

PRESS RELEASE



**United States Senate
Committee on Armed Services**

**Carl Levin, Michigan
Chairman**

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**SENATE REACHES AGREEMENT WITH THE HOUSE OF
REPRESENTATIVES ON THE NATIONAL DEFENSE AUTHORIZATION
BILL FOR FISCAL YEAR 2009**

Senator Carl Levin (D-MI), Chairman of the Armed Services Committee, and Senator John Warner (R-VA), Acting Ranking Member, announced today that agreement has been reached on an amendment to S. 3001, the National Defense Authorization Act for Fiscal Year 2009, accompanied by a Joint Explanatory Statement of the House and Senate Managers of the bill.

“I am very pleased that we have been able to reach agreement with the House Armed Services Committee on a bill that provides our troops and their families with the support they deserve. The bill provides a 3.9 percent across-the-board pay raise for all uniformed personnel, a half a percent more than the President requested. It also reauthorizes over 25 bonus and special pay authorities and extends for an additional year the prohibition on increasing TRICARE beneficiary cost shares and pharmacy co-pays,” said Levin.

“The bill also ensures proper stewardship of taxpayer dollars with provisions that cut costs on major weapons systems, establish new conflict of interest requirements for contractors,

and prohibit the use of funds for any large-scale infrastructure projects in Iraq. It also requires a semi-annual report on the security situation along the Afghanistan/Pakistan border, and the peace agreements in the tribal areas of Pakistan,” added Levin.

“Our forces are protecting us at great personal sacrifice, and we in Congress have a very sacred and constitutional obligation to care for them, and their families, and to provide for them,” Warner said.

“This 47th consecutive defense authorization bill will be the last that Senator John Warner works on in his distinguished career. We would not have been able to bring it to this point without his hard work and steadfast commitment to the national defense and to our men and women in uniform and their families. The policies and funding decisions in this bill will serve to reduce our Nation’s strategic risk by helping to restore the readiness of the military services to conduct the full range of their assigned missions as soon as possible,” Levin also added.

“The agreement takes the form of a House amendment to the Senate bill (S. 3001), accompanied by a Joint Explanatory Statement of the House and Senate managers of the bill -- Senators Levin and Warner, and Congressmen Skelton and Hunter. Once the message is passed by the House, it will be sent to the Senate as a message, which will be amendable in the Senate,” Levin said.

“The Senate bill was on the Floor for seven days, and procedural steps prevented consideration of a number of amendments; nevertheless, the Senate on final passage voted 88-8 to send the bill to the House without the appointment of conferees. The House is expected to vote approval of the bill and send it to the Senate as a House message, rather than a privileged conference report. To become law, the Senate will have to vote its approval. I will continue to support this procedure in order to achieve an authorization law for fiscal year 2009,” Senator Warner added.

AGREEMENT HIGHLIGHTS

To provide fair compensation and first-rate health care, and improve the quality of life of the men and women in the armed forces (active duty, National Guard and Reserves) and their families, the agreement:

- Authorizes a 3.9 percent across-the-board pay raise, 0.5 percent above the President’s budget request;
- Authorizes FY2009 active-duty end strengths for the Army and Marine Corps of 532,400 and 194,000, respectively, an increase of 7,000 soldiers and 5,000 marines from 2008 authorized levels;
- Authorizes an increase of 2,110 full-time support soldiers for the Army National Guard above the Administration’s request;

- Authorizes \$124.8 billion for military personnel costs in fiscal year 2009, including costs of pay, allowances, bonuses, death benefits, and permanent change of station moves;
- Requires payment of previously authorized bonuses to the survivors of members who die on active duty and to individuals who are retired or separated for combat-related disabilities;
- Authorizes new accession and retention bonuses for psychologists and other mental health professionals;
- Authorizes \$25 billion, \$1.4 billion more than the budget request, for the Defense Health Program, which includes the \$1.2 billion necessary to prohibit any increase in TRICARE fees in 2009;
- Prohibits for 1 year the increase of any premium, deductible, and copayment under TRICARE;
- Increases the cap on benefits under the Extended Health Care Option program for all qualified families from \$2,500 per month to an annual cap of \$36,000;
- Authorizes reserve general and flag officers to serve in joint duty assignments without counting against service limits on the number of reserve general and flag officers in an active status;
- Authorizes National Guard officers, not just those officers in command, to retain their State status while serving on active duty, when authorized by the President and with the consent of their Governor;
- Increases authorized strength at the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy to 4,400 cadets or midshipmen;
- Authorizes the Secretary of Defense to establish programs, including tuition assistance, to assist spouses of active-duty service members in obtaining education and training required for a degree, credential, or professional licensure in order to expand their employment and portable career opportunities;
- Authorizes pilot programs to evaluate the need for more flexibility in military career progression that would allow service members to leave active service for up to three years, retain health care coverage, and return with the same grade and years of service;
- Requires the Secretary of Defense to establish a task force on suicide prevention;
- Provides \$55 million in Department of Defense (DOD) supplemental impact aid for schools, an increase of \$10 million over 2008 authorized levels;
- Requires the Secretaries of Defense and the Veterans Affairs (VA) to continue the operations of the Senior Oversight Committee to oversee implementation of Wounded Warrior initiatives; and

- Requires the Secretaries of Defense and the VA to establish jointly a center of excellence in the mitigation, treatment, and rehabilitation of traumatic extremity injuries and amputations, as well as a center of excellence in prevention, diagnosis, mitigation, treatment, and rehabilitation of hearing loss and auditory system injuries.

To provide our servicemen and women with the resources, training, technology, equipment (especially force protection) and authorities they need to succeed in combat and stability operations in Iraq and Afghanistan, the agreement:

- Requires the Secretary of Defense to ensure that the Stryker Mobile Gun System is subject to testing to confirm the effectiveness of actions taken to mitigate the deficiencies identified in Initial Operational Test and Evaluation and Live Fire Test and Evaluation; and
- Fully funds Army and Marine Corps readiness and depot maintenance programs to ensure that forces preparing to deploy are trained and their equipment is ready.

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

- Addresses the number one priority on the Air Force Unfunded Priorities List and adds \$96.9 million for Air Force B-52 flying hours and depot maintenance. The DOD failed to include adequate funding in the budget request to meet the requirements of the National Defense Authorization Act for FY2008 to maintain 76 B-52 bombers in a common configuration;
- Fully funds eight ships requested in the President's budget request, including the DDG-1000; and
- Fully funds the President's budget request for MV-22, CV-22, MH-60R and MH-60S aircraft.

To improve the efficiency of Defense Department programs and activities, and apply the savings toward high-priority programs, the agreement:

- Provides for steering boards to review and approve (or disapprove) any new requirements that could add to the costs of a major weapon system;
- Requires the military departments to establish Business Transformation Offices to serve as a central focus for the reform of their business and financial systems and processes;
- Establishes a Director for Operational Energy Plans and Programs within the Office of the Secretary of Defense and senior operational energy officials within each of the military services responsible for department-wide analysis, plans, and coordination of programs to make the departments use of fuel as efficient now and in the future as possible; and

- Requires the Under Secretary of Defense for Acquisition, Technology, and Logistics to develop and report on an implementation plan for the incorporation of energy efficiency requirements into key performance parameters for fuel consuming systems.

To promote the transformation of the armed forces to deal with the threats of the 21st Century, the agreement:

- Supports the President's budget request for the Army's Future Combat Systems and recommends provisions to improve program management and oversight;
- Requires the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs and the Chief of the National Guard Bureau, to develop a strategic plan to enhance the role of the National Guard and Reserves, taking into account the report of the Commission on the National Guard and Reserves and the recently introduced National Guard Empowerment Act and State-National Defense Integration Act of 2008;
- Adds more than \$175 million for near-term missile defense capabilities: \$70 million for Aegis BMD/SM-3; \$50 million for THAAD; \$28 million for Short-Range BMD; \$30 million for an upper-tier follow-on to the Arrow missile; and adds more than \$20 million for Army BMD technology development programs;
- Authorizes the Secretary of Defense to designate up to 324 general and flag officer positions that are joint duty positions that do not count against Service authorizations for flag and general officers. Establishes objectives for flag and general officers serving in acquisition and contracting positions – addressing shortcomings identified by the Gansler Commission; and
- Adds over \$100 million in investments in advanced energy and power technologies to support defense missions, such as hybrid engines, military fuels research, and battery technologies.

To improve the ability of the armed forces to counter nontraditional threats, including terrorism and the proliferation of weapons of mass destruction (WMD), the agreement:

- Adds more than \$187 million for various nonproliferation and combating WMD efforts, and includes legislative provisions to improve our ability to reduce or respond to threats of WMD, both abroad and at home;
- Extends authorization to the Special Operations Command to train and equip forces supporting or facilitating special operations forces in ongoing military operations, and increased the annual funding available for this activity from \$25 million to \$35 million;

- Amends the National Nuclear Security Administration Act to clarify that excess fissile material disposition is an NNSA responsibility; and
- Consolidates funding for the Mixed Oxide (MOX) fuel program in the NNSA by moving the MOX fuel fabrication facility construction and program funding.

To ensure aggressive and thorough oversight of the Department's programs and activities to ensure proper stewardship of taxpayer dollars and compliance with relevant laws and regulations, the agreement:

- Requires DOD to establish ethics standards to prevent personal conflicts of interest by contractor employees who perform acquisition functions on behalf of the DOD;
- Builds on last year's landmark acquisition workforce legislation by requiring the Secretary of Defense to establish career paths for military personnel in the acquisition field and to increase the number of flag and general officers serving in acquisition positions;
- Expresses the view of Congress that private security contractors should not perform inherently governmental functions in an area of combat operations and contractor employees should not conduct interrogations of detainees during or in the aftermath of hostilities; and
- Requires the DOD to establish a database of information regarding the integrity and contract performance of contractors – ensuring that this information is available to acquisition officials making key contracting decisions.

The bill also:

- Prohibits the use of DOD funds to pay for infrastructure projects in Iraq, except for U.S. military construction and the Commanders' Emergency Response Program (CERP), and calls on the U.S. Government to begin negotiating with Iraq a cost sharing agreement for U.S.-Iraqi combined operations and to act to ensure that Iraq pays for the costs of the Iraqi Security Forces;
- Improves oversight and accountability of the CERP by prohibiting the use of U.S. CERP contributions in Iraq for large-scale infrastructure projects unless approved by the Secretary of Defense; improving DOD program monitoring; and increasing transparency;
- Extends and increases funding for DOD authorities to train and equip foreign military forces and maritime security forces to combat terrorism;
- Extends the DOD authority to transfer funds to support State Department stabilization assistance authority (transferring funds from DOD to State), and authorizes DOD support for State Department reconstruction aid for the Republic of Georgia; and

- Provides DOD-requested authorities to build global partnerships through educational activities to promote interoperability, expanded fellowships, and improved military-to-military contacts.

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PRESS RELEASE



**United States Senate
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NATIONAL DEFENSE AUTHORIZATION BILL FOR FISCAL YEAR 2009

The Senate Armed Services Committee identified the following seven priorities to guide its work on the Fiscal Year 2009 National Defense Authorization bill:

1. Provide fair compensation and first-rate health care, and improve the quality of life of the men and women in the armed forces (active duty, National Guard and Reserves) and their families.
2. Provide our servicemen and women with the resources, training, technology, equipment (especially force protection) and authorities they need to succeed in combat and stability operations in Iraq and Afghanistan.
3. Seek to reduce our Nation's strategic risk by taking action aimed at restoring, as soon as possible, the readiness of the military services to conduct the full range of their assigned missions.
4. Improve the efficiency of Defense Department programs and activities, and apply the savings toward high-priority programs.
5. Improve the ability of the armed forces to counter nontraditional threats, including terrorism and the proliferation of weapons of mass destruction.
6. Promote the transformation of the armed forces to deal with the threats of the 21st Century.
7. Ensure aggressive and thorough oversight of the Department's programs and activities to ensure proper stewardship of taxpayer dollars and compliance with relevant laws and regulations.

FUNDING LEVELS

The total funding in the bill reported by the committee is within the amounts in the FY2009 budget resolution, as passed by the Senate on March 13, 2008, which fully funded the \$612.5 billion requested for national defense in the President's FY2009 budget request.

The President's budget request of \$612.5 billion for national defense for FY2009 had two major parts. The first was \$542.5 billion in budget authority in the so-called "base budget" for the DOD, the national security programs of the DOE, and a few other defense accounts in other federal agencies.

The second part was a war-related "placeholder" or "bridge funding" request of \$70 billion for Iraq and Afghanistan. That amount is not enough to cover all of FY2009, no matter what the next President and the next Congress decide to do in Iraq, but it would provide sufficient funding to allow the next administration to take office without facing an immediate financial crisis in the DOD budget.

The agreement provides \$542.5 billion for the base budget and \$68 billion in war-related costs, for a combined total of \$611.1 billion.

SUBCOMMITTEE ON PERSONNEL

The agreement continues to support recruiting and retention goals for military personnel, enhance compensation and benefits improving the quality of life for DOD personnel, and provide for the severely wounded and the families of military personnel killed on active duty. In the area of personnel, the agreement:

Military Pay and Compensation

- Authorizes a 3.9 percent across-the-board pay raise, 0.5 percent above the budget request;
- Authorizes \$124.8 billion for military personnel costs in fiscal year 2009, including costs of pay, allowances, bonuses, death benefits, and permanent change of station moves;
- Reauthorizes through December 31, 2009, over 25 bonus and special pay authorities aimed at encouraging enlistment, reenlistment, and continued service by active-duty and reserve military personnel;
- Authorizes a stipend for foreign language study for certain officer trainees and Senior Reserve Officers' Training Corps and Marine Corps Platoon Leaders Class participants;
- Authorizes new accession and retention bonuses for psychologists and other mental health professionals;

- Authorizes increased bonuses for nurse officer candidates and increased stipends for nurse officer candidates and baccalaureate students in nursing or other health professions;
- Authorizes a 500 pound weight allowance for the professional books and equipment of spouses of service members during permanent change of station moves;
- Authorizes the service secretaries in their discretion to pay interest on claims arising from the correction of military records that involve setting aside a conviction by court-martial;
- Authorizes pilot programs to evaluate the need for more flexibility in military career progression that would allow service members to leave active service for up to three years, retain health care coverage, and return with the same grade and years of service;
- Extends the special survivor indemnity allowance for survivors affected by the offset of Survivor Benefit Plan annuities by Dependency and Indemnity Compensation to the spouses of members who die on active duty;
- Requires payment of previously authorized bonuses to the survivors of members who die on active duty and to individuals who are retired or separated for combat-related disabilities;
- Authorizes dual family separation allowances for certain military couples with dependent children when they are both deployed; and
- Requires the Secretary of Defense to determine if the phased elimination of the two-tier annuity compensation system has resulted in some Survivor Benefit Plan annuitants receiving a smaller annuity than they would have received otherwise, and to take necessary action to eliminate the reduction.

End Strength

- Authorizes increased end strengths of 7,000 and 5,000 for the Army and Marine Corps, respectively;
- Authorizes FY2009 active-duty end strengths for the Air Force and the Navy of 317,050 and 326,323, respectively; and
- Authorizes an additional 2,110 full-time support soldiers over the Administration request for the Army National Guard.

Military Personnel Policy

- Authorizes the Secretary of Defense to designate up to 324 general and flag officer joint duty positions that do not count against Service authorizations for flag and general officers;
- Increases the authorized number of Army general officers by 5 for acquisition positions and the authorized number of Marine Corps general officers by 1;

- Requires that the officer serving as the Staff Judge Advocate to the Commandant of the Marine Corps be appointed to the grade of major general;
- Authorizes National Guard officers, not just those officers in command, to retain their State status while serving on active duty when authorized by the President and with the consent of the Governor;
- Authorizes promotion of National Guard and reserve officers selected for a vacancy promotion who are ordered to active duty in support of a contingency operation;
- Authorizes reserve component chaplains and medical officers to be retained in an active status until they turn 68;
- Authorizes the Air Force reserve components to defer the mandatory separation of military technicians (dual status) until age 60;
- Increases from 6 to 8 years the maximum reenlistment period;
- Increases authorized strength at the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy to 4,400 cadets or midshipmen;
- Authorizes the superintendents of the service academies to pay certain expenses of officers, students, and representatives of foreign countries visiting the service academy concerned;
- Authorizes the Secretary of Defense to establish programs, including tuition assistance, to assist spouses of active-duty service members in obtaining education and training required for a degree, credential, or professional licensure in order to expand their employment and portable career opportunities;
- Provides a total of \$55 million in DOD supplemental educational aid to local school districts that are affected by the assignment or location of military families, including \$35 million for supplemental DOD impact aid, \$5 million for educational services to severely disabled children, and an additional \$15 million for districts experiencing rapid increases in the number of students due to rebasing, activation of new military units, or base realignment and closure. This is a total increase of \$10 million from last year's authorization;
- Requires the Secretary of Defense to establish a task force on suicide prevention;
- Requires the Secretary of Defense to develop a strategic plan to enhance the role of the National Guard and Reserves, taking into account the report of the Commission on the National Guard and Reserves and the recently-introduced National Guard Empowerment Act and State-National Defense Integration Act of 2008; and
- Mandates 10 days of paternity leave for new fathers on active duty under regulations prescribed by the service secretaries.

Health Care

- Authorizes \$25 billion, \$1.4 billion more than the budget request, for the Defense Health Program, which includes the \$1.2 billion necessary to prohibit any increase in TRICARE fees in 2009;
- Prohibits for 1 year the increase of any premium, deductible, and copayment under TRICARE;
- Requires the Secretary of Defense to calculate the future amounts of monthly premiums paid by members of the Selected Reserve for health care coverage under the TRICARE Reserve Select program based on actual costs of the preceding years;
- Requires significant improvements in preventive health care services including waiver of copayments for preventive services, and establishment of a smoking cessation program under TRICARE;
- Authorizes demonstration projects to provide incentives for better preventive health care for TRICARE Prime enrollees and service members;
- Provides transitional health care benefits to service members who separate from active-duty and who agree to become a member of the Selected Reserve;
- Increases the cap on benefits under the Extended Health Care Option program for all qualified families from \$2,500 per month to an annual cap of \$36,000;
- Requires the secretary of each military department to provide annual medical and dental exams and restorative care to certain reserve component individuals and units to ensure medical and dental readiness for deployment; clarifies funding for medical and dental care to meet readiness standards for members of the Ready Reserve who have been notified that they will be mobilized; and authorizes the Secretary of Defense to waive copayments for members of the Selected Reserve enrolled in the TRICARE dental insurance program during a time of national emergency in order to ensure members of deploying units meet dental readiness standards; and
- Requires the Secretary of Defense to provide chiropractic services to active duty service members at 11 additional Military Treatment Facilities that do not currently provide chiropractic services.

Wounded Warriors

- Clarifies the requirement that DOD utilize the VA presumption of sound condition in establishing eligibility for retirement and disability;
- Requires the Secretaries of Defense and the VA to establish jointly a center of excellence in the mitigation, treatment, and rehabilitation of traumatic extremity injuries and amputations,

as well as a center of excellence in prevention, diagnosis, mitigation, treatment, and rehabilitation of hearing loss and auditory system injuries;

- Requires the Secretaries of Defense and the VA to continue the operations of the Senior Oversight Committee to oversee implementation of Wounded Warrior initiatives; and
- Increases the responsibilities of the Wounded Warrior Resource Center to include referrals for legal assistance.

Civilian Personnel

- Provides temporary discretionary authority to federal agencies to grant allowances, benefits, and gratuities comparable to those provided to members of the foreign service to an agency's civilian employees on official duty in a combat zone;
- Waives limitation on pay for federal civilians working in support of U.S. Central Command (CENTCOM) operations, as recommended by the Gansler Commission;
- Authorizes additional life insurance election options and coverage for federal civilians working in support of CENTCOM operations, as recommended by the Gansler Commission;
- Clarifies streamlined hiring practices under the National Security Personnel System;
- Authorizes expedited hiring of DOD health care professionals; and
- Authorizes accelerated hiring of scientists and engineers at Department of Defense laboratories.

SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT

The agreement's efforts reflected an emphasis on supporting projects and programs that are important to the near-term readiness of the Army, Navy, Air Force, and Marines, both active and reserve components. The agreement:

Operations & Maintenance

- Fully funds the Army and Marine Corps readiness and depot maintenance programs to ensure that forces preparing to deploy are trained and their equipment is ready;
- Adds \$15 million for the Readiness and Environmental Protection Initiative to fund priority projects that benefit critical mission training sites to prevent or reduce encroachment through the creation of a compatible-use buffer zone; and

- Adds \$26 million for DOD Inspector General (IG) unfunded requirements that will enable the IG to increase oversight related to the global war on terror, contract management and acquisitions, and support audits to identify potential waste, fraud, and abuse.

Logistics

- Authorizes, as requested by DOD, the military departments to count depot workload performed by government employees using contractor furnished equipment, or in facilities leased to the government, as sustaining a core logistics capability; and
- Requires the DOD to report the separate levels of capital investment for Navy and Marine Corps depots and add three Army arsenals to the list of covered depots.

Energy

- Establishes a Director for Operational Energy Plans and Programs within the Office of the Secretary of Defense and senior operational energy officials within each of the military services responsible for department-wide analysis, plans, and coordination of programs to make the departments use of fuel as efficient now and in the future as possible;
- Directs DOD to develop a plan that would require program managers to incorporate energy efficiency requirements into the key performance parameters in the acquisition of military weapon systems and provide Congress an annual report on the Department's plans and accomplishments; and
- Directs the Secretary of Defense to conduct a comprehensive technical and operational risk assessment for mission critical DOD installations, facilities, and activities and provide the defense committees an annual report on the Department's integrated prioritized plans and progress on efforts to mitigate or eliminate risks.

Acquisition Policy

- Requires new ethics standards to prevent personal conflicts of interest by contractor employees who perform acquisition functions on behalf of the DOD and other federal agencies;
- Builds on last year's landmark acquisition workforce legislation by requiring the Secretary of Defense to establish career paths for military personnel in the acquisition field and to increase the number of flag and general officers serving in acquisition positions;
- Expresses the view of Congress that private security contractors should not perform inherently governmental functions in an area of combat operations and contractor employees should not conduct interrogations of detainees during or in the aftermath of hostilities;

- Requires the military departments to develop best practices and process improvements to ensure that urgent requirements documents developed by operational field commanders are presented to senior officials for review within 60 days of the time they are submitted. This is a response to reports that Marine Corps leadership failed to respond to requests for Mine Resistant Ambush Protected vehicles, known as MRAPs, and other critical equipment for several years;
- Controls costs for the acquisition of major weapon systems by requiring steering boards to review and approve (or disapprove) any new requirements that could add to the costs of a such systems;
- Requires the DOD to establish a database of information regarding the integrity and contract performance of contractors, to ensure that this information is available to acquisition officials making key contracting decisions;
- Requires the DOD to take steps to ensure that contractor employees who are the victims of sexual assault and other crimes in Iraq and Afghanistan receive the help that the need and the investigative assistance that they deserve;
- Requires military audit agencies to conduct a comprehensive audit of spare parts purchases and depot overhaul and maintenance of equipment for operations in Iraq and Afghanistan;
- Extends the wartime statute of limitations to cases where Congress has authorized the use of military force, making it easier to prosecute cases of fraud in places like Iraq and Afghanistan; and
- Extends to non-defense agencies numerous acquisition provisions that are already applicable to the DOD, ensuring greater protection for DOD when it does business with other federal agencies.

Defense Management

- Requires the military departments to establish Business Transformation Offices to serve as a central focus for the reform of their business and financial systems and processes;
- Ensures that the chief lawyer for the DOD IG serves at the discretion of the IG and reports only to the IG; and
- Requires a systematic examination of inherently governmental functions and other critical functions that should be performed by government employees to ensure that the DOD and other federal agencies have the workforce they need to carry out their responsibilities.

Basing and Installation Issues

- Invests an additional \$538 million above the President's budget request in infrastructure to repair, replace, and modernize our aging defense facilities and improve the quality of life and the productivity of our military;
- Requires an independent design review of new hospitals at Bethesda, Maryland and Fort Belvoir, Virginia without slowing the ongoing construction.
- Funds fully the implementation of the base closure round without intervening or playing favorites in the implementation of the 2005 base closure round and rejects the House proposal to terminate the commission process;
- Increases oversight of housing privatization;
- Provides additional support to U.S. Forces in Afghanistan and Iraq to meet urgent facility requirements; and
- Authorizes the full-scope of the planned construction of the European missile defense sites; while reducing near-term funding to reflect a realistic construction schedule.

SUBCOMMITTEE ON EMERGING THREATS AND CAPABILITIES

The agreement focuses on supporting and enhancing DOD efforts to: combat terrorism globally; defend the homeland; counter the threat of proliferation of weapons of mass destruction; transition technology from the laboratory to the battlefield; and improve the armed forces' ability to meet existing and emerging threats. The agreement:

Combating WMD and Nonproliferation

- Amends the National Nuclear Security Administration (NNSA) Act to clarify that excess fissile material disposition is an NNSA responsibility;
- Consolidates funding for the Mixed Oxide (MOX) fuel program in the NNSA by moving the MOX fuel fabrication facility construction and program funding;
- Establishes and authorizes \$3 million for a nonproliferation scholarship fund to address shortages in technical fields such as radiochemistry and forensics;
- Adds \$25 million to Nonproliferation Research and Development (R&D) for forensics and other R&D activities;

- Directs NNSA not to use more than \$3 million in nonproliferation funds for projects to support the Global Nuclear Energy Program;
- Includes a provision for Global Initiatives for Proliferation Prevention requesting a program overview, fences FY2009 funds until a spending plan is submitted, and reduces funding by \$5 million;
- Authorizes the Cooperative Threat Reduction program and provides an additional \$20 million, including \$10 million for new initiatives, \$1 million for Russian chemical weapons demilitarization, and \$9 million for weapons of mass destruction proliferation prevention in the former Soviet Union;
- Includes a provision that expands the ability of the NNSA to utilize foreign contributions to nonproliferation programs; and
- Authorizes \$1.5 billion for chemical agents and munitions destruction in order to eliminate the U.S. chemical weapons stockpile, as required by the Chemical Weapons Convention.

Electronics and power technologies for military systems & operations

- Enhances the Department's ability to procure and use critical power and electronics technologies, by:
 - Following the recommendations of the National Research Council and establishing an executive agent to oversee DOD's development and procurement of printed circuit boards that are trustworthy and reliable for use in Defense systems;
 - Following the recommendations of the Defense Science Board and other experts and enhancing the Department's ability to ensure that microelectronics procured from commercial sources is reliable and trustworthy; and
 - Requiring the development of a joint government-industry energy storage technology roadmap to ensure that a healthy and innovative defense industrial base for batteries, fuel cells, and other technologies exists in the United States, to support requirements in military vehicles, computers, and other equipment.

Science & Technology Funding

- Increases the Department's investments in innovative science and technology programs by over \$300 million to \$11.8 billion;
- Supports fully the Secretary of Defense's initiative to increase university defense basic research funding and increasing the level by nearly \$50 million over the President's budget request; and

- Adds over \$50 million in next generation manufacturing research and technologies, including nanomanufacturing and rapid prototyping systems, to support the defense industrial base and its ability to meet urgent defense production requirements.

Department of Defense Laboratories

- Fully supports the President's budget for DOD laboratories while providing lab directors with special authorities to expedite the hiring process for research and scientists and engineers. The agreement also authorizes laboratory directors to expend up to 3% of their annual budgets on novel, merit-based research, fostering invention and innovation within the DOD.

Force Protection

- Increases the amount and quality of testing performed on force protection equipment, such as body armor, helmets, and vehicle armor, before it is deployed to the field – ensuring our soldiers and marines have the best equipment and protection available.

Combating Terrorism and Special Operations

- Fully funds the \$5.7 billion budget request, and added over \$20 million for items to help find and track terrorists, including intelligence, surveillance and reconnaissance packages;
- Extends authorization to the Special Operations Command to train and equip forces supporting or facilitating special operations forces in ongoing military operations, and increased the annual funding available for this activity from \$25 million to \$35 million; and
- Increases funding for DOD's Regional Defense Combating Terrorism Fellowship from \$25 million to \$35 million.

Counter-Drug Programs

- Extends for one year the authority to use counter-drug funds to support the Government of Colombia's unified campaign against narcotics cultivation and trafficking, and against terrorist organizations involved in such drug trafficking activities;
- Extends for one year the authority for joint task forces to use counter-drug funds to support law enforcement agencies conducting counterterrorist activities; and
- Extends for one year the authority to provide counter-drug equipment to nations of the Western Hemisphere, Central Asia, and the Caucasus, and expands the list of countries that could qualify for assistance to include Guinea-Bissau, Senegal, El Salvador, and Honduras.

- Requires DOD to prepare a counter-drug plan for Africa, with a special emphasis on West Africa and the Maghreb.

SUBCOMMITTEE ON STRATEGIC FORCES

The agreement continues efforts to strengthen DOD programs for national security space, strategic forces, ballistic and cruise missile defense, and intelligence, reconnaissance and surveillance programs, as well as Department of Energy (DOE) nuclear weapons and environmental management programs. The agreement:

Budget Recommendations

- Adds more than \$175 million for near-term missile defense capabilities: \$70 million for Aegis BMD/SM-3; \$50 million for THAAD; \$28 million for Short-Range BMD; \$30 million for an upper-tier follow-on to the Arrow missile; and adds more than \$20 million for Army BMD technology development programs;
- Offsets the funding additions for near-term missile defense capabilities, and provides offsets for other high priority programs, with reductions to lower priority or longer term missile defense programs, including:
 - \$29 million from Airborne Laser funds not related to the test scheduled for 2009
 - \$35 million from the Space Tracking and Surveillance System
 - \$50 million from the Multiple Kill Vehicles program
 - \$125 million from MDA Special Programs
 - \$45 million from the Kinetic Energy Interceptor program
 - \$30 million from the BMD System Core
 - \$10 million (the full requested amount) for the proposed Space Test-bed
- Establishes two new Defense-wide procurement lines for ballistic missile defense to correct the noncompliance of the DOD with Section 223 of the National Defense Authorization Act for FY2008. Transfers \$115 million from R&D accounts for THAAD and SM-3, and adds \$50 million for THAAD long-lead procurement in the new THAAD procurement line;
- Addresses the number one priority on the Air Force Unfunded Priorities List and adds \$96.9 million for Air Force B-52 flying hours and depot maintenance. The DOD failed to include adequate funding in the budget request to meet the requirements of the National Defense Authorization Act for FY2008 to maintain 76 B-52 bombers in a common configuration;
- Adds \$100 million for advanced procurement and additional spares to mitigate effects of the production break issues associated with reconstituting suppliers for the 4th Advanced Extremely High Frequency Satellite;

- Adds \$30 million for operations to support Spaced-based Infrared Satellite, including additional funds for the ground control stations;
- Adds \$3 million additional for advanced hypersonic boost glide vehicle and realigned funding consistent with the consolidation of Prompt Global Strike funding started in 2008;
- Provides no funding for Reliable Replacement Warhead at the National Nuclear Security Administration, and redirects Navy RRW funding, providing \$14 for arming firing and fusing; and
- Adds \$500 million, offset by prior year balances for Department of Energy Environmental cleanup.

Legislative Provisions

- Directs the Air Force to assemble a plan to improve nuclear security;
- Includes a provision continuing limitations on the use of funds for construction or deployment of a European missile defense system until two conditions are met: (1) the European governments give final approval (including parliamentary approval) to any deployment agreement negotiated with the United States; and (2) 45 days have elapsed after Congress receives the report required in the National Defense Authorization Act for FY2008. Also limits the use of funds for acquisition, other than initial long-lead procurement, or deployment of the interceptor planned for Europe until the Secretary of Defense, after receiving the views of the Director of Operational Test & Operation, certifies that the interceptor has demonstrated a high probability of accomplishing its mission in an operationally effective manner;
- Requires the next administration to conduct a full review of U.S. ballistic missile defense policy, strategy, and related matters;
- Requires an independent assessment of boost-phase missile defense programs, particularly the Airborne Laser (ABL) and the Kinetic Energy Interceptor program;
- Requires the Director of Operational Test and Evaluation (DOT&E) to evaluate testing conducted on the ABL, and prohibits the use of funds to procure a second ABL aircraft until the Secretary of Defense, after receiving the views of DOT&E, certifies that the ABL has demonstrated a high probability of being operationally effective, suitable, survivable, and affordable;
- Consolidates two DOT&E missile defense reports, so that DOT&E includes a characterization of the effectiveness, suitability, and survivability of the ballistic missile defense system in its annual report on missile defense testing;

- Requires a report on Prompt Global Strike concepts;
- States the sense of the Congress on nuclear weapons management and the need to ensure greater attention to nuclear matters at the programmatic and policy levels;
- Requires the next administration to conduct a national security space posture review;
- Requires a joint bandwidth study by the Secretary of Defense and Director of National Intelligence to review bandwidth requirements of major systems and to ensure at the Key Decision Point/Milestone B phase in the procurement process there is a plan to meet the bandwidth requirements of the system;
- Includes a provision that would require a study on security risks associated with certain satellite launch activities;
- Requires development of a comprehensive plan for the next generation of missile warning satellite systems, taking into account the capabilities of current and planned systems, and ongoing research activities;
- Includes a report, due in 2010, on commercial satellite acquisition strategy; and
- Requires the DOE to report on the status of sites complying with the 2005 physical security requirements by December 2008.

SUBCOMMITTEE ON SEAPOWER

The agreement focuses on the needs of the Navy, Marine Corps, and strategic mobility forces. The agreement places particular emphasis on support for marine and naval forces engaged in combat operations, the continuing transformation of the Navy, and the strategic airlift requirements for the future force. Specifically, the agreement:

- Adds \$300 million to support Navy's acceleration of SSN-774 procurement to two boats per year in FY2011;
- Recognizing new problems with cost growth on the Littoral Combat Ship (LCS) program, the agreement approves the FY2009 budget request of \$920 million and delays implementation of the LCS cost cap until FY2010;
- Addresses the number one on the Commandant's Unfunded Priorities List and number two on the Chief of Naval Operations' list and adds \$497 million for LPD-17 advance procurement, which is combined with other funds for a total of \$600 million in advance

procurement for two ships to complete the required program of 11 ships in total; full funding the next ship of the LPD-17 class (at a cost of \$1.7 billion);

- Reduces by \$170 million the Navy's maritime prepositioning force – future (MPF(F)) ship (called an MPF(F) LHA(R)) because the ships in the production line ahead of this ship are both over cost and behind schedule;
- Reduces by \$62.0 million the new Navy Broad Area Maritime Surveillance (BAMS) unmanned aerial vehicle due to delays in the development program;
- Authorizes an additional \$2.1 billion in war-related supplemental funding to buy six more C-17 aircraft, for a total of 212 C-17 aircraft for the Air Force;
- Requires a comprehensive report on the plan for modernizing the VH-71 Presidential Helicopter fleet, and DOD updates the programs Selected Acquisition Report and prohibits obligating funds for restructuring the VH-71 contract before the Department submits a Nunn-McCurdy certification on the program; and
- Includes an authorization for the Department to provide guaranteed minimum purchases level for services from Civil Reserve Air Fleet participants chartering passenger-carrying aircraft.

SUBCOMMITTEE ON AIRLAND

The agreement emphasizes Army transformation and rotary-wing aircraft and Navy, Marine Corps and Air Force tactical aviation fixed programs. The panel also exercised acquisition oversight responsibilities with specific reviews of the Army's Future Combat Systems and Joint Strike Fighter programs. Specifically, the agreement:

- Requires the Secretary of Defense to ensure the Stryker Mobile Gun System is subject to testing to confirm the effectiveness of actions taken to mitigate the deficiencies identified in Initial Operational Test and Evaluation and Live Fire Test and Evaluation; and
- Requires the Secretary of Defense to conduct an assessment of small arms requirements, modernization plans, and the United States small arms industrial base. The bill further requires that in the event that the Secretary of the Army determines that there is a gap in small arms capabilities and that a new individual weapon is required, the Secretary shall procure the new individual weapon using a full and open competition.

Future Combat Systems

- Supports the Army's Future Combat Systems and recommends provisions to improve program management and oversight.

Aviation Highlights

- Adds \$20 million to mature MP-RTIP technology for deployment on a large aircraft, in addition to the current plan for fielding the technology on the Global Hawk unmanned aerial vehicle (UAV);
- Adds \$495 million in R&D and \$35 million in advance procurement to support the GE/Rolls Royce F136 Joint Strike Fighter alternate engine program.
- Provides \$523 million for advance procurement continuing the production line in FY2010, but would prevent DOD from spending more than \$140 million until the President certifies that continuing F-22 production is then the national interest;
- Adds \$20 million for upgrading existing Air Force Litening targeting pods;
- Reduces by \$20 million the request to slow the JASSM production ramp-up ;
- Amends Title 10 to include a long-range aviation plan, similar to the current 30-year shipbuilding plan, to increase the visibility of looming future inventory issues; and
- Includes a provision to require the Secretary of Defense to provide a report on his assessment of the potential for using a potential third multi-year procurement for the F/A-18 E/F to reduce costs and help close a projected shortfall of fighter aircraft in the Department of the Navy.

GENERAL PROVISIONS AND OTHER MATTERS

The agreement also:

Peace and Stability Operations

- Authorizes DOD to establish a Center for Complex Operations to facilitate the activities of educational and training institutions across various U.S. Government agencies to improve coordination in peace, stability, and other operations;
- Authorizes the Secretary of Defense to fund from Navy operating accounts the cost of meals on United States naval and naval auxiliary vessels for non-military personnel, such as non-governmental organization (NGO) and partner nation participants in humanitarian relief operations, and foreign national patients treated during the conduct of humanitarian relief operations; and

- Extends the DOD authority to transfer funds to support State Department stabilization assistance authority (transferring funds from DOD to State), and authorizes DOD support for State Department reconstruction aid for the Republic of Georgia.

Capacity Building of Friendly Nations

The agreement provides additional DOD authorities for building the capacities of friendly nations to combat terrorism and operate with or in place of U.S. armed forces:

- Extending DOD authorities to train and equip foreign military forces, expands this authority to include maritime security forces, and increases the annual funding for this program from \$300.0 million to \$350.0 million;
- Increasing funding available for the Regional Defense Combating Terrorism Fellowship Program;
- Providing permanent authority for the Department to distribute electronically training materials to enhance the interoperability of foreign military and civilian personnel with U.S. personnel;
- Providing permanent authority for DOD personnel to participate in the NATO multinational military centers of excellence; and
- Requiring a report by 2010 on how DOD has used the capacity-building authorities to assist in evaluating whether to extend or modify these authorities.

Iraq

- Prohibits the use of DOD funds to pay for infrastructure projects in Iraq, with exceptions for military construction and the Commanders' Emergency Response Program (CERP); also calls on the U.S. Government to begin negotiating with Iraq a cost-sharing agreement for U.S.-Iraqi combined operations and to act to ensure that Iraq pays for the costs of the Iraqi Security Forces;
- Improves oversight and accountability of the CERP by capping U.S. CERP contributions to any individual project in Iraq at \$2 million, unless waived by the Secretary of Defense; requires senior-level review of all CERP projects in Iraq over \$1 million; and adds reporting requirements for all projects involving U.S. CERP funds over \$500,000;
- Renews the prohibition on the use of DOD funds to establish permanent bases in Iraq or to exercise U.S. control over Iraqi oil resources;
- Requires a report on the strategy for U.S. Provincial Reconstruction Teams in Iraq; and

- Requires a report on how detention operations in Iraq have incorporated counterinsurgency doctrine and efforts to capture lessons learned for DOD detention doctrine, training and practices worldwide.

Afghanistan/Pakistan

- Requires a report on monitoring the Provincial Reconstruction Teams in Afghanistan;
- Requires a semi-annual report on the security situation along the Afghanistan-Pakistan border, and requires DOD to provide Congress detailed information on U.S. Coalition Support Fund reimbursements to Pakistan for support to U.S. military operations; and
- Authorizes up to \$25 million to train and equip the Pakistan Frontier Corps.

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