procedure. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Supplemental Coverage for Dependent Dental Plan

Language/Provision: The Senate included a provision (Sec. 701) which maintains a basic dental benefits plan with premiums limited to no more than $10 per month. The provision also includes a supplemental dental plan at a cost of no more than an additional $10 per month, but limits the amount for which a member may be charged for the supplemental benefits to not more than 50 percent of the cost. The House included no similar provision.

DoD Position: The Department opposes this specific proposal for a two-tiered program because it could prove excessively costly to the Government.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Transfer of Responsibilities for the Implementation of the Defense Acquisition Workforce Improvement Act From the Under Secretary of Defense (Acquisition)

Language/Provision: The Senate included a provision (Sec. 824) which transfers responsibility for the implementation of the Defense Acquisition Workforce Improvement Act (DAWIA), PL 101-510, from the Under Secretary of Defense (Acquisition) (USD(A)) to the Assistant Secretary of Defense (Force Management and Personnel). The Senate expressed concern about the slow pace of implementation of these important reforms, and suggested that responsibilities concerning the acquisition workforce stretch the span of control of the USD(A) too far. The Senate's provision also transfers responsibilities within the Components from the Service Acquisition Executives to the Assistant Secretaries responsible for manpower. Finally, the Senate provision eliminates the minimum educational criteria for eligibility for the Acquisition Corps, for contracting officers and for other contracting personnel. The House did not address these issues.

DoD Position: The Under Secretary of Defense for Acquisition (USD(A), as the designated senior procurement executive for the Department of Defense (10 U.S.C. 133(c)) has responsibility under Executive Order 12352 to "enhance career management of the procurement workforce. The Senate provision would weaken this capability and, at the same time, eliminate education prerequisites generally recognized as a fair standard and essential to government personnel involved in obligating $150 billion annually in government contracts. The Senate provision would also remove the Defense Acquisition University (which includes the Defense Systems Management College) from the USD(A), and would be counterproductive to the effective working relationship between the USD(A) and the Office of the Assistant Secretary of Defense (Force Management and Personnel), which is required to implement current and proposed legislation. Similar effects would be felt by the Services.

The Defense Acquisition Workforce Improvement Act (DAWIA) mandates that the USD(A), as the Defense Acquisition Executive, will carry out the powers, functions and duties of the Secretary of Defense with respect to the defense acquisition workforce. While the law specifies an exhaustive list of details concerning the acquisition workforce, it is nonetheless consistent with the recommendations of the Packard Commission and the Defense Management Report. Section 1763 of this act already contains provisions to enable the Secretary of Defense to reassign responsibilities on and after October 1, 1993. Therefore, the Senate proposal is not required, should such a decision be made in the future.

The elimination of the minimum education criteria for membership in the Acquisition Corps and contracting workforce would undermine efforts to increase the professionalism of the acquisition workforce, as previously recommended by the Packard Commission and the Defense Management Review.

The Department continues to work to meet the implementation dates required by law. The Department strongly believes that additional legislation is unnecessary at this time and therefore urges the conferees to reject the changes proposed by the Senate.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Underexecution of the FY 1991 Civilian Personnel Program

Appropriations: Operation & Maintenance: Army, Navy, Marine Corps, and Air Force

Summary: The Senate reduced the Department's request for Operation & Maintenance by $142 million because it concluded that the Department is likely to underexecute its work plan due to the hiring freeze. The House did not make similar adjustments.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Civilian Payroll	38,613.0	38,613.0	38,471.0	38,613.0

DoD Position: The Senate reduction will result in reduced mission accomplishment. The Senate determined that civilian personnel levels in the Military Departments in FY 1991 are running below those projected in the Department's request. However, the on board personnel levels used by the Senate in developing the proposed reduction are not a good basis for a conclusion that the FY 1991 end strength will be below the plan. The perceived underexecution from plan resulted in large part from the callup of civilian employees to active duty during Operation Desert Storm. These civilians have now returned to their positions and execution is on track to meet the personnel plan. Therefore, the Department urges the conferees to support the House position on civilian payroll.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Waste Minimization Program

Language/Provision: The House included a provision (Sec. 332) which would make permanent the Waste Minimization Program established in the National Defense Authorization Act for FY 1990. The House provision would require the Department to continue to budget for waste minimization activities at industrially funded depot maintenance activities at a level of at least one half of one percent of depot maintenance industrial fund revenue. The Senate did not address this issue.

DoD Position: The funding restrictions of the House provision could be viewed as a ceiling, which would be undesirable since the Department consistently spends more on these activities than the mandated amount. The Department supports the current method by which each Military Department funds its highest priority waste minimization projects within overall fiscal constraints. This is the best method to institutionalize the cultural changes necessary to realize environmental goals. Therefore, the Department urges the conferees to reject the House provision.

PROCUREMENT

& RDT&E

APPEAL

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DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: AH-64 Apache Modifications

Appropriations: Aircraft Procurement, Army

Summary: The House included report language denied authorization of the AH-64 B-model modification and directed the Army to restructure the program in order to achieve the AH-64 "C" configuration. The Senate included report language which stated that the Army's restructured "B" mod program, which includes fixes to problems identified in Operation Desert Shield/Storm, is logical and affordable and directs the Army to continue this initiative. The Senate also added $31 million in RDT&E and $1 million in procurement to implement the program on a prompt basis.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
AH-64 Apache-Mods	82.8	82.8	83.8	82.8
Longbow-Eng Dev	233.2	233.2	267.7	233.2

DoD Position: The House language and the Senate proposal would require the Army to implement a major aircraft upgrade that will cost approximately $1.6 billion above the currently funded level. Therefore, the Department urges the conferees to support the program submitted in the Department's request.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Air Defense Initiative (ADI)

Appropriations: RDT&E, Defense Agencies; RDT&E, Navy

Summary: The House reduced funding for the OSD-managed Air Defense Initiative (ADI) program by $150 million and transferred the anti-submarine warfare efforts in the ADI program to the Navy. The rationale for this reduction was the perception of changes in the threat and the overall cost of the program. The Senate reduced funding for the program by $55 million. The Senate was concerned that spending funds on an airship, a relatively low-risk project, was premature because the higher-risk development of the radar it would carry was still in an early stage.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Air Defense Initiative (OSD)	273.0	123.0	218.0	218.0
ASW Technology (Navy)	130.9	170.9	130.9	130.9

DoD Position: The funding reduction proposed by the House would terminate the nation's only Advanced Over-the-Horizon Radar technology development program and curtail our ability to complete a comprehensive, balanced set of classified counter-stealth research efforts. Furthermore, the House's transfer of ADI antisubmarine warfare (ASW) related efforts to the Navy would disrupt the smoothly functioning relationships among the services, material developers, and operational commands that ensure development of ASW technologies and operational concepts specifically applicable to the ADI mission. The ADI program supports a significant portion of the Department's "cutting edge" research with the potential for protecting both North America and U.S.-deployed forces from advanced air-breathing threats. The Department urges the conferees to support the Senate position on the Air Defense Initiative.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: B-1B Bomber

Appropriations: Aircraft Procurement, Air Force

Summary: The Senate denied the Department's request for procurement funding for the B-1B program and reduced the funding for aircraft modification for the B-1B by $79.9 million, funding only selected safety-of-flight modifications. The House approved the Department's request for the B-1B program and added $40 million for modifications to improve the conventional capabilities of the aircraft.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
B-1B Procurement	107.9	107.9	0	107.9
B-1B Modifications	195.6	235.6	115.7	195.6

DoD Position: The Senate action will prevent the Department from optimizing B-1B capabilities to respond to the changing world environment by providing supportable nuclear deterrence and conventional capability. The denial of the $107.9 million requested in aircraft procurement funding prevent the procurement of aircraft support equipmenttest sets, and technical orders, and will force the Department to use contractor support to keep the B-1B flying, at a cost of $100-$150 million per year. We cannot achieve an organic repair capability without this funding.

The reduction of $79.9 million in aircraft modification funding delays current efforts to expand B-1B conventional capability by terminating the SRAM II/Mil Std 1760 integration program. The deletion of SRAM-II integration funding will delay Aircraft Monitoring and Control Testing and Department of Energy nuclear certification, critical events in the SRAM II missile development program. Therefore, the Department urges the conferees to support the Department's request for the B-1B program.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: B-2

Appropriations: Aircraft Procurement, Air Force; Military Const, Air Force

Summary: The House denied the Department's request for procurement funding for the B-2 aircraft in FY 1992, but allowed completion of the 15 aircraft funded prior to FY 1992. The House reduced the Department's request for Military Construction to support the B-2 by $10 million. The Senate funded the Department's request for B-2 procurement, but included a provision (Sec. 118) which establishes stringent flight test criteria which must be met prior to the obligation of funds for additional production aircraft. The Senate deferred the Department's request for Military Construction funds until the Department submits a report on B-2 basing options to the Congress.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
B-2 Procurement	3,200	0	3,200	3,200
(Quantity)	(4)	(0)	(4)	(4)
Military Construction	49.5	39.5	0.0	39.5

DoD Position: The House denial of B-2 production funding will increase program acquisition costs and cause inefficient production. A force of only 15 B-2 aircraft will significantly reduce combat capability. The flight test program accomplishments to date demonstrate the stability of the B-2 design and a substantially reduced production risk. The Secretary has certified to Congress that the first two B-2 aircraft demonstrated outstanding airframe performance, and that no major problems are anticipated. The B-2's early low-observable testing has also been successfully completed and certified.

The B-2 is fundamental to our strategic deterrent posture and long-range conventional capability in the 21st century. Its demonstrated range and penetration characteristics will significantly tax improved Soviet defenses and enhance U.S. global contingency response options. The B-2 will provide penetration capability against the most critical heavily defended targets for the foreseeable future, and its procurement now will prevent the costly block obsolescence of the aging, increasingly vulnerable bomber fleet. The START agreement emphasizes the "slow-to-anger" features of the manned, penetrating bomber. It does not threaten a first strike, but affords a full range of options from a show of force to general war.

The flight test success criteria included by the Senate requires more extensive test schedule performance than required by the System Maturity Matrix (SMM) and does not align with the current flight test schedule or obligation forecast. The Senate languge will preclude award of aircraft production contracts during FY 1992, thereby creating significant production disruptions.

The Senate action deferring all B-2 Military Construction will further delay delivery of the facilities, already impacted by the FY 1991 general reduction, by two years. Facilities critical to security, safety, environmental compliance, and maintenance and operations will be unavailable when needed. Costs will increase due to inflation and expensive workarounds. In addition, executability problems may result in the out-years if the investment is consolidated into excessively large annual programs. The Department urges the conferees to support the Department's request for the B-2 program, and to modify the Senate test restrictions.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: C-17

Appropriations: Aircraft Procurement, Air Force

Summary: The House approved the Department's request for funding for six C-17 aircraft in FY 1992 but, concerned about cost increases, schedule delays and program concurrency, authorized advance procurement funds for only six aircraft in FY 1993, rather than the 12 aircraft requested. The Senate authorized only four aircraft in FY 1992, and advance procurement for eight aircraft in FY 1993. Both the House and Senate included restrictive language and additional reporting requirements.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
C-17 Procurement	2,197.6	2,097.6	1,647.6	2,097.6
(Quantity)	(6)	(6)	(4)	(6)

DoD Position: Perturbations in the C-17 program from funding reductions and obligation restrictions will delay fielding of this essential capability and increase program costs. The Department requested authorization for six aircraft in FY 1992 to ensure production continuity and a stable workforce. The Senate reduction to four aircraft will force renegotiation of the existing Lot III contract and reproposal of the LOT IV buy, causing increased costs and schedule delays. Similarly, the Department requires advance procurement to support at least 8 production aircraft in FY 1993 to maintain the production ramp and avoid any reduction in learning and efficiency. The House position does not support this profile.

The obligation restrictions in the House and Senate bills must be modified to allow the program to continue in an orderly manner. Obligation restrictions should apply only to those funds required for Lot IV (FY 1992) and Lot V (FY 1993) full contract awards. The balance of funds must be available early in each fiscal year for termination liability, logistics requirements, support equipment and other support requirements. The House language should be modified to restrict only funds for Lot IV full contract award. The Air Force obligated FY 1990 advance procurement funds for six Lot IV aircraft during FY 1990 and provided an additional increment of funding to cover long lead activities through September 1991. Obligation of FY 1992 funds in October 1991 is required to continue long lead procurement through Lot IV full contract award, anticipated in March 1992. In addition, the Secretary of Defense cannot certify Lot III delivery dates can be met within the contract ceiling, because the Department cannot guarantee contractor performance.

The Senate obligation restrictions must also be modified to allow obligations in October 1992. The reference to the P-2 aircraft should be deleted and replaced with "production" aircraft, since P-1 could fly before P-2. Finally, the Senate restriction on obligation until the Director, OT&E evaluates the C-17's ability to meet current requirements and specifications should be modified by deleting the word "operational", since dedicated IOT&E does not begin until January 1993.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: C-141 Aircraft Modifications

Appropriations: Aircraft Procurement, Air Force

Summary: —The Senate authorized an additional $60.0 million in FY 1992 and $120.0 million in FY 1993 for the repair of wing cracks and the replacement of the center wing box in the C-141 fleet, contending that the use of the fleet in Operations Desert Shield and Desert Storm had increased the number of cracks in the wing structure. The House supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
C-141 Modifications	45.2	45.2	105.2	45.2

DoD Position: The additional funds provided by the Senate are not required. Station 405 wing joint cracks were funded from the Desert Storm Supplemental. Funding for replacement of the center wing box is included in the Department's Operation & Maintenance request. Therefore, the Department urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Certified Cost and Pricing Data Threshold Clarification

Language/Provision: Section 803 of the National Defense Authorization Act for FY 1991 increased the threshold for the submission of certified cost or pricing data to $500,000 for all contracts entered into after December 5, 1990. It did not address subcontracts under contracts in effect before that date. The Senate included a provision (Sec. 829) which would apply the increased threshold to all subcontracts entered into after December 5, 1991, under contracts entered into before December 5, 1990. Each such prime contract would be modified to apply the revised threshold to each such subcontract. The House did not address this issue.

DoD Position: Enactment of the Senate provision would be overly burdensome and would result in unnecessary modifications to many contracts since it would require the Department to modify every prime contract entered into before December 5, 1990. Therefore, the Department urges the conferees to reject this provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: CH/MH-53 (Helicopter) Super Stallion

Appropriations: Aircraft Procurement, Navy

Summary: The Senate reduced the Department's request for Navy CH/MH-53E helicopters by $115 million (4 helicopters) and reduced the request for advance procurement by an additional $14 million. The Senate then added $129 million to the National Guard and Reserve Equipment appropriation to procure 4 MH-53 helicopters for the Navy Reserve. The House supported the Department's request for CH-53 helicopters.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
CH/MH-53E (Helicopters)	454.7	454.7	339.7	454.7
CH/MH-53E Advance Procurement	54.1	54.1	40.1	54.1

DoD Position: The Department's request recommended the elimination of the two reserve mine warfare helicopter squadrons, thereby negating the requirement for helicopter procurement specifically for the reserves. In the event that the reserve squadrons are maintained as recommended, the funds appropriated in the FY 1991 National Guard and Reserve Equipment appropriation for MH-53E helicopter procurement will be sufficient to address reserve helicopter requirements. Any additional helicopters to be procured in the FY 1992/1993 National Guard and Reserve Equipment appropriations will provide aircraft in excess of the reserve requirement, and create a shortfall of MH-53E helicopters for the active fleet. Accordingly, the Department urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Concept Evaluations

Appropriations: RDT&E, Defense Agencies

Summary: The Senate denied the Department's request for funding for Concept Evaluations. The House approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
RDT&E, Defense Agencies	100	100	0	100

DoD Position: The Senate action would hinder the effectiveness of the Department's Director of Defense Research and Engineering (DDRE) in exercising strong and informed oversight. The improved defense acquisition process defined in DoD Directive 5000.1 charges the DDRE with ensuring a thorough evaluation of a broad range of alternative technological solutions to satisfy mission requirements for programs entering the concept definition stage of the acquisition process. The intent is to guarantee that a broad range of technical options is provided at the earliest stages. The funds requested in this program allow the DDRE to expand the range of technology options being investigated. Without this external support, it is likely that ranges of options being investigated will continue to be restricted.

The opportunity for reducing outyear development costs makes this an extremely cost effective investment. The funds also provide the DDR&E with an important management tool to influence the direction and pace of defense technology, and to react to breakthrough opportunities when they arise. The Department strongly urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Critical Technologies

Appropriations: RDT&E Army, RDT&E Navy, RDT&E Air Force, RDT&E Defense Agencies, O&M Defense Agencies

Summary: The Senate included provisions (Secs. 801 through 811) which authorize dual-use critical technology partnerships, a Critical Technology Application Center Assistance Program, and a clearinghouse and grant program for monitoring foreign defense critical technology. The provisions also require biannual submission to Congress of strategic road maps for critical technologies, and authorize various initiatives in manufacturing technology and cooperative ventures in science and technology. The House did not address this issue.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
RDT&E, All Agencies	0	0	449.5	0
O&M, Defense Agencies	0	0	9.0	0

DoD Position: The Senate provisions support a broad range of technologies and manufacturing capabilities and grants that would be more appropriately pursued in the private sector or other federal agencies. The legislation weakens the Department's focus on defense critical technologies and the infrastructure that directly supports its defense mission. They also diminish the government's responsibility to determine appropriate support levels for national security, and increase the scope of government planning in commercial arenas. The legislation would involve the Department directly in the development of strategies for national critical technologies and supporting commercialization of dual-use technologies. This will severely constrain efforts to increase international military cooperation in technology if potential partners perceive that U.S. commercial interests are intertwined with military objectives in proposed agreements.

The Senate provisions would establish an implementing structure that is complicated, cumbersome and expensive. Some objectives and processes, such as roadmapping and joint development ventures, duplicate those of other Congressionally-mandated or ongoing Departmental programs. The Department strongly urges the conferees delete these Senate provisions, especially Sections 801 through 805, and 808 through 811.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Defense Nuclear Agency Exploratory Development

Appropriations: RDTE, Defense Agencies

Summary: The House reduced the Department's request for Exploratory Development RDT&E for the Defense Nuclear Agency by $63 million without explanation. The Senate reduced the Department's request by $25 million and included report language recommending that $20 million of the authorized amount be used for the Electro-Thermal Gun Program and $5 million for a joint effort with DARPA on the Tin Yolk program.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
DNA Exploratory Development	441.1	378.1	416.1	416.1

DoD Position: The House reduction and the Senate direction to spend funds for specific programs will preclude the Defense Nuclear Agency (DNA) from adequately addressing the hardness and survivability requirements of future systems. The cumulative effect of past funding reductions has compromised DNA's ability to develop technologies required to harden critical systems to support the testing required to evaluate system survivability. There is also a recognized and urgent need to develop the testing methodologies and procedures required to evaluate the hardness and operability of the integrated elements that constitute future surveillance, communications, battle management, and defensive weapon systems. The funding requested in FY 1992 is sufficient to meet only the highest priority requirements. Therefore, funding at the level recommended by the House, or funding available from the level recommended by the Senate (after deducting directed spending requirements) is inadequate to support efforts that are critical to the Department. Therefore the Department urges the conferees to support funding for this program at the level recommended by the Senate, but without directions to fund specific programs.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: F-14D Remanufacture

Appropriations: Aircraft Procurement, Navy

Summary: The House authorized $679.7 million in FY 1992 and prior year funding to procure 19 F-14 aircraft remanufactured from the F-14A to the F-14D configuration. The House also added $50 million for advanced procurement of additional remanufactured aircraft in FY 1993. The Senate supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
F-14D Remanufacture	173.0	679.7	173.0	173.0
(Qty)	(0)	(19)	(0)	(0)
F-14D Remanufacture-Adv Proc	0.0	50.0	0.0	0.0

DoD Position: The House action will undermine the Department's program priorities within scarce resources. The continuation of the F-14D remanufacture program, as mandated by the House, would disrupt the Navy's plan to reduce the number of aircraft types on the carrier. Such a "neckdown" is necessary to achieve higher aircraft production rates and thereby reduce unit costs in an era of declining Defense resources. As part of the "neckdown" process, only one of the two Navy fighter aircraft currently in production will continue into the next century. In the final analysis the F/A-18 was the clear choice over the F-14. Both aircraft are capable of meeting the projected threat. However, when other factors are considered, the F/A-18 is the better choice. For example, the F/A-18 is:

- Three times more reliable.
- Twice as easy to maintain.
- Requires 25 percent fewer maintenance personnel.
- Has a safety record which is 50 percent better
- Cost about 25 percent less to operate per flight hour.

When totaled, these factors combine to save the taxpayer several billion dollars over the next 15 years. The Department urges the conferees support the Senate position on its naval aviation modernization plan and to reject additional funding for F-14D remanufacture.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: F-16/F-117A Procurement

Appropriations: Aircraft Procurement, Air Force

Summary: The Senate denied the Department's request for continued funding for F-16 aircraft production and authorized $1,027 million for the procurement of 24 F-117A aircraft. The Senate also authorized $15 million in FY 1992 and $25 million in FY 1993 to design the necessary modifications to the F-117A to accept the Navy Tactical Air Reconnaissance Pod System (TARPS). The House supported the Department's request for F-16 procurement in FY 1992, but added funds for prourement of additional F-16 aircraft in FY 1993, and included report language directing further procurement in FY 1994. The House added no funds for procurement of additional F-117A aircraft.

		Budget Authority (Dollars in Millions)			
	Item	Request	House	Senate	Appeal
F-16:	Procurement	1,073.2	1,073.2	73.2	1,073.2
	(Quantity)	(48)	(48)	(0)	(48)
	Advance Procurement	78.1	78.1	0.0	78.1
F-117A:	Procurement	0.0	0.0	1,027.0	0.0
	(Quantity)	(0)	(0)	(24)	(0)
	Recce Mods (RDTE)	0.0	0.0	15.0	0.0

DoD Position: The Senate action terminating F-16 production after the FY 1991 buy will leave the Air Force unable to meet force structure requirements for critical multirole capabilities. The Block 50 F-16s to be procured in FY 1992 are essential to field advanced weapons such as TSSAM, full HARM missile capability, and HARM targeting in the Suppression of Enemy Air Defenses mission. The Senate action would also delete 72 additional aircraft from the existing F-16 multiyear procurement contract, adding an additional unfunded liability of at least $645 million for termination costs.

The Senate plan to procure F-117s is impractical. The tooling for the aircraft is disassembled and stored, the workforce has been disbanded, and contractual links to vendors and supplies have lapsed. Additionally, the existing F-117 aircraft were bought at a rate of eight per year, not 24 as proposed by the Senate. The estimate of $1,027 million to procure 24 aircraft is insufficient to procure 24 aircraft with spares and support equipment and to fund production startup costs.

The Senate proposal to counter the dissatisfaction with current tactical reconnaissance capabilities by integrating the Navy TARPS reconnaissance pod to the F-117A would seriously compromise the aircraft's stealth characteristics and would provide a system which fails to meet commanders' requirements for responsiveness and coverage.

The Department does not require any additional F-117A aircraft and therefore urges the conferees to support the Department's request for the F-16 and F-117A aircraft.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Follow-on Early Warning System (FEWS)

Appropriations: RDT&E, Air Force

Summary: The Senate reduced the Department's request for funding to begin Follow-On Early Warning System (FEWS) Demonstration/Validation by $20 million. The Senate expressed concern about the overlap in capabilities among the Strategic Defense Initiative Brilliant Eyes and Brilliant Pebbles sensors and the FEWS. The Senate included report language directing the Department to integrate the surveillance functions assigned to the three sensors and develop an architecture that eliminates the overlap. The House supported the Department's request and provided an additional $84 million from the FY 1991 authorization for the advanced warning system.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Follow-on Early Warning System	82.0	82.0	62.0	82.0

DoD Position: The Senate concern about the overlap in capabilities between FEWS and the SDIOs Brilliant Eyes and Brilliant Pebbles sensors does not recognize the difference in missions and coverage among the three systems. The Department has examined the ability of the Brilliant Pebbles concept to perform the Tactical Warning/Attack Assessment (TW/AA) mission and is completely satisfied that the concept will not satisfy TW/AA requirements. Brilliant Pebbles is designed to maximize performance in intercepting boosters and post-boost vehicles. The concept does have an inherent ability to support TW/AA requirements, but it cannot accurately provide crucial tactical parameters such as launch point determination, trajectory azimuth resolution and impact area and time. To fully address the TW/AA mission, the Brilliant Pebbles concept would require significant modifications in number and weight of the satellites, orbit and altitude, command, control and communications support, and data processing. These modifications would jeopardize the effectiveness of the Brilliant Pebbles to perform their primary intercept mission and will certainly increase the cost. Modifying the Brilliant Pebbles to perform the ballistic missile surveillance mission would introduce an unacceptable risk to our TW/AA program.

There is no overlap between the FEWS and Brilliant Eyes since they are designed for different missions and have different capabilities. Brilliant Eyes is intended as a midcourse sensor system to track missiles above the atmosphere and after booster burnout and needs cueing from a boost phase sensor. FEWS, on the other hand, is intended to provide global surveillance for tracking missiles in the boost phase. While both systems may use similar technologies, the wavelengths and detection physics are sufficiently different to make separate systems more cost and operationally effective. A preliminary proposal to provide an initial Brilliant Eyes-type system with a boost phase detector for theater missile defense would not duplicate the FEWs since the Brilliant Eyes capability would have an extremely narrow field of view and must be tasked as to which theater of operations it would view. These areas will be addressed and analyzed in detail during the SDIO Brilliant Eyes contractor studies. The Department will seek to leverage any technology from the one program which may have benefit to another. Therefore, the Department urges the conferees to support the House position on FEWS.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Full Reimbursement of Contractor Independent Research and Development and Bid and Proposal Costs

Language/Provision: The House included a provision (Sec. 231) which would eliminate the Department of Defense cap on total Independent Research and Development/Bid and Proposal (IR&D/B&P) costs, eliminate the Tri-Service negotiated IR&D/B&P ceilings for larger companies, eliminate Federal Acquisition Regulation (FAR) formula method for IR&D/B&P ceilings for smaller companies, eliminate technical review of company IR&D programs, and allow full recovery of reasonable IR&D/B&P costs. The Senate did not address this issue.

DoD Position: Allowing full recovery of Defense IR&D/B&P costs, as proposed in the House provision, would increase the Department's contract costs without a corresponding increase in actual research and development activities. In FY 1990, about 62 percent ($3.6 billion) of IR&D/B&P costs under the IR&D/B&P ceiling were reimbursed by the Department, with the remaining 38 percent covered by commercial customers of DoD contractors. In addition, defense firms, in their pursuit of business interests, expended another$1.3 billion above the Defense ceiling entirely from internal funds. Even at the current expenditure rates, full reimbursement of contractor IR&D/B&P expenses would increase DoD contract costs by about $1 billion a year by FY 1996 with no increase in actual independent research and development activity.

Unlike direct funding of development contracts, the House provision would not necessarily ensure that the Department receives more innovation from its contractors. The provision covers IR&D and B&P as a whole, and is not restricted to research into areas with the potential for significant military applications. It may well be that firms will choose to spend the increase in reimbursements largely on marketing-related activities (B&P), yielding little net benefit to the Department.

The Department supports and encourages contractor IR&D and appreciates the contributions to the defense technology base. However it is essential that the Secretary of Defense have the authority to exercise reasonable control over the IR&D program, including the requirement for advanced agreements on reimbursements, technical evaluations and reviews to determine potential military interest. Continued access to contractor IR&D through technical reviews is essential to maintain government and industry efforts that are complementary and non-duplicative. Therefore, the Department urges the conferees to reject the House provision on IR&D and B&P reimbursement.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Heavy Equipment Transporter (HET)

Appropriations: Other Procurement, Army

Summary: The Senate deleted $182.9 million from the Department's request for Heavy Equipment Transporters (HET) and recommended that the purchase of new HETS be funded from the Defense Cooperation Account. The House supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Heavy Equipment Transporters	$182.9	$182.9	0.0	$182.9

DoD Position: The Department included the HET requirements in its budget request because they are not considered to be an incremental cost of Operation Desert Shield/Desert Storm. No funds were requested for HETS in the Department's supplemental appropriation requests.

Under any circumstances, the Department's request for HETs remains valid. Operation Desert Storm demonstrated the need for HETS to transport tanks forward so they and their crews arrive in a ready to fight condition. The new HET (M1070/M1000) is the only one capable of transporting the M1A1 tank. Therefore, the Department urges the conferees to support the request for the HET program.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Improved Access to Payment Bonds by Potential Subcontractors and Suppliers on Construction Contracts

Language/Provision: The Senate included a provision (Sec. 828) which requires that copies of a prime contractor's payment bond be made available to any "potential subcontractor or supplier of the contractor under that contract" and requires that the prime contractor provide a copy of the payment bond with each subcontract that it awards. The House did not address this issue.

DoD Position: The Senate provision provides no protection to the subcontractors that is not now provided by the FAR. Currently the Department provides the key information about a prime contractor's surety to potential subcontractors and certified copies of bonds upon request from a subcontractor (FAR 28.106-6(b) and (c)). A subcontractor needs a copy of the actual document only when he or she must sue on the bond, at which point the Department provides a certified copy of the bond and the contract. The Senate provision simply add extra paperwork and cost for the subcontractors and the Government without any additional benefit to either. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Inflation on Prior Year Programs

Appropriations: Shipbuilding and Conversion, Navy

Summary: The Senate reduced the Department's request for Inflation on Prior Year Programs by $424.9 million. The Senate noted that the budget request was based on the Ship Cost Adjustment (SCA) review completed in the spring of 1990. However, subsequent Selected Acquisition Reports (SAR) show that the escalation factors on major ship programs are actually declining, and economic factors since submission of the SARs show continued improvement. The Senate authorized $100.0 million to cover funding requirements in FY 1992 pending completion of a new SCA review. The House supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Inflation on Prior Year Programs	524.9	524.9	100.0	524.9

DoD Position: The Senate action reducing the Department's request for Inflation on Prior Year Programs would require the Department to identify offsets from current approved and funded programs in order to fund prior year shortfalls. The full amount requested is required to address the total end cost requirements of prior year programs. It should be noted that impact of the rate change on prior year programs had not been addressed in previous budget requests.

Escalation as discussed in the Ship Cost Adjustment (SCA) refers specifically to the projected adjustments required by the escalation clauses in shipbuilding basic construction contracts. This escalation is unlike the inflation adjustment in the SAR, which reflects total program adjustments due only to inflation index changes. It is important to note that the economic adjustment reflected in the SAR is calculated on an entirely different basis and on a different base, and is not therefore an accurate measurement of the escalation change in prior year programs. For example, the SAR base included ships planned for procurement in the outyears prior to the incorporation of results of the Secretary of Defense's Major Warship Review. The SAR also measures only one year of change. The Department's inflation request covers two years of rate adjustments on ships awarded in FY 1991 and prior years.

Subsequent to the submission of the Department's request, the 1991 Ship Cost Adjustment (SCA) review was completed which validated the Department's request. This review incorporated the latest data affecting the determination of total escalation requirements, including revised inflation indices which incorporated FY 1991 actual data. These results were recently made available to the House and Senate Defense Committees. Accordingly, the Department urges the conferees to support the House position on Inflation on Prior Year programs.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: E-8B JSTARS

Appropriations: Aircraft Procurement, Air Force

Summary: The House approved the Department's request for advance procurement funding in FY 1992 for one E-8B aircraft in FY 1993. The Senate approved the advance procurement funding in FY 1992 for two E-8B aircraft in FY 1993 and authorized the use of Defense Cooperation Account funding to procure two E-8B aircraft in FY 1992.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
E-8B Advance Procurement	62.7	62.7	125.4	62.7
E-8B Procurement	0.0	0.0	652.6	0.0
(Quantity)	(0)	(0)	(2)	(0)

DoD Position: Since no E-8 aircraft were lost in Operation Desert Storm, it is not appropriate, as proposed by the Senate, to use the Defense Cooperation Account for procurement of two JSTARS aircraft. The addition of advance procurement to increase the FY 1993 buy would add additional concurrency to the program and require reductions to other Departmental programs in FY 1993. Therefore, the Department urges the conferees to support the House position on JSTARS.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Mine Countermeasures Initiatives

Language/Provision: The Senate included a provision (Sec. 222) which directs the transfer of all mine countermeasures (MCM) development and acquisition to the Marine Corps Research, Development, and Acquisition Command. The House did not address this issue.

DoD Position: While the Marine Corps has a keen interest in the ability to clear mines in shallow water, the scope of the Navy mine countermeasures program extends well beyond shallow water mine countermeasures. The Department of the Navy has already planned a very aggressive enhancement of mine countermeasures programs, including a cooperative Navy/Marine Corps program in shallow water mine countermeasures. But because the scope of the Naval mine countermeasures program encompasses significantly more than requirements specific to the Marine Corps, maintaining the present management structure of the mine countermeasures program is fully justified. Accordingly, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Multiple Launch Rocket System-Terminal Guidance Warhead (MLRS TGW)

Appropriations: RDTE, Army

Summary: The House reduced the FY 1992 funding request for MLRS TGW by $25 million, from $46.8 million to $21.8 million. The Senate approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Surface-to-Surface Rocket	46.8	21.8	46.8	46.8

DoD Position: The House action would force the U.S. to withdraw from this substantially international effort just eight months prior to the completion of System Demonstration Substage (SDS). The Department's request is required to provide the U.S. share of the funding necessary to complete the current SDS of the international MLRS TGW development program. The United States would be denied access to the significant breakthroughs in millimeter wave technology being developed in the program. Additionally, withdrawal could have a negative impact on future international cooperative efforts since the U.S. could be perceived as an unreliable international partner.

The Department urges the conferees to support the Senate position and approve the full request for MLRS TGW.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: National Aero-Space Plane

Appropriations: RDT&E, Air Force

Summary: The Senate denied the Department's request for funding for the National Aero-Space Plan because the experimental flight vehicle phase of the program represents an unfunded liability of $8.0 billion for the Department and NASA, and the payoffs for the Department are not clear. The House approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Nationall Aero-Space Plane	232	232	0	232

DoD Position: Termination of the Department's role in the National Aero-Space Plane (NASP) will prevent execution of the program directed by the National Space Council and approved by the President. The Department is committed to completing the technology development phase of the program in FY 1993, and is planning to develop an experimental flight vehicle after completion of the technology development phase, if technically feasible. If successful, the NASP technology offers significant potential military benefits: low-cost space launches, rapid access to space, and the ability to reach any point in the world in less than two hours. The NASP is also a key factor in maintaining U.S. world leadership in aerospace technology well into the next century. Continuation of this DoD-NASA-Industry effort will capitalize on a $2.0 billion technology investment in this program through FY 1991 ($923 million DoD, $391 million NASA, and $700 million-contractors). It will also permit a complete technology assessment to be performed. Therefore, the Department urges the conferees to support the House position on NASP.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: National Guard and Reserve Equipment

Appropriations: National Guard and Reserve Equipment, Defense

Summary: The House added $650 million in National Guard and Reserve Equipment to the Department's request. The Senate added $617.7 million to the same appropriation.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
National Guard & Reserve	0	650.0	617.7	0

DoD Position: Both the House and Senate action will hinder the achievement of a balanced Guard and Reserve procurement program that reflects the procurement of the types of equipment appropriate for the downsizing of the defense forces, including the National Guard and the Reserves. The House added funds for several types of equipment, including tactical trucks, C-23 and C-130 aircraft, and equipment upgrades/modifications, that are not required. The Senate added SINCGARS radios, C-12 aircraft, MH-53 helicopters, MLRS launchers, and 10 additional C-130 aircraft which were not on the House list of adds. As summarized in the P-1R exhibit, $1,448.9 million has been requested for National Guard and Reserve Equipment in FY 1992. The Department's request recognizes the relationships between inventory and requirements over time. Since the Guard and Reserve end-strengths are going down, 87% of FY 1994 mobilization equipment requirements for the Guard and Reserve are expected to be on-hand at the end of FY 1991. The bulk of additional equipment for the Guard and Reserve for the period FY 1991 through FY 1994 is expected to come through redistribution of existing combat-capable equipment from the Active components. This will result in an equipment shortfall of less than 4 percent. The Department urges the Conferees to support the budget request and to reject the House and Senate increases.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Payment Protections for Subcontractors Under Defense Contracts

Language/Provision: The House included a provision (Sec. 811) which seeks to insure the payment of subcontractors by establishing numerous notification and certification requirements. The Senate did not address this issue.

DoD Position: Enactment of this provision would not ensure that subcontractors are paid, would cause additional paperwork for small business prime contractors, and would pull the Department further away from commercial business practices. Furthermore, even though the thrust of this provision appears to be aimed at small business prime contractors, we believe that it could damage the ability of these firms to participate in the Department's contracting programs. Therefore, the Department urges the conferees to reject the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Pilot Mentor-Protege Program

Language/Provision: The Senate included a provision (Sec. 831) which would require the publication of a policy statement concerning the Mentor-Protege Program that was issued on July 30, 1991, or any successor policy, in the DOD Federal Acquisition Regulations Supplement (DFARS). The House did not address this issue.

DoD Position: The DFARS was extensively revised on July 31, 1991 to implement the Mentor-Protege Program. Although this coverage did not incorporate the "policy statement" in its entirety, it contains everything that pertains to the functions of contracting officers with respect to the program. Matters that were not included generally pertain to internal functions and operational procedures of DoD Small Business Specialists. The "policy statement," though not published as a regulation in the DFARS, will be distributed as part of a forthcoming Defense Acquisition Circular and was published in the Federal Register on August 9. The DFARS coverage also provides information to interested parties where they may obtain copies of the "policy statement." Therefore, the Department urges the conferees to reject this provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Procurement Flexibility for Small Purchases During Contingency Operations

Language/Provision: The Senate included a provision (Sec. 836) which amends 10 U.S.C. 2302(7) by including the following: "except that in the case of any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation the term means $100,000". In addition, the Senate defined Contingency Operation in 10 U.S.C. 101 to support this provision. The House did not address this issue.

DoD Position: The increased small purchase authority requested by the Department and authorized in support of Operation Desert Storm/Desert Shield proved to be an operation necessity. However, the leadtime required to effect the statutory relief, while only a matter of weeks, negatively affected the operation. The Senate provision to increase the small purchase authority in support of contingency operations is essential to the accomplishment of the operational commanders' missions. The clear definition of a contingency operation and the associated institutionalization of increased contracting authority is vital to maintaining the operational readiness of our forces. The Department urges the conferees to support the Senate position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Stand-Off Land Attack Missile (SLAM)

Appropriations: RDTE, Navy; Weapons Procurement, Navy

Summary:
The House authorized $100.0 million to initiate an R&D program for an alternative improved SLAM missile and $175 million to procure 200 SLAM missiles. The House expressed concern about slippages in the follow-on system, and believes that a SLAM improvement program can substantially lower unit costs while providing significantly improved range capability as well as countermeasure resistance. The Senate supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
HARPOON (SLAM Improvement)-RDTE	0.0	100.0	0.0	0.0
HARPOON (SLAM)-Procurement	37.8	212.8	37.8	37.8

DoD Position: The House action will result in research and development and procurement funds being spent for a system which has no future requirement. SLAM is an interim weapon. Its continued production has not been sought by the Navy nor is it anticipated.

The additional $100 million in RDT&E funding provided by the House is to "initiate" a SLAM development project. This implies that more money will be required in subsequent years. The improvements will have to be very large to offset the expenditure of this amount of R&D funds to make even a reasonable quantity purchase of new SLAM missiles effective. If as many as 1000 new SLAM missiles were purchased after this modification, the cost added per missile is $100,000 considering only this year's R&D. It is very doubtful that the cost per missile can be reduced sufficiently to offset this expenditure. The proposed range improvement would be unique to SLAM and would provide no application to other standoff weapons. R&D dollars can be better spent on items with greater synergistic effect. Other missile systems include countermeasure resistance in their designs so that expenditures for this on SLAM would be duplicative.

As an expensive standoff missile, SLAM is intended for use only against high priority fixed targets. The Navy is procuring only a limited number of these weapons, sufficient to meet their current requirements. SLAM is a variant of the HARPOON. The proposed procurement of 200 SLAM missiles is not sufficient to maintain previous HARPOON and SLAM production efficiencies. It is doubtful that 200 missiles can be procured for the $212.8 million authorized by the House, since the 160 missiles procured in FY 1991 cost $240.5 million. Therefore, the Department urges the conferees to delete these increases for the SLAM missile.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Special Technical Support

Appropriations: RDT&E, Defense Agencies

Summary: The Senate denied the Department's request for the Special Technical Support program, stating that it sees no requirement for such a special fund within the Office of the Secretary of Defense, and that the requirements could be satisfied through the CINC initiative programs. The House approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Special Technical Support	$10.2	$10.2	0	$10.2

DoD Position: The Senate action will result in the severe restriction of support to the CINCs for rapid development of special technologies. The Special Technical Support program will focus on the rapid development of equipment and hardware to satisfy worldwide intelligence technology and secure communications requirements. Contrary to the Senate language, the CINC Initiative Fund cannot be used to satisfy these requirements. The CINC Initiative Fund is an Operation and Maintenance program with very restricted uses: force training, contingencies, selected operations, command and control, joint exercises, humanitarian and civic assistance, educating and training personnel of foreign countries, and certain expenses related to bilateral or regional cooperation programs. It cannot be used to satisfy R&D requirements, and it cannot support rapid prototyping research and development. Therefore, the Department urges the conferees to support the House position and fully fund the Special Technical Support program.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: SRAM-T

Appropriations: RDT&E, Air Force; RDTE, Department of Energy

Summary: The House denied authorization for the SRAM-T due to the declining Soviet threat, the sufficiency of existing submarine and aircraft-delivered weapons, and delays being encountered in the related SRAM II development program. The Senate supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
RDT&E, Air Force	34.3	0.0	34.3	34.3
RDT&E, Dept of Energy	26.9	0.0	26.9	26.9

DoD Position: The House action will prevent the completion of the only non-strategic nuclear missile system currently under development. SRAM-T is designed to fulfill worldwide requirements for an air-delivered, nuclear stand-off capability.

NATO leaders agreed that nuclear forces remain indispensable for its security, and NATO is moving toward a posture where air-delivered weapons will be the only land-based nuclear weapons. Only European-based systems offer the capability for widespread participation and burdensharing to demonstrate Alliance cohesion and resolve in a crisis. As stockpiles and aircraft are reduced to minimum levels on 20 or fewer bases, a nuclear stand-off capability will be critical to deterrence. Remaining nuclear systems must be seen by any potential enemy as having the capability to ensure that our forces can respond flexibly to any situation. While the SRAM-T program is critical for NATO, other U.S. CINCs have also stated strong requirements for the missile.

By allowing aircraft to stand off from heavily defended areas, aircraft survivability will be greatly enhanced. Multiple yields, assured penetration, and high accuracy offer effectiveness against a wide range of targets, from close-in forces to more distant hard targets. SRAM-T will extend the effective range of fighter aircraft, providing commanders increased target coverage and greater flexibility to accomplish their assigned missions. Overall, SRAM-T would greatly enhance efficiency of limited aircraft assets, allowing a greater percentage to be used in conventional operations.

The SRAM-T program has been restructured to reflect SRAM II development delays, and the full FY 1992 request is required to keep the SRAM-T contract structure intact and synchronized with the SRAM II program. The Department urges the conferees to support the Senate position on this critical program.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Strategic Defense Initiative

Appropriations: RDT&E, Defense Agencies

Summary: The House reduced the Department's request for funding for the ballistic missile defense programs by $1.6 billion, eliminated funding for Brilliant Pebbles, and supported the development of ground-based defenses only. The Senate calls for an initial deployment of ground-based defenses, including space-based sensors, to provide highly effective defenses against limited attacks. The Senate provides funding intended to support deployment beginning in 1996--albeit $600 million short of Department's request--while cutting back on other research.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
SDI	5,150.6	3,513.5	4,600.0	4,600.0

DoD Position: The Administration's request for the Strategic Defense Initiative (SDI) reflects the new direction established by President Bush: to protect the United States, our forces overseas, and our friends and allies from limited ballistic missile strikes, whatever their source. The House action ignores the significant operational and cost advantages of combined ground-space defenses, seriously retards ground-based interceptor development by deleting funding for sensor and command center activities, and disregards the flexibility of Brilliant Pebbles in providing continuous protection over large areas.

Although the Department would strongly prefer the President's program, we recognize that the Senate bill allows for deployment of a defensive system that would protect against certain limited ballistic missile attacks, and provide for development of space-based components. In order to sustain the President's commitment to provide effective defenses against limited ballistic missile attacks by the end of the decade, it is essential that the Conferees: 1) commit to deploy ballistic missile defenses to protect the United States; 2) fund the development of Brilliant Pebbles, which are a vital part of an integrated space- and ground-based defense; 3) establish program elements that reflect the priorities of the refocused SDI program; and 4) maintain the theater ballistic defense program element within SDIO to assure deployment of advanced and theater defense systems are properly integrated.

The Department would be very concerned if a final bill were to provide less funding or contain more restrictions than the Senate Bill. The President has stated that any final bill that does not sustain his commitment to defend the United States from limited missile attacks will be vetoed. Therefore, the Department urges the conferees to support the Senate position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Target System Development

Appropriations: RDT&E, Navy

Summary: The House denied the Department's request for funding for the Supersonic Low Altitude Target (SLAT). The Senate reduced the Department's request for SLAT by $22 million, in conformance with the Department's planned program restructure.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Target Systems Development	99.5	27.5	77.5	77.5

DoD Position: The House action would undermine efforts to replicate the supersonic, low altitude threat to thoroughly test and evaluate weapon systems against their operational requirement and design specifications. The Supersonic Low Altitude Target (SLAT) requirement has been revalidated both in terms of threat representation and of weapon system test and evaluation and training requirements. The AEGIS, CIWS, SM-2 BLK Upgrades, RAM, and RIM-7/AIM-7 weapon system requirements to test and train against this threat have not diminished. Weapons technology available to Third World countries and their ability to import or develop advanced supersonic, low altitude missile systems poses a significant risk to fleet assets if our weapon systems and operators are not thoroughly tested and trained for this eventuality Considering the enormous investment in these weapon systems it would be unwise to not thoroughly prove these systems against the very threat they have been developed to counter.

SLAT remains the only viable solution to replicate the supersonic, sea-skimming missile threat and will provide the lowest risk, most cost-effective solution to the critical test and evaluation shortfall which currently exists. The Department is working vigorously towards restructuring the program based on recent events experienced during development flight testing of the system. The estimated FY 1992 R&D restructured program cost is $51.0 million. The Department urges the conferees to support the Senate position and provide $51.0 million for the SLAT requirement in FY 1992.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Technical Data Packages for Large Caliber Cannon

Language/Provision: The Senate included a provision (Sec. 1123) which amends 10 U.S.C. 4542(b)(1) to allow the transfer of technical data packages for large caliber cannons to "friendly foreign countries." The House did not address this issue.

DoD Position: The Senate provision would restore the the Department's authority to transfer technical data packages for large caliber cannons to any friendly foreign country. Prior to 1990, 10 U.S.C. 4542 included authority for such transfers. As a result of unrelated changes in 1990 to section 27 of the Arms Export Control Act (AECA), the drafters of the amendment (we believe inadvertently) changed the pre-existing title 10 authority in order to complement the changes to the AECA. The Senate provision would restore the pre-1990 authority to transfer technical data packages to "friendly foreign countries" instead of only to "NATO or major non-NATO allies." This would allow the Department to pursue follow-on programs with countries that already have programs under the old authority. Therefore, the Department urges the conferees to support the Senate provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Technical Support to USD(A)

Appropriations: RDT&E, Defense Agencies

Summary: The Senate reduced the Department's request for Technical Support to the Under Secretary of Defense (Acquisition) by $29.2 million. The House reduced the Department's request by $3 million.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Tech Support USD(A)	41.2	38.2	12.0	38.2

DoD Position: The Senate reduction to the Technical Support program will jeopardize our ability to provide the technical and other support required. This program funds studies and analyses required to support technical and programmatic decisions throughout the Office of the Secretary of Defense (OSD). The Department's request of $41 million represents a 28 percent decrease from the level appropriated in FY 1991 ($57 million). Ten separate study and analysis PEs--which supported USD(P), ASD(PA&E), ASD(C3I), ASD(P&L), and DDR&E--were aggregated into this one PE for centralized and streamlined management. It is projected that this action will result in savings of over $15 million.

The Senate reduction will cripple OSD's capability to acquire the necessary technical and analytical support or independent assessment when required. This support is particularly important during this period of rapid changes in technology and military doctrine. Therefore, the Department urges the conferees to support House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Test and Evaluation Support

Appropriations: RDT&E, Navy; RDT&E, Air Force; Director, Test and Evaluation, Defense

Summary: The Senate reduced several programs that finance operations of facilities required to test Defense systems and equipment, and which provide for purchase of instrumentation and targets necessary to provide timely and realistic tests. In general the language indicated the programs were reduced on the basis of excessive growth. The House added funds for Air Force Test and Evaluation Support, and supported the Department's request for other programs.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
0604258N Target System Dev	99.5	27.5	77.5	77.5
0605807F T&E Support	402.3	412.3	362.3	402.3
0604940D Central T&E Imp	125.5	125.5	120.5	125.5
0605804D Development T&E	109.4	109.4	99.4	109.4

DoD Position: The House and Senate reductions to test and evaluation accounts are inconsistent with Congressional requirements for demonstrating system performance and operational suitability prior to production by testing more realistically, more thoroughly, and earlier. These programs are central to a carefully coordinated Department-wide approach to improving DoD test capability. The Department places a very high priority on improving the test infrastructure and equipment to better meet future test requirements and counter past neglect.

Reductions to Target System Development and Central Test and Evaluation Improvement, which finance badly needed investment in test and evaluation resources, will cripple critical programs to develop more realistic targets to measure the effectiveness and suitability of weapons programs. The Air Force Test and Evaluation Support program and the Development Test and Evaluation program are fixed operating and support accounts for manpower, utilities and other costs associated with maintaining an infrastructure for conducting test and evaluation. Little flexibility exists for absorbing reductions of the scope made by the Senate. The reductions will reduce staff by up to 500 people and utilities and maintenance at Air Force Test and Evaluation facilities by 8 percent.

In aggregate, these reductions will have a significant detrimental affect on the ability of the Department to conduct testing of Defense systems and equipment. The Department urges the conferees to restore the reductions as indicated above to limit the impact of the reductions on these essential activities.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Testing of Cryofracture

Appropriations: Chemical Agents and Munitions Destruction, Defense

Summary: The House added $13.9 million to the Department's request for research, development, test and evaluation of the cryofracture method of chemical demilitarization. The Senate added $13.9 million for RDT&E and and additional $20 million for procurement of long-lead items for a cryofracture demonstration plant.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Chemical Demilitarization	0.0	13.9	33.9	13.9

DoD Position: The Department considers cryofracture technology for chemical demilitarization unproven and would not therefore commit to procurement of long-lead items until final testing is complete. Therefore the conferees are urged to support the Department's request.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Theater Missile Defense Program

Language/Provision: The House included a provision (Sec. 213) which requires the Secretary of Defense to create a joint tactical missile defense (TMD) program within the Department of Defense, which shall be independent of the Strategic Defense Initiative Organization, and to designate the Army as the executive agent, to include acting as Acquisition Executive for the program. There is no mention of this issue in the Senate language.

DoD Position: While the Department agrees the proliferation of ballistic missiles is a growing threat to U.S. troops and allies, it opposes the legislation to create a new Joint Tactical Missile Defense Program. The Joint Tactical Missile Defense Program has undergone the turbulence of one reorganization this year, at the direction of Congress, and another would only further impede mission accomplishment. The current organizational structure makes more efficient use of resources and personnel. The Secretary of Defense recently decided to centralize the management of the strategic and tactical ballistic missile defense programs and build upon the synergism of two similar development activities. Creation of a new organization would generate a demand for additional personnel when Service personnel strengths are being significantly reduced. Future strategic and tactical ballistic missile defense systems must be fully integrated and therefore, a centrally managed program with a common technology base is appropriate at this stage of research and development.

In view of the Secretary of Defense's decision to reorganize the Joint Tactical Missile Defense Program, the Department urges the conferees to delete the language requiring creation of a new Joint Tactical Missile Defense Program, designating the Army as the Acquisition executive agent, and transferring funding to the Army.

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DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Transportation of Components of DoD Contractor Supplied Items

Language/Provision: The House included a provision (Sec. 804) which would require that Department of Defense contractors and subcontractors use U.S. flag vessels for the transportation of every subtier component of supplies, including every nut, bolt or scrap of raw material, bought for the Department. The Senate did not address this issue.

DoD Position: The House provision would be unduly burdensome on the Department and on its contractors. The Department does not believe that it can be implemented or enforced effectively. This section would be very difficult to implement since much of the material used in the manufacture of defense supples is not identified as destined for use by the military at the time of shipment by sea. Contractors generally maintain one physical inventory of raw material, such as nuts and bolts, used for both commercial and defense contracts. Defense contractors would be required to use U.S. flag carriers at all times on the chance that their stocks may ultimately be used in the manufacture of defense supplies. This would increase the cost of U.S. manufactured goods making such goods less competitive in the world market. Alternatively, the Department and its contractors could institute elaborate and costly procedures to administer compliance on stock items.

Current regulations, based on a Department of Justice opinion, require the shipment on U.S. flag vessels of any components that are clearly identifiable for eventual use by the armed services at the time of transportation by sea. Unlike the House provision, the current regulations can be implemented and contractor's compliance monitored effectively. Therefore, the Department urges the conferees to delete this restrictive provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Undistributed Navy Communications/Electronics Reduction

Appropriations: Other Procurement, Navy

Summary: The Senate reduced the Department's request for Other Procurement, Navy funding for communications and electronics equipment by $135 million for prior year savings. The House made no comparable adjustment.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Communications/Electronics Prior Year Savings	0.0	0.0	-135.0	0.0

DoD Position: The Senate reduction will upset the balance inherent in this budget request and jeopardize mission readiness. Although the FY 1991 obligation status for Other Procurement, Navy may reflect unobligated balances, a significant portion of FY 1991 funding is related to the Congressionally directed policy of full funding of modification installation. This policy requires the budgeting of installation and end item costs in the same fiscal year. Although end item funding is obligating at the same high rate as in previous years, installation funding will remain unobligated until equipment is delivered and ready to be installed, which may occur several years after funds are budgeted. Accordingly, the Department urges the conferees to support the House position.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: V-22

Appropriations: RDT&E, Navy

Summary: The House authorized $990 million ($625 million in new budget authority and $365 million in prior year funds) for the development, manufacture, and operational test of three production representative V-22 aircraft. An additional $755 million was authorized for three additional production representative V-22 aircraft in FY 1993. The Senate authorized no new funds for the program, concluding that it would be premature to build production-representative aircraft at this time.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
V-22	0	$625	0	0

DoD Position: The additional new budget authority of $625 million provided by the House in FY 1992 and $755 million in FY 1993 is not required to execute our current plan. The Department's plan for the V-22 is to complete development but not to initiate production. The Department intends to complete the program with the $365 million appropriated in prior years ($200 million in FY 1989 and $165 million in FY 1991).

The House action, however, essentially requires Low Rate Initial Production (LRIP) of the V-22. The Department has no plans for procurement of the V-22, and the GAO has concurred that the V-22 is not ready for production in FY 1992 or FY 1993 in any event. The House action would impede the Department's current plan to fully develop the aircraft by requiring that $365 million in previously appropriated funds be used to procure six new pilot production aircraft. The Department urges the conferees to support the Senate position and to reject the additional funds for the V-22 approved by the House.

MILITARY

CONSTRUCTION

APPEAL

ITEMS

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Base Closure Property Conveyance

Language/Provision: The Senate included a provision (Sec. 2806) which would require the Department to convey without consideration closing bases to communities significantly impacted by a base closure.

DoD Position: The Senate provision would deprive the Department of as much as $3.5 billion in expected land sale proceeds The section would subvert the intent of the Base Closure Act in that funds from the sale of property are to be placed in the Base Closure Account to finance base closures, including environmental restoration. If implemented, the provision would require additional appropriations of $388 million in FY 1992 and FY 1993 to replace lost receipts, and would result in approximately $1.9 billion being scored as direct spending between FY 1992 and FY 1995 for the 1988 Commission recommendations only.

The Department believes that the provision would work to the detriment of a community's ability to recover economically by:

- Undermining a coordinated, phased turnover of the property to a community, consistent with the community's reuse plan, by mandating the date of conveyance;
- Potentially requiring the community to accept the burden of operation and maintenance of a base earlier than is presently the case; and
- Stressing free transfer rather than the sale of land. The sale of land guarantees new jobs will be created, which is the reason developers are willing to pay for the land. Free transfer provides no such guarantees.

The Senate provision would fundamentally alter the Department's role in the base closure process. It would forever commit the Department to economic adjustment and community planning assistance, outplacement assistance, and job retraining until such time as "economic stability" of the community is achieved. It would require conveyance of 100 percent of a base, absent a separate Presidential waiver, even though the Department, the Base Closure Commission, the President and the Congress recommended or approved retention of a portion of a base for activities such as reserve centers. It would require conveyance of withdrawn public land, land which was deeded to the Department with reversion clauses, and land that the Department does not own (if the installation closing is in leased space). And it would allow the Federal government to pay for improvements to the property consistent with reuse of the property (such as improvements for an amusement park).

There is considerable evidence that the current property disposal process works to the benefit of all concerned. The Department will continue to work with affected communities to mitigate the economic impact of base closures. Past successes have clearly shown that the greatest economic benefit comes from a comprehensive reuse plan that creates new jobs and opportunities, and not just a free transfer of land and facilities. Current law allows for certain public benefit discounts (free transfers) when disposing of bases. These have been used extensively in the past. Sale of the remaining property for economic development, as planned for by the community reuse planning process, is the engine which fuels economic recovery. Therefore, the Department urges the conferees to reject this restrictive provision.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Battle Simulation Center FT Wainwright, Alaska

Appropriations: Military Construction, Army

Summary: The House denied the Department's request for a Battle Simulation Center at Fort Wainwright, Alaska. The Senate approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Battle Simulation Center FT Wainwright, Alaska	3.75	0	3.75	3.75

DoD Position: This project is one of USPACCOM's High Priority military construction projects. It provides the facility to support various computer driven simulations that provide battalion to division level staff training. Currently personnel must travel to Fort Richardson (350 miles away) to perform ten simulation exercises annually. The Battle Simulation Center is essential to maintaining the combat readiness of the 6th Infantry Division (Light). The Department urges the conferees to support the Senate position and fully fund this project.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Cost Limitation on Operation and Maintenance and Unspecified Minor Construction Funded Projects

Language/Provision: The House did not approve the Department's proposal, Sec. 1707 in the President's budget, to increase the minor construction authorizations contained in 10 U.S.C 2805. The proposal would increase the ceiling for minor construction projects funded by Military Construction appropriations from $1 million to $1.5 million, and for minor construction projects funded by Operation & Maintenance from $200,000 to $300,000. The Senate approved the Department's proposal.

DoD Position: The House action will preclude a reduction in the time for approval and funding of these projects and prevent the more efficient and cost effective accomplishment of a larger number of small minor construction projects using minor construction and Operation & Maintenance funds. The minor construction ceilings were last increased in 1982. The Department's proposal will restore authority to the Services to fund projects at levels equivalent to those authorized in 1982. The Department urges the conferees to support the Senate and approve this legislative proposal.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Davis-Bacon Reform Reductions

Language/Provision: The Senate included general reductions to the Service's Military Construction Accounts to accommodate projected savings from the Administration's requested Davis-Bacon reforms. The House did not apply these reductions to the Military Construction accounts.

DoD Position: The Senate action is premature as Congress has not acted on the Administration's requested Davis-Bacon reforms. The Department's request, as presented, included the savings from Davis-Bacon reform in the Legislative Contingencies line, and fully funded all relevant accounts. The Senate action applying reductions to individual accounts could create problems if the Congress does not act favorably on the Administration's request. The Department urges the conferees to support the House position and continue to record Davis-Bacon savings in the Legislative Contingencies line until action on the Administration's reform request is completed.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Fort Bragg, North Carolina, Hospital Replacement

Language/Provision: The House supported the Department's request for authorization to enter into contracts for design and construction of a hospital at Fort Bragg, North Carolina. The Senate deferred consideration of this project one year, stating that, contrary to Congressional policy, the project was not at least 35 percent designed when it was included in the budget request. In addition, the Senate expressed doubts that Fort Bragg represents an optimal location for expanded professional medical training, and expressed concern that the Department has not conducted a thorough analysis of long-term medical training requirements.

DoD Position: This project is conjunctively funded in the Military Construction and the Base Realignment and Closure (BRAC) accounts. BRAC funded projects are not subject to the 35 percent design requirement. If authorization is provided in FY 1992, both the Military Construction project and the BRAC work can be accomplished as one project, rather than as separate efforts. Efficiencies can occur in both dollars and time with this approach.

The economic analysis completed on this facility validates and substantiates making Womack Army Community Hospital a major medical center. During the course of the year additional analysis of training requirements and appropriate sizing can occur. The Department has assembled a flag-level committee of service representatives to conduct a thorough analysis of system-wide Graduate Medical Education requirements.

Given the legitimate need for a replacement facility at Fort Bragg, postponement of the authorization for this project would be disruptive. Therefore, the Department urges the conferees to support the House position on this project.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Guard and Reserve Facilities

Appropriations: Military Construction: Army Reserve, Army National Guard, Naval Reserve, Air Force Reserve, Air National Guard

Summary:
The House increased the Department's request for authorization for facilities in support of the National Guard and Reserves from $281.4 million to $571 million in FY 1992, and from $186 million to $616 million in FY 1993. The Senate increased the Department's request to $451.1 million in FY 1992 and authorized $94.7 million for National Guard and Reserve facilities in FY 1993.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
FY 92 Guard & Reserve Facil.	281.4	571.0	451.1	281.4
FY 93 Guard & Reserve Facil.	186.0	616.0	94.7	186.0

DoD Position: The Department's request included a balanced force structure, and sized personnel, procurement and military construction requirements consistently. The House and Senate action reinstates force structure without mission and provides facilities without direct association to the planned force structure. This action compounds the inflation of personnel strengths for Reserve and Guard components. The Department urges the conferees to support the requested funding for National Guard and Reserve Military Construction.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Major Military Repair Projects

Language/Provision: The House included a provision (Sec. 2804) which amends 10 U.S.C. 2801 and adds a new section (Sec. 2804) to define Major Military Repair Projects so that the proposed transfer from O&M to Military Construction of Major Repair and Minor Construction funding could take place in FY 1992. However, the House did not include all of the provisions necessary to implement the proposal. The Senate did not propose the transfer of this function.

DoD Position: The Department supports the realignment of these investment funds to the Military Construction accounts as proposed in the budget submission for FY 1993. Although this realignment could be accelerated a year, it was not recommended for FY 1992 in order to allow time to adjust accounting procedures, issue execution policies, and to prepare additional specific legislative language changes. Should the House revisions be agreed to by the conferees, the following additional changes would be needed for effective implementation of the intended realignment:

Modify the definition in Sec. 2804(b) of the House bill (which amends 10 U.S.C. 2801) to read as follows:

"Sec. 2801(e). For purposes of this section or any other provision of law in any Act containing authorizations for military construction, the term 'major military repair project' means a repair project of any facility and all financing of contract expenses, labor and material expenses, and architectural and engineering service expenses associated with that project, on a military installation having an approved cost of $15,000 or more."

Additionally, corresponding complementary provisions should be added to 10 U.S.C., Chapter 133 to allow Reserve and Guard Components authorization to obligate the O&M funding that was also realigned. The required provisions would include:

(a) Addition of the same definition proposed for Section 2801(e) above into Chapter 133, as Section 2232 (4).

(b) Addition of a new Section 2233b to read:
"Sec 2233b. Major Military Repair Projects. The Secretary of any military department may carry out major military repair projects or make contributions to any State to support Reserve or National Guard Components with appropriated funds available for such purpose."

The Department prefers that this change be implemented in FY 1993, as proposed in the budget request, in order to insure that all policies and procedures are in place for an orderly transition.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: NATO Infrastructure Program

Appropriations: Military Construction, Defense Agencies

Summary:
The House reduced the Department's request for the U.S. contribution to the NATO Infrastructure Program by $200 million. The House action is based on the determination that (1) the requested increase from the $192.7 million appropriated in FY 1991 is not justified, and (2) a Sense of Congress provision in the FY 1991 National Defense Authorization Act that the program should be used primarily for arms control, recoupment, and completion of recent projects. The Senate reduced the Department's request by $44.4 million, stating that the Program ought to be reduced in scope.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
NATO Infrastructure Program	358.8	158.8	314.4	314.4

DoD Position: The bulk of funding for the FY 1992 and FY 1993 NATO Infrastructure Program is required to continue payments for major projects already under contract and incrementally funded over several years. The House authorization of $158.8 million will not allow the U.S. to meet these contractual obligations or other essential projects. Approximately 30 percent of the program will be used for the continued maintenance and emergency repair of existing facilities that may be required for residual NATO forces. Restoration work will only be done at those locations that can be supported for the post-CFE period. Other NATO funding is earmarked for CFE treaty-related projects and the recoupment of funds for prior U.S. and allied prefinancing. Less than 10 percent of the budgeted funds will be for new starts at bases in several NATO countries, including the continental United States. Some work is required to meet safety and security standards while other projects are technological upgrades to existing command and control systems. New projects in the continental U.S., such as the trestle at the Naval Weapons Station, Earle, NJ, include facilities to support U.S. NATO-assigned naval forces and Army units in their role as reinforcement forces. The Department urges the conferees to support the Senate position, which will allow multi-year funded projects currently under construction to be completed in accordance with existing agreements.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Overseas Construction

Appropriations: Military Construction, Army

Summary:
The House deferred funding for all projects in Germany and Korea to FY 1993, citing uncertainties about overseas force structure and base requirements. The Senate supported the Department's request for these projects.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Germany:				
Hohenfels Rock Crusher Plant	.960	0.0	.960	.960
Korea:				
Camp Carrol, Cons. Maint Fac.	5.600	0.0	5.600	5.600
Camp Hovey, Tact Elec. Shot	9.100	0.0	9.100	9.100
Camp Walker, Commo Center	2.250	0.0	2.250	2.250

DoD Position: The House action will undermine the Army's ability to have a credible capability with operational and support facilities to support the US strategy and forward deployed forces. Our national military strategy calls for US forces to be forward-deployed and forward-based in Europe and the Pacific. Due to the uncertainty of the political climates, the continuous presence of U.S. troops in Korea and Germany will be required as a significant commitment to the security and stability of these regions.

Delaying the Hohenfels, Germany rock crusher project one year will cost the Department $360,000 in maintenance costs. This project pays for itself in nine months, compared to annual purchase cost of gravel in the amount of $1.3 million per year.

The current unstable political situation in the Korean peninsula requires the immediate upgrade of major command and communications facilities at Camp Walker. The two maintenance projects are urgently needed due to equipment modernization in one of the harshest environments in which our Army is deployed.

All of the Army's overseas projects will still be required after a worst case drawdown scenario and none of these requirements qualify for host nation or NATO funding. Therefore, the Department urges the conferees to support the Senate position on these essential overseas construction projects.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Relocation of the 401st Tactical Fighter Wing

Language/Provision:
The House included a provision (Sec. 2811) that prohibits the use of DoD funds, including contributions for the NATO Infrastructure program, from being obligated or expended in connection with relocating DoD functions at Torrejon Air Force Base, Spain to Crotone, Italy, or any other location outside the United States. The Senate did not include a similar provision.

DoD Position: By May 1992, all three F-16 squadrons of the 401st Tactical Fighter Wing (TFW) must leave Torrejon Air Base, Spain, pursuant to a 1922 U.S.-Spanish base rights agreement. The House action will prevent the relocation of the 401st TFW from Spain to Italy and will halt all U.S. participation in the construction of the new air base at Crotone, Italy. It will have an adverse effect on U.S. interests politically, militarily and economically. The decision to build a NATO base at Crotone was a NATO decision, and NATO has continually reaffirmed that decision. In response to the requirements of the National Defense Authorization Act for FY 1991 and 1992, the NATO Foreign Ministers in December 1990 unanimously agreed on the need for Crotone, stating it was more important than ever before. The Department and NATO have reduced the size, cost, and complexity of the base, also in response to the Act. At every juncture, the Department, the Administration, and NATO have responded to the wishes of Congress. Unilateral U.S. abrogations of agreements associated with the relocation of the 401st TFW would severely impair our leadership position in NATO and our bilateral relationship with Italy.

Crotone is a military necessity and General Galvin, CINCEUR, has made it one of his highest priorities. Crotone is in the center of the Mediterranean Region, a region in which the likelihood of instability in the future is growing. The capability to have an air force wing of tactical fighters stationed here is a stabilizer and deterrent. The 401st TFW will have two squadrons of F-16s permanently based at Crotone, augmented by an additional squadron based in the United States. These will be the only permanently stationed U.S. combat air forces in the Southern Region. Operation Desert Storm has highlighted the need for Crotone as an intermediate support base, a complement to Navy battle groups, and as protection for vital air and sea lines of communications in the Mediterranean.

Economically, Crotone gives the United States influence in an area through which a large percentage of world oil flows. Its strategic location also helps ensure free access to world markets and freedom of navigation throughout the Mediterranean. The Department urges the conferees to support the Senate position and delete this restrictive language.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Secretary of Defense Contingency Construction

Appropriations: Military Construction, Defense Agencies

Summary: The House denied the Department's request of $15 million in FY 1992 and $10 million in FY 1993 for Contingency Construction Funds, questioning the need for the account. The Senate supported the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Contingency Construction	15.0	0.0	15.0	15.0

DoD Position: The House action will seriously inhibit the Department's ability to meet contingency Military Construction requirements. The Contingency Construction account is the only source of funds available to the Secretary of Defense to fund vital national security construction projects over $1 million without canceling other projects. This account has been used to build such high priority and unforeseen facility requirements as:

Seismic monitoring sites and portal sites for the On-Site Inspection Agency to ensure compliance with the Threshold Test Ban Treaty.

A Field Office for the On-Site Inspection Agency.

Modernization of the National Military Command Communications site at the Pentagon.

Test facilities for electronic countermeasures necessary to protect our technical edge in weapon systems.

The Department could not predict the need for these military construction projects which were of such urgency that their deferral would have been inconsistent with our national security interests.

The Contingency Construction account, under the authority provided in 10 U.S.C. 2804, is a management necessity to ensure unforeseen vital projects get funded. The Department urges the conferees to support the Senate and fully fund the Contingency Construction Account.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Trestle Replacement at Earle Naval Weapon Station, NJ

Appropriations: Military Construction, Navy

Summary: The House rescinded the authorization of $20.1 million in FY 1991 for Phase I of the trestle replacement project at Earle Naval Weapon Station, and denied the Department's request for $36.5 million in FY 1992 for Phase II of the project. The House stated that this project should be funded in the NATO Infrastructure Program. The Senate approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Trestle Replacement Earle, NWS, NJ	36.5	0.0	36.5	36.5

DoD Position: The Earle trestle is essential to support operational commitments and worldwide regional contingency plans as exemplified by the recent events in the Middle East. Failure to build a replacement facility will result in the continued deterioration of the trestle to the point where it becomes unusable and will prevent resupply in support of fleet contingency plans. The trestle now supports five homeported ammunition ships (2AOEs and 3 AEs). In addition, two new AOE-6s are planned for homeporting at Earle. Contingency plans require the AOEs to be berthed fully loaded at the pier. Given the two mile separation between the piers and the shoreline, Earle is the only location on the East Coast where the AOE-6s can berth without violating explosive safety criteria. The 47 year old wooden trestle is the only link between the three ammunition piers and the weapon storage area.

The Earle trestle, associated piers and ammunition storage areas are estimated to cost $85 million to complete and support both U.S. and NATO requirements. As a result, NATO has agreed to fund 50 percent of the trestle project cost. The remaining 50 percent of the cost must be funded by the United States. It is essential that sufficient U.S. Military Construction funds remain committed to this project in both FY 1991 and FY 1992 to maintain the NATO funding commitment. The Department urges the Conferees to support the Senate position and provide full funding for the Earle trestle replacement.

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Yakima Land Acquisition

Appropriations: Military Construction, Army

Summary: The House denied the Department's request for land acquisition at Yakima Firing Center. The House stated that the changing mission of Ft. Lewis, WA, the declining Army Force structure and local opposition required the deferral of this land acquisition until better justification is available. The Senate approved the Department's request.

	Budget Authority (Dollars in Millions)			
Item	Request	House	Senate	Appeal
Land Acquisition	19.0	0.0	19.0	19.0

DoD Position: The House action preventing the acquisition of additional training areas will insure that Army training continues to be restricted. The Army requires additional land to accomplish simultaneous live fire and maneuver training at brigade combat team level at Yakima Firing Center by both active and reserve component forces. The area required to train a brigade combat team has greatly enlarged with the advent of modern weapons, fighting vehicles and aircraft. The additional land is required whether these brigades are heavy or light, motorized or mechanized. Without the additional training area, the Army cannot achieve free-play, force-on-force brigade level training with multiple forces and Airland Battle doctrine.

Land is currently available for this acquisition. All environmental concerns were adequately addressed in the Final environmental Impact Statement and the draft Record of Decision. The Notice of Availability was published in the Federal Register on February 1, 1991. Ample opportunity has been provided for local opposition to be voiced, yet there continues to be only public support. Therefore the Department urges the conferees to support the Senate position and approve the requested land acquisition.

OTHER

APPEAL

ITEMS

9 September 1991

DEPARTMENT OF DEFENSE
Authorization Conference Appeal

Appeal Subject: Defense Intelligence Agency Legislation

Language/Provision: The Senate included provisions (Secs. 911, 912, and 914) which establish a charter for the Defense Intelligence Agency (DIA) and assign certain mission and management functions for: centralized imagery management; a D.C.-based joint intelligence center; and the General Defense Intelligence Program. Section 913 directs the Secretary to regularly and periodically exercise the national intelligence collection system.

DoD Position: The Senate provisions establish ill-advised and inefficient structures for the control of Defense intelligence organizations and assets which will harm the Nation's intelligence capability. This action places unwarranted limits on the Secretary's authority over DIA; infringes on the Secretary's executive authorities; impairs his ability to organize and manage the Department; and limits his flexibility to adjust programs, resources, and operations to meet national security requirements.

The Department has the responsibility to ensure that Defense intelligence provides timely, accurate, and insightful intelligence on the capabilities and intentions of foreign powers. The Department carefully examined the organization and management of Defense intelligence for over a year and put forward a comprehensive Plan for Restructuring Defense Intelligence that identified a series of carefully integrated actions to strengthen Defense intelligence. After consultation with the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, and the unified and specified combatant commands, the Secretary directed the implementation of management changes that will: strengthen intelligence support to the combatant commanders; improve the quality of Defense intelligence and counterintelligence; strengthen DIA's role as the production manager for Defense intelligence; improve the quality and performance of DIA; ensure an independent intelligence input in the acquisition process; improve the Department's ability to provide centralized resource management; and improve the integration of national (NFIP) and tactical (TIARA) intelligence.

The changes proposed by the Senate will fragment the supervisory control of DIA, will frustrate the establishment of the strong, central resource management and architectural direction that is essential to achieving improved integration of national and tactical intelligence, and will create an unworkable management relationship between DIA and the Secretaries of the Military Departments. This action returns us to the previous DIA and resource management structures that are not well suited for the demands of the new Defense strategy. The Department should be permitted to implement the Plan for Restructuring Defense Intelligence which has the support of the Secretary, Secretaries of the Military Departments, Chairman of the Joint Chiefs, and unified and specified combatant commanders.

Regarding Section 913, the Secretary is already charged with and has an existing DoD Directive to govern the exercise of national intelligence assets. Legislated direction in this matter is unnecessary and further limits the Secretary's authorities.

The Department urges the conferees to eliminate these damaging provisions and allow the Secretary to organize and manage the Department under existing authorities.

DEPARTMENT OF DEFENSE
Authorization Conference Appeals

Appeal Subject: Transfer of All Service Scientific and Technical Intelligence, Human Source Intelligence, and Foreign Counterintelligence to the Defense Intelligence Agency

Language/Provision: The House transferred all resources for Service Scientific and Technical Intelligence (S&TI), Human Source Intelligence (HUMINT), and Foreign Counterintelligence (FCI) to the Defense Intelligence Agency. Report language suggests that the DoD Plan for Restructuring Defense Intelligence does not go far enough in these areas and proposes significant changes. In the S&TI area, to provide DIA authority commensurate with assigned responsibilities, the House transferred to DIA all resources from Army, Navy, and Air Force S&TI Centers and the FOREST GREEN program; makes three of the existing centers DIA Field Production Activities; and provides DIA control, direction and authority over the other three. The House also transferred all DoD HUMINT resources to DIA to completely centralize control over operations, planning, and resources. Further, in recognition of the need to consolidate and strengthen the relationship between HUMINT and counterintelligence, the House transferred all DoD FCIP resources to DIA in the General Intelligence Program (GDIP).

DoD Position: The Department strongly believes that mandatory consolidation of DoD S&T Intelligence within DIA would deter evolution of the carefully developed Plan for Restructuring Defense Intelligence. As the plan is implemented, DIA authorities and resources will be enhanced to enable it to effectively provide management oversight to all DoD S&TI activities. DIA will achieve the objectives outlined by the House without the proposed centralizing of the S&TI resources. In addition, it is essential that the Services continue to have a direct relationship with the S&TI Centers of Excellence in support of weapons systems development. As we witnessed in Operation Desert Storm, this close support works and works well. The problem in DoD S&TI is not in the subordination of the centers or control of budgets, but in assuring centralized production management and independent evaluation of the Services' assessments prior to major weapons systems procurement decisions. The restructuring plan adequately addresses these issues by assigning DIA the responsibility for both issues.

DIA was tasked in the Plan to examine measures to improve the effectiveness of DoD HUMINT. Although the results of that review may lead to changes in the management of the DoD HUMINT, including resource control, it is premature at this time to assume that conclusions and to zero the Service HUMINT budgets. the specific precipitous transfer of these responsibilities and resources has the potential to disrupt DoD HUMINT activities for years to come.

The transfer of Service FCIP budgets to the GDIP and moving FCIP resources to DIA are not needed to strengthen the relationship between HUMINT and FCI. The Secretary's plan effectively addresses this issue by moving responsibility for DoD FCI policy and FCIP management to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, who also manages the GDIP.

The Joint Chiefs of Staff are strongly opposed to the transfer of service HUMINT/S&T assets to DIA based on the potential adverse impact on operations.

The Department urges the conferees to reject the organizational transfers of these critical activities.