

PRESS RELEASE

House Armed Services Committee Duncan Hunter, Chairman

FOR IMMEDIATE RELEASE:
November 7, 2003

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CONFEREES COMPLETE FY04 DEFENSE AUTHORIZATION ACT

Washington, DC – House Armed Services Committee Chairman Duncan Hunter (R-CA) today announced that House and Senate conferees have reached agreement on H.R. 1588, the National Defense Authorization Act for Fiscal Year 2004. The legislation sets policies, programs and funding levels for the nation’s military.

Conferees authorized \$400 billion in budget authority for the Department of Defense (DOD) and the national security programs of the Department of Energy (DOE). The bill will be passed by the House today and by the Senate next week and then sent to President Bush for his signature and enactment into law.

“This legislation authorizes the funding necessary to defend the nation and our interests around the globe,” said Hunter. “It contains important provisions such as concurrent receipt pay for the nation’s veterans, common-sense environmental reforms allowing our troops to properly train and important new benefits for military personnel and their families.

“Working with President Bush, we are slowly but surely transforming and rebuilding our military after years of neglect by the previous administration. Much remains to be done, however, to counter years of cuts to procurement accounts, force structure and readiness. The funding gap created during the past decade will require many years of significant increases in defense spending. John Kennedy spent nine percent of America’s gross domestic product on defense. Ronald Reagan spent six percent. In 2004, we will spend 3.4 percent on defense. We face an increasingly dangerous world with many disparate threats – we can and must spend more on defense to meet these threats.

“Our national defense begins with our men and women in uniform as well as the families back home who support them. This bill includes a significant pay raise, along with other retention and recruitment incentives, such as housing allowances and strengthened programs for our National Guard and Reserve personnel.

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“In the ongoing war on terrorism, I commend President Bush, Secretary Rumsfeld and our military leaders for taking the fight to those who would do us harm. We stand committed to provide the resources to ensure our continued success.

“I am grateful to Ranking Member Ike Skelton (D-MO), Subcommittee Chairmen Curt Weldon (R-PA), Joel Hefley (R-CO), Jim Saxton (R-NJ), John McHugh (R-NY), Terry Everett (R-AL), Roscoe Bartlett (R-MD), and all the members of the House-Senate conference for their hard work in advancing this important legislation.”

Selected highlights of the agreement include:

- **Concurrent Receipt for Military Retirees:** Currently, disabled veterans’ retirement benefits are offset by the amount of disability coverage that they are eligible for. H.R. 1588 provides full concurrent receipt of benefits for the most severely disabled veterans.
- **“Freedom to Train”:** H.R. 1588 contains common-sense environmental reforms allowing our troops to properly train for operations in the ongoing war on terrorism.
- **Personnel Benefits:** A pay raise and important new benefits for military personnel and their families are included in the conference report. Provisions include:
 - A 4.15 percent average increase in base pay for our men and women in uniform.
 - A reduction in the average amount of housing expenses paid by service members from the current 7.5 percent to 3.5 percent in fiscal year 2004 – with elimination of the out-of-pocket expense completely by fiscal year 2005.
 - Extension of special pay and bonuses for active duty personnel through December 31, 2004.
 - An increase in the family separation allowance for service members with dependents, worldwide, from \$100 per month to \$250 per month for the period beginning October 1, 2003 and ending on December 31, 2004.
 - An increase in the rate of special pay for those subject to hostile fire and imminent danger, worldwide, from \$150 per month to \$225 per month for the period beginning October 1, 2003 to December 31, 2004.
- **Reform of Pentagon personnel system:** The legislation allows the DOD to develop a merit based system of management for civilian employees that will support national security, while retaining civil service values and protections related to federal worker pay, evaluation, retention, and grievance procedures. The legislation accommodates veterans’ preference, and respects bargaining with labor. It preserves the principles of equal opportunity, diversity, systematic development, ethical behavior, due process, protection against non-merit based actions, and non-reprisal against whistleblowers.

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SUMMARY OF MAJOR PROVISIONS FOR H.R. 1588 *National Defense Authorization Act for Fiscal Year 2004*

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DEFENDING AMERICA

H.R. 1588 funds urgent requirements to protect Americans at home and our military personnel deployed, from those who are developing weapons of mass destruction.

Combating Terrorism

Protecting our Homeland, Troops, and Installations

Biomedical Countermeasures. The conferees recognize the urgent need to respond to the threat of terrorism involving weapons of mass destruction, and support the President's proposed Project BioShield initiative to mobilize the resource of the pharmaceutical industry to accelerate the development and procurement of biomedical countermeasures to chemical, biological, radiological, or nuclear (CBRN) agents. Accordingly, the conferees agreed to three provisions to enhance Department of Defense support of the initiative and provide increased protection for members of the Armed Forces in the event of a military health emergency affecting national security. The provisions would:

- Provide new authority for the Secretary of Defense to accelerate research and development on biomedical countermeasures to CBNR threats;
- Provide new authority for DOD to procure biomedical countermeasures from the Strategic National Stockpile under terms agreed to by the Secretaries of the Departments of Defense, Health and Human Services, and Homeland Security; and
- Provide new authority to the Secretary of Health and Human Services and the Secretary of Defense to authorize emergency use of biomedical countermeasures for the protection of members of the Armed Forces.

Chemical Agents and Munitions Destruction. The conferees note positive progress in the destruction of the U.S. stockpile of chemical agents and munitions, including activities at Johnston Atoll in the Pacific; Tooele, Utah; Edgewood, Maryland, and Anniston, Alabama, as well as preparation for operations at Umatilla, Oregon. The conferees authorized \$1.5 billion for chemical agents and munitions destruction and \$120 million for related military construction.

Chemical-Biological Defense Procurement Program. The conferees authorized \$550 million (increasing the Administration's request by \$45 million to address immediate needs) for procurement of chemical-biological defense equipment and materiel, including:

OPERATION IRAQI FREEDOM FACTS

During the height of major combat operations, there were 466,985 total personnel deployed for OIF. This includes (approximately):

- 54,955 Air Force
- 2,084 Air Force Reserve
- 7,207 Air Force National Guard
- 74,405 Marine Corps
- 9,501 Marine Corps Reserve
- 61,296 Navy (681 are members of the Coast Guard)
- 2,056 Navy Reserve
- 233,342 Army
- 10,683 Army Reserve
- 8,866 Army National Guard

On March 19, offensive operations began against Iraqi leadership positions. By April 15, after 27 days of operations, coalition forces were in relative control of all major Iraqi cities, including Baghdad, Basra, Mosul, Kirkuk, and Tikrit, and Iraqi political and military leadership had collapsed.

Following this military victory, coalition forces continue to make great progress in building a stable, representative, and pro-American Iraq.

- \$331.6 million for contamination avoidance, including funds for automatic chemical agent alarms and advanced chemical agent detectors;
- \$85.5 million for individual protection equipment;
- \$72 million for procurement of drugs, vaccines, and biological sensors under the joint biological defense program;
- \$47.6 million for collective protection equipment; and
- \$13.6 million for decontamination equipment.

Chemical-Biological Defense Research and Development. The conferees authorized \$672 million (\$73 million more than the Administration’s request) for chemical and biological defense research and development. The increase includes \$42.5 million for applied research and advanced technology development initiatives. In these initiatives, emerging technologies and concepts may compete for funding on the basis of technical merit and anticipated contribution to the chemical biological defense capabilities of U.S. armed forces and homeland defense. In addition, the conferees authorized \$139.3 million (\$2 million more than the Administration’s request) for the Defense Advanced Research Projects Agency’s biological warfare defense program. The increase is for the development of broad-spectrum asymmetric protocols for biological defense.

Developing Technology to Combat Terrorism. The conferees authorized \$74.1 million (\$13.6 million more than the President’s request) for the Combating Terrorism Technology Support (CTTS) Program. Under the direction of the interagency Technical Support Working Group, CTTS addresses technology developments that may help efforts to combat terrorism.

Special Operations Command (SOCOM). A major lesson learned in recent conflicts is that the best way to fight terrorism is to keep terrorists far from our shores. During Operations Enduring Freedom and Iraqi Freedom, the small but highly trained Special Operations Forces (SOF) have proven to be a great asset in disrupting the enemy overseas. As such, the conferees authorized \$25 million (\$2.5 million more than the Administration’s request) for SOF ordnance acquisition. The increase purchases additional AT4-confined space (CS) anti-armor and bunker breaching weapons, the SOF’s primary shoulder fired weapon for confined spaces. In addition, the conferees authorized \$57.5 million (\$41.5 million more than the Administration’s request) for SOF small arms and weapons. The increase includes funding for the AN/PVS-17A mini night sight, which will enhance rifle targeting capabilities, the light weight counter mortar radar, which will allow SOF under mortar fire to counterattack with accurate, timely fire, and the infrared zoom laser illuminator/designator, which will permit the surgical delivery of global positioning system guided weapons onto targets. The AT4-CS, AN/PVS-17A, counter mortar radar, and the infrared zoom laser all promise to increase the combat capability of special operations tactical units, and are all unfunded requirements of SOCOM’s Commander. As part of this increase, the conferees also authorized \$22 million to fund another unfunded SOCOM priority: the advanced lightweight grenade launcher. Finally, the conferees support increasing SOF end strength levels by 1,890, provided that personnel standards are not compromised by manning a larger force.

| ANTI-TERRORISM FACTS |
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| Since the start of the war on terrorism in September 2001, the number of terrorist attacks and fatalities linked to terrorism have declined. Terrorist attacks numbered 199 in 2002, compared with 355 in 2001. |
| Nearly 11,000 soldiers from more than 23 nations remain in Afghanistan in search of remnants of Taliban and Al Qaeda forces to further disable the terrorist networks. |
| Training missions and operations with Pakistani special forces are ongoing near the Afghan/Pakistan border, as well as with forces in the Philippines, Georgia, Yemen, and Djibouti to bolster command and control operations against Al Qaeda and other international terrorists. |

Global Effort in the War on Terrorism

Counter-Drug Activities. The conferees support the Administration's request to fund DOD efforts to stop the flow of drugs into the U.S. and recommend \$817.3 million (matching the Administration's request) for drug interdiction and counter-drug activities, and \$159.9 million (matching the Administration's request) for expenses contained in the operating budgets of the services.

Additionally, the conferees believe U.S. should provide assistance to the government of Colombia to not only continue the campaign against narcotics trafficking, but also to curtail the activities and financial support of terrorist organizations. Accordingly, the conferees authorized a one-year extension of the Secretary of Defense's authority to use funds in this provision for activities in Colombia for counter-drug as well as counterterrorism efforts.

Cooperative Threat Reduction (CTR). The conferees support the Administration's request for \$450.8 million to dismantle, secure, and eliminate WMD and WMD facilities in the Former Soviet Union (FSU) through the CTR program, including:

- \$200.3 million to destroy chemical weapons in Russia;
- \$57.6 million to eliminate strategic offensive arms in Russia;
- \$54.2 million to prevent proliferation of biological weapons and materials from the FSU;
- \$48.0 million to improve security at nuclear weapons storage facilities in Russia;
- \$39.4 million to prevent the proliferation of WMD in the states of the former Soviet Union;
- \$23.2 million to improve security for the transportation of nuclear weapons in Russia; and
- \$3.9 million to eliminate strategic nuclear arms in the Ukraine.

CTR FACTS

Since 1991, the CTR initiative has eliminated nearly 500 land-based ballistic missiles, 370 submarine-launched missiles, 25 missile submarines and 100 nuclear-capable bombers.

Unfortunately, a historic lack of accountability, transparency, and sound planning led to waste:

- In Krasnoyarsk, Russia, the U.S. spent \$100 million for a plant to neutralize missile fuel that will never be operated. Russia diverted the fuel to its space program before plant completion.
- A \$100 million U.S. investment to build an environmentally sound solid rocket motor disposal facility was recently lost when the necessary land-use permits were blocked by a Russian politician.

The bill requires on-site managers to maintain integrity and cost effectiveness in CTR projects and will give the U.S. greater insight into a recipient partner's level of cooperation and dedication to a CTR project.

The conferees continue to be concerned about uncooperative behavior by Russia and recommend several modifications to increase accountability and transparency in the CTR program:

- Recent U.S. investments in CTR funds have been lost because the necessary land-use permits were not granted. Therefore, the conferees authorized a requirement that DOD identify and obtain the necessary permits for each phase of a project before expending significant funds needed to complete that phase of a project. In addition, to further improve oversight, the conferees authorized that DOD deploy on-site managers at large construction projects. Together, these provisions will prevent waste in the CTR program and avoid a repeat of the Votkinsk and Heptyl plant fiascos. Russia continues to demonstrate an unwillingness to grant sufficient access to its key biological research facilities so that the U.S. can determine that they are not researching or attempting to produce illicit biological weapons. Therefore, the

conferees authorized limiting spending on biological defense research and early warning preparedness against biological attack to those sites that provide sufficient access.

- Last year, in response to a request by the Administration, Congress authorized the President to waive requirements that had to be met before funding for the chemical weapons destruction facility at Shchuch'ye could be obligated. The conferees authorized extending that authority for one year.

The conferees granted the President's request for authority to expend up to \$50 million in DOD CTR funds on nonproliferation activities outside the FSU.

National Nuclear Security Administration (NNSA) Nonproliferation Programs. NNSA's nonproliferation programs are intended to reduce the threat resulting from the proliferation of WMD and nuclear materials. The conferees authorized \$1.3 billion (\$8 million less than the Administration's request) to address the proliferation of WMDs (a complete listing of NNSA programs may be found on pages 34-35).

Other Initiatives

Revitalizing the U.S. Defense Industrial Base. The ongoing war on terrorism dictates the need to have reliable domestic sources of weapons and equipment. Unfortunately, fewer American companies are capable of designing and manufacturing the components and materials used in military systems, as the U.S. industrial base is becoming more dependent on foreign sources. As such, the conferees directs the Secretary of Defense and the service secretaries to establish a program assessing the ability of the U.S. industrial base to produce military systems and key critical components and materials we need to support national security and win the war on terrorism. In addition, the conferees authorized provisions to further strengthen the U.S. industrial base by:

- Using existing Department of Defense databases to report levels of foreign procurement and the market sectors that are impacted;
- Directing the Secretary of Defense to identify all critical components and essential U.S. capabilities necessary to produce such items;
- The creation of a Defense Industrial Base Capabilities Fund to develop U.S. capabilities for the production of components and materials that are critical to the operation and performance of military systems;
- The elimination of foreign country sources of supply that refuse to deliver military products because of U.S. counterterrorism or military operations.
- The creation of an incentive program to encourage defense contractors to use U.S. machine tools; and
- Preserving Berry Amendment provisions.

Protecting Americans from Ballistic Missile Attack

H.R. 1588 supports the Administration's budget request for ballistic missile defense programs. However, in recognition of more immediate concerns, the legislation shifts funding from activities with longer term pay-off to near-term requirements, and adds additional funds for theater missile defense.

The conferees commend the President's commitment to missile defense, and recommend \$9.1 billion for the continued development of ballistic missile defense (BMD), including:

BALLISTIC MISSILE FACTS

Hostile states, including those that sponsor terrorism, are investing significant resources to develop and deploy ballistic missiles of increasing range and sophistication that could be used against the U.S., our deployed forces, and our allies. At least 25 countries now have, or are in the process of acquiring, missiles capable of delivering nuclear, biological, or chemical weapons. Some 28 countries, including Iran, North Korea, Syria, and Libya, possess ballistic missiles.

- **Fielding System Elements.** The conferees authorize DOD to use research, development, test and evaluation funding to develop and field an initial set of ballistic missile defense capabilities.
- **Midcourse Defenses.** The conferees authorized \$3.7 billion (\$122.9 million more than the Administration's request, recognizing the immediate threat from nations such as North Korea) for mid-course defense programs to begin fielding an initial defensive operational capability in fiscal year 2004.
- **Boost Defense Segment.** The conferees authorized \$626.3 million (matching the Administration's request) for directed energy boost phase intercept programs.
- **Patriot Advanced Capability-3 (PAC-3).** The conferees authorized \$651.6 million (\$90 million more than the Administration's request) for PAC-3 procurement to speed the protection of our troops and allies. The increase provides an additional 30 missiles (for a total of 138 missiles), addressing an unfunded requirement of the Army Chief of Staff.
- **Sensors.** The conferees authorized \$448.2 million (\$10 million more than the Administration's request) for ground and space-based sensors, including the Space Tracking and Surveillance System (formerly SBIRs-Low), the Russian-American Observation Satellite program, and a common radar program.
- **Systems Core Segment.** The conferees authorized \$446 million (\$38 million less than the Administration's request) for core system engineering and support that does not benefit a specific block of the overall BMD system. The conferees reduced the Administration's request by holding funding for the Missile Defense National Team to fiscal year 2003 levels because its role and measures to evaluate its performance remain unclear.
- **System Interceptor.** The conferees authorized \$151.1 million (\$150 million less than the Administration's request) for BMD system interceptors, a new program intended to develop a family of ground-based, sea-based, and space-based interceptors. Given the early stage of this effort, the conferees believe that the recommended funding level is adequate to meet requirements for concept definition and technology development.
- **Technology and Advanced Concepts.** The conferees authorized \$398 million (\$5.5 million more than the Administration's request) for development of crosscutting technology and concepts necessary to keep pace with constantly evolving missile threats.
- **Terminal Defenses.** The conferees authorized \$820.4 million (\$10 million more than the Administration's request) for the Missile Defense Agency (MDA) for research and development of terminal defenses. The conferees included \$74.8 million (\$10 million more

than the Administration's request) for continuing evolution of the Arrow anti-tactical ballistic missile system under development by the U.S. and Israel. The conferees urge the Administration to develop policy on third-party sales of all missile defense technologies co-developed by the U.S.

SUPPORTING AMERICA'S SERVICE MEMBERS

H.R. 1588 addresses not only emerging lessons from the global war on terrorism, but also long-standing committee concerns about the need for better military benefits and the inadequacy of manpower.

Total Force Reforms

Pay and Bonuses

Basic Military Pay. Continuing its commitment to boost income for military personnel, the conferees authorized a 4.15 percent average increase in base pay for our men and women in uniform. This increase represents the fifth consecutive year the military pay raise has exceeded pay increases in the private sector.

Housing Allowance. The conferees authorized reducing the average amount of housing expenses paid by service members from the current 7.5 percent to 3.5 percent in fiscal year 2004, and to eliminate the out-of-pocket expense completely by fiscal year 2005.

Subsistence Allowance. Certain areas such as San Francisco, CA, Boston, MA, Atlantic City, NJ, and New York City dictate a high cost of living. These costs place an additional strain on service members; therefore, the conferees authorized supplementing the allowance for subsistence expenses of service members based at high-cost or unique duty locations.

Active Duty Special Pay and Bonuses. The conferees recommend extending several special pays and bonuses for active duty personnel through December 31, 2004, including:

- enlistment and reenlistment bonus;
- aviation officer retention bonus;
- special pay for nuclear qualified officers extending their period of active service;
- nuclear career accession bonus;
- nuclear career annual incentive bonus;
- special pay for members of Weapons of Mass Destruction Civil Support Teams;
- accession bonuses for dental officers and registered nurses;
- incentive pay for nurse anesthetists;
- nurse officer candidate accession program bonus;
- accession bonus for new officers in critical skills; and
- retention bonus for members with critical military skills.

Family Separation Allowance. The conferees authorized an increase in the family separation allowance for service members with dependents, worldwide, from \$100 per month to \$250 per month for the period beginning October 1, 2003 and ending on December 31, 2004.

PERSONNEL FACTS

America's military personnel includes (approximately):

- 383,000 Active Duty Sailors
- 88,000 U.S. Navy Reserve
- 180,000 Marines
- 41,000 Marine Corps Reservists
- 375,000 Air Force Personnel
- 75,000 Air Force Reservist
- 108,000 Air National Guard
- 499,000 Army Soldiers
- 212,000 Army Reservists
- 351,000 members of the Army National Guard

Hostile Fire and Imminent Danger Pay. The conferees authorized an increase in the rate of special pay for duty subject to hostile fire or imminent danger, worldwide, from \$150 per month to \$225 per month for the period beginning October 1, 2003 to December 31, 2004.

Hostile Fire and Imminent Danger Pay for Reservists. The conferees authorized, effective September 11, 2001, the payment of hostile fire and imminent danger special pay at the same monthly rate paid to members serving on active duty to reservists performing inactive duty training at duty locations where the special pay is authorized.

Skill Conversion Incentive Pay. Generally, a specialty becomes “critically short” when personnel drops below 95 percent of the authorized level for a particular occupational skill. Certain occupational specialties have recently had difficulty retaining their members. As such, the conferees authorized the service secretaries to award an incentive bonus of up to \$4,000 for enlisted members who agree to serve in a critically short occupational specialty.

Benefits

Concurrent Receipt. Current law requires that military retired pay be reduced by the amount of any VA disability compensation received. The National Defense Authorization Act for Fiscal Year 2003 established a payment program to compensate retirees with disabilities resulting from award of the Purple Heart or other combat-related disabilities rated 60 percent or greater to receive their full retirement pay and disability compensation. While this program made progress in eliminating the full retirement pay reduction, the conferees recognize the need for a broader solution to this practice that unfairly deprives disabled veterans of receiving concurrent receipt to hundreds of thousands of veterans. Effective January 1, 2004, all 20-year military retirees with a Purple Heart or combat-related disability, including national guardsmen and reservists, will be eligible for concurrent receipt. The conferees also authorized full concurrent receipt, to be phased in over 10 years, for the remaining military retirees who are the most severely disabled (50% disabled and above). Finally, to ensure that appropriate benefits are being provided to the nation’s veterans, the conferees authorized the creation of a bipartisan commission to review and make recommendations on the VA disability system. The commission will be comprised of 13 members, to be appointed by Congressional leaders and the Administration. Of those members, more than half will be highly decorated combat veterans.

Survivor Benefit Program (SBP). The conferees included a provision that would ensure equitable benefits are provided to the survivors of active duty deaths regardless of the circumstances of the death.

SBP Annuities for Surviving Spouses of Certain Reservists. The conferees authorized extending benefits under the SBP to the surviving spouses of reservists not eligible for retirement, who die from an injury or illness incurred or aggravated in the line of duty during inactive duty training.

Accumulated Leave. Service members constantly put their lives at risk to protect American citizens and others. Currently, personnel performing 120 days of duty in areas of imminent danger or similar assignments are granted 90 days of leave. The conferees authorized an increase of up to 120 days of accumulated leave.

Health Care Centers of Excellence. The growing cost of health care for active and retired personnel and their families is of serious concern to the conferees. The conferees were interested in exploring cost containment measures that may have applications for both the Department of Defense and

Veterans Affairs' health care systems. To that end, the conferees authorized establishing joint centers of excellence to examine mutually beneficial opportunities. The centers should include the use of alternative treatment regimes, observation units, and an increased use of paramedics, and protocols proven effective in reducing cost while maintaining quality health care.

TRICARE Standard Information Outreach to Eligible Beneficiaries. Many individuals under the TRICARE Standard (fee-for-service) program are encountering increased difficulties in finding health care providers willing to accept them as patients. The conferees recommend the Secretary of Defense develop a plan and implementation schedule for an information outreach program designed to assist beneficiaries with access to health care. Specific measures in the plan will help members and their families understand their health care coverage, obtain health care provider information, and gain assistance resolving any difficulties with the program that they may encounter.

Health Protection and Surveillance. Current law requires pre- and post- deployment medical evaluations of service members; however, the conferees believe that DOD has not fully demonstrated a commitment to carry out these and other statutory requirements. As service members return from a second conflict in the Persian Gulf, the conferees direct the Secretary to establish a quality control program to ensure the execution of a health protection and surveillance program and full policy requirements.

Closing or Realigned Health Care Facilities at Military Installations. The conferees are concerned that military health care beneficiaries may be adversely affected by future base closures or realignments. In order to address this concern, the conferees require the establishment of a working group to advise the Secretary of Defense and the Defense Base Realignment and Closure (BRAC) Commission on the impact of base closures on health care delivery. The working group will also provide a plan for continuing health care for individuals relying on health care facilities affected by the planned 2005 BRAC round. The group's responsibilities would entail conducting meetings with members entitled to health care and visiting areas where BRAC will affect the accessibility of health care for members.

Immigration Benefits for Noncitizen Soldiers. Recognizing the importance of noncitizen soldiers and the many sacrifices and contributions they have made to our military, the conferees authorized several provisions to ease the naturalization process for the soldiers and their families, including:

- Reducing to one year the length of service requirement for naturalization during peacetime;
- Allowing noncitizen soldiers who are members of the Selected Reserve during a time of hostilities to immediately seek naturalization;
- Prohibiting state and federal naturalization fees;
- Allowing soldiers to apply and take oaths for citizenship overseas; and
- Granting permanent resident status to the surviving spouses, children and parents of U.S. citizen soldiers who are granted posthumous citizenship as a result death by injury or disease incurred in or aggravated by combat.

Increasing Military Manpower

Active Duty End Strengths. Even before Operation Iraqi Freedom, the global war on terrorism, and the commitment to homeland security, the armed forces had insufficient manpower for existing wartime and peacetime requirements. With the likelihood of the open-ended, long-term manpower

requirements of stabilizing Iraq, and continuing the war on terrorism, it is now crucial to begin addressing existing shortfalls. While the committee recognizes that end strengths in all of the services are inadequate, the Army is currently most in need of an increase as it is carrying the largest burden from a deployment perspective. Therefore the conferees authorized an increase in Army active end strength of 2,400 above the budget request, with \$68 million in additional funding to support the increase. (Tables of all recommended end strength levels are included on pages 36-37.)

End Strengths for Reserves on Active Duty. The conferees authorized an end strength of 70,469 full-time personnel for the Reserves and National Guard, an increase of 1,779 over the fiscal year 2003 level. Included in this increase are 264 full-time National Guard personnel to support the activation in fiscal year 2004 of 12 more Weapons of Mass Destruction–Civil Support Teams.

Improving Living and Working Facilities

Military Construction. Even after several years of funding increases in the Department's military construction and family housing budgets, America's service members continue to live and work in aging and substandard facilities. In an effort to improve the military's living and working conditions, the conferees authorized \$9.7 billion (\$433.8 million more than the Administration's request) for military construction and family housing. Highlights of the conferee's authorizations include:

- **Troop Housing.** The conferees authorized \$1.2 billion for the construction of 41 new barracks and dormitories to support unaccompanied military personnel.
- **Military Family Housing.** The conferees authorized \$775.6 million for construction of approximately 3,900 units.
- **Medical Facilities.** The conferees authorized \$86.9 million for the construction of six medical facilities.
- **Child Development Centers.** The conferees authorized \$16.5 million for three child development centers.

Reforming the Base Realignment and Closure (BRAC) Process. In order to defend the homeland and protect U.S. interests around the world, the United States military must retain the facilities, land, and air space necessary to support its forces. Although current BRAC law requires the Secretary of Defense to assess future threats, it does not specifically require the Department to retain the infrastructure necessary to support a military that has been "surged" to meet those threats. Therefore, the conferees required the Secretary of Defense to evaluate the probable threats to national security and determine the surge requirements necessary to meet those threats. In addition, the conferees required the Secretary to use this determination throughout the BRAC process.

Supporting Guard and Reserve Forces

Extremely high deployment rates for members of the National Guard and Reserves have taken a toll on these personnel and their families. H.R. 1588 recognizes their sacrifice and works to support their needs.

Enhanced TRICARE Coverage for Reservists and their Families. Acknowledging the military's growing reliance on the skills of the nation's reservists and recognizing their sacrifices on behalf of our national security, the conferees authorized the following provisions to improve their access to DOD health care benefits:

- Deployment readiness is being hindered by current law, which does not permit medical care for reserve component personnel until after mobilization. To remove this impediment, the conferees authorized DOD to provide immediate medical and dental screening and care for selected reservists who are assigned to a unit that has been alerted or notified of mobilization.
- TRICARE enrollment on a cost-share basis for non-mobilized reservists and their families for those service members who are unemployed or whose employers do not offer health insurance.
- TRICARE coverage for mobilized reservists and their families to begin up to 90 days prior to the start of the reservists' active duty. Current law permits such coverage to begin only when the active duty period commences;
- Extending to 180 days after separation from active duty a service member's and their family's eligibility for transitional medical care. The current limit is 60 or 120 days, depending on the service member's years of service; and
- Requiring the Comptroller General to evaluate the needs of reservists and their families for acquiring and keeping coverage for health care benefits.

Reserve Component Training and Readiness. The conferees authorized \$730.5 million (\$360.9 million more than the Administration's request) for facilities enhancements to improve the training and readiness of the National Guard and reserves, including:

- \$311.6 million for the Army National Guard;
- \$222.9 million for the Air National Guard;
- \$88.5 million for the Army Reserve;
- \$62 million for the Air Force Reserve; and
- \$45.5 million for the Navy and Marine Corps Reserves.

Reserve Forces Special Pay and Bonuses. The conferees authorized extending certain special pays and bonuses for reserve personnel through December 31, 2004 (except as noted), including:

- special pay for health care professionals who serve in the selected reserve in critically short wartime specialties;
- selected reserve enlistment and reenlistment bonuses;
- special pay for selected reserve enlisted personnel assigned to certain high priority units;
- authority for reserves to receive hostile fire and imminent danger pay equal to the monthly rate as active duty members in an inactive duty training status location (permanent authority);
- ready reserve enlistment and reenlistment bonuses;
- selected reserve affiliation bonuses;

- prior service enlistment bonus; and
- authority for repayment of educational loans for certain health professionals who serve in the selected reserve (extended to January 1, 2005).

Use of Commissaries by Reservists. Under current law, selected reserve, retirees and their families are not eligible for commissary privileges under some circumstances. The conferees authorized the Secretary of Defense to modify this policy to grant reservists the same privileges as active duty personnel and their dependents.

Enrollment Reforms for Department of Defense Dependent Schools (DODDS). Currently, dependents of mobilized reservists recalled from an overseas location are permitted to enroll in DODDS on a space-available, tuition-free basis. However, the dependents of reservists recalled from a location in the Continental United States (CONUS) are not afforded the same tuition-free enrollment status. The conferees seek to resolve this disparity by extending the space-available, tuition-free enrollment status to the dependents of certain reservists recalled from any location to overseas duty assignment.

Eligibility for Reserve Officers with Orders of Active Duty for Health Care. The conferees authorized the same health care benefits for newly commissioned reserve officers awaiting orders to active duty as they will have when on active duty.

Commissaries and Exchanges

Commissaries and Non-Appropriated Fund Facilities. Commissaries and non-appropriated fund facilities are not built or maintained by funds provided by Congress. These facilities are built by extra charges imposed on, or from, items purchased by service members, retirees and their families. To ensure that base closures did not deprive service members, retirees and their families of the value of their contributions, Congress required funds resulting from the sale or transfer of commissary and non-appropriated fund facilities at closed installations to be deposited into a special fund, which now totals over \$70 million. Unfortunately, under current law, money from the fund cannot be used without first being appropriated by Congress. The conferees believe it is unfair and illogical to require congressional action to use money from a fund built entirely by the contributions of service members. Therefore, the conferees authorize use of the fund without the need for appropriation by Congress.

Educating Service Members and their Children

Education Funding. The conferees authorized \$1.69 billion (matching the Administration's request) for the DOD dependent education system.

Impact Aid. The Department of Education's Impact Aid program provides funds to school districts nationwide that educate approximately 600,000 military children. To enable DOD to supplement this program, the conferees authorized \$30 million.

Impact Aid for Children with Severe Disabilities. The conferees authorized \$5 million for the continuation of Department of Defense assistance programs to local educational agencies that benefit dependents with severe disabilities.

Naval Postgraduate School to Instruct Enlisted Members. In an effort to recruit and retain personnel with strong computer and network security skills, the conferees authorized enlisted members

to receive instruction, in connection with the information security scholarship program, at the Naval Postgraduate School.

Re-Entry Process for Former Academy Cadets and Midshipmen. The conferees believe there should be a process to readmit certain cadets and midshipmen to the service academies in cases of substantiated reprisals. Therefore, when a formal report by an inspector general within DOD concludes that a cadet or midshipmen has been the victim of an injustice or has suffered reprisals, which lead to resignation from a service academy, the conferees authorize the cadet or midshipmen to be readmitted. Cadets or midshipmen would not be required to submit a request through the board for correction of military records or reenter with a loss of academic or military status previous to their resignation. The conferees take this action as a follow-up to findings developed by the recent Air Force Academy investigations.

Educational Assistance for Cadets and Midshipmen. The conferees recognize the need for flexibility in the use of Senior ROTC scholarship funds, so that they are more responsive to students' individual financial needs. Accordingly, the conferees authorized giving the military departments flexibility to use the funds to pay for needs beyond tuition costs, such as room, board and other expenses required by cadets and midshipmen for classes.

Other Initiatives

Combating Sexual Harassment and Violence at Military Academies. The conferees require the Secretary of Defense to establish a task force to more effectively address sexual harassment and violence at the United States Military and Naval Academies. The task force will be required to report their findings to the Secretary, and should include recommendations to improve efforts such as victim's safety programs, offender accountability, sexual harassment prevention, and standard guidelines for training personnel at the academies. The conferees also require the Secretary to assess the effectiveness of the corrective actions taken at the Air Force Academy resulting from various investigations of sexual assault and harassment.

Eliminating Domestic Violence. Following a three-year effort, the Defense Task Force on Domestic Violence completed its assessment and made significant recommendations, including proposed changes to law, to improve DOD efforts to prevent and respond to domestic violence in the military. In support of these proposals, the conferees authorized:

- travel and transportation allowances for dependents who are victims of domestic violence for the purpose of relocating for personal safety;
- transitional compensation to victims, to begin upon the sentencing of a domestic violence offender, except for certain pretrial agreements. Eligible individuals may receive transitional compensation for no less than 12 months and no more than 36 months; and
- the Secretary of Defense will conduct multidisciplinary fatality reviews for each domestic violence or child abuse fatality.

Expanded Authority for use of Ready Reserve in Response to Terrorism The conferees authorized, under certain conditions, the use of reserve personnel and units in responding to terrorist attacks in the United States.

National Security Personnel System (NSPS). The conferees have opened the door for defense transformation by authorizing a National Security Personnel System (NSPS) for civilians in the

Department of Defense, a key pillar in the Department's legislative proposal, Defense Transformation for the 21st Century Act of 2003. NSPS is needed to improve the readiness of the Department by allowing its leaders to more effectively manage a civilian workforce that is more agile and effective than it was during the cold war or has been in past decades. The conferees expect NSPS to unburden DOD civilian personnel management of old thinking, old rules, and old relationships, while preserving merit principles, respecting the contribution of employee representatives, and protecting veterans' preference. In doing so, DOD makes the retention of its civilian workforce a more attractive alternative in work competitions with the private sector which should result in more civilian jobs in the future. As such, the conferees authorize:

- **Merit-based System.** Establishment of a merit-based system based on existing statutory merit principles, which will protect a hiring preference for veterans and provide for collective bargaining at the national level. Employees will be involved in developing the new system, joined by the Director of the Office of Personnel and Management, who will serve as a strategic and collaborative partner.
- **Collaborative Processes.** The creation of a system with collaborative processes will ensure inclusion of employee representatives in planning, development, and implementation of a new human resources management system. The measure includes the recommendations on performance management criteria of the General Accounting Office and a process to ensure that employee representatives participate in the development and implementation of a new labor management relations system.
- **Civilian Compensation Pay Pool Protection.** The requirement that, to the maximum extent possible, the NSPS maintain funding levels for civilian personnel compensation in FY 2004-2008 as would otherwise have been allocated had the NSPS not been established.
- **Appeals Process.** Establishment of a new independent review process, based on more applicable precedents, which will ensure employees receive fair treatment in any appeals they raise regarding decisions related to their employment. The process will retain third party review under standards established by Department regulations.
- **Early Retirement Program.** Establishment of a program under which employees will be eligible for voluntary early retirement annuities, offered separation pay to leave service voluntarily, or both, for purposes of reducing or restructuring the workforce.
- **Complying with Current Law.** All existing prohibited personnel practices remain in place – these include provisions relating to political activity, oath of office, access to criminal history records for national security, the Ethics in Government Act, and Inspector General Act.
- **Senior Executive Service Pay.** Senior Executives Service allowances, differentials, bonus, awards, and other payments would be capped at no more than the Vice President's total annual compensations.
- **Hiring of Experts.** In order to secure critical expertise the conferees authorize the Secretary to hire highly qualified personnel with uniquely critical technical, scientific, and management skills at appropriate pay for up to five years, with the possibility of a one-year extension.
- **Rehired Annuitants.** Similar to existing authority permitting retired military personnel to work for the federal government without any offset to their retired pay, the conferees extend such authority to rehired civil service annuitants to ensure that critical skills needed in the national security arena are retained. This will also make civil service more competitive.
- **Alignment.** In addition, the conferees authorize DOD to align the allowances and benefits of certain employees outside the U.S. with those of the Foreign Service and the Central Intelligence Agency.

INCREASING OUR COMBAT CAPABILITIES

Recognizing current threats, H.R. 1588 includes initiatives to address immediate shortfalls in important warfighting requirements. All recommendations are critical to the conduct of military operations of the type conducted in Iraq and Afghanistan. In addition, the legislation mandates more accountability out of DOD programs.

Readiness and Training

Critical Readiness Requirements. The conferees continue to place a high priority on critical maintenance, equipment, and supply needs of the services and troops. To support the individual soldier, sailor, airman, and marine, as well to increase our near-term and long-term readiness capabilities, the conferees authorize an increase of \$ 102.5 million in operations & maintenance funding. This includes:

- \$35 million for additional and improved gear for the troops such as cold weather gear, camelbaks, and other initial issue equipment
- \$15 million for depot maintenance
- \$11 million for improved and long term training
- \$14 million to improve long-term readiness such as funding for corrosion control and humidity protection

DOD Environmental Programs. The conferees authorized a responsible set of initiatives intended to restore a balance between protecting the environment and military readiness. (See also Department of Energy Defense Environmental Management Programs on page 35.)

- **Conservation of Protected Species.** The Endangered Species Act (ESA) frequently restricts access to training areas when critical habitat is designated for threatened or endangered species on military installations. Therefore, the conferees authorized a provision to amend the ESA to prohibit further designations of critical habitat on installations in areas where there is an Integrated Natural Resources Management Plan that has been prepared in cooperation with DOD and state and federal Fish and Wildlife Services. This provision would not annul existing critical habitat areas and would not allow DOD to take any action that would harm an endangered or threatened species.
- **Marine Mammal Protection Act (MMPA).** Potential adversaries to the U.S. and our allies are deploying quiet diesel submarines that, if undetected, can cripple or sink Navy ships and submarines, including aircraft carriers with their crews of thousands. Despite the threat posed

READINESS FACTS

Readiness measures the ability of a military unit to accomplish its assigned missions. Logistics, available spare parts, training, equipment, and morale all contribute to readiness.

Between 1992 and 2000 national defense was cut by more than half a million personnel and \$50 billion in inflation-adjusted dollars.

Of the Army's 213,000 acres at Ft. Hood, 150,000 are unavailable for realistic training due to a variety of environmental restrictions.

The U.S. had 18 Army divisions in 1991. Today we have 10.

Due to environmental restrictions, there is a steady loss in the quality and realism of many training activities. In some cases, training activities are curtailed, rescheduled, or cancelled due to environmental issues, with considerable fiscal and readiness impacts.

DOD's 425 military installations in the U.S. provide sanctuary to 300 threatened or endangered species.

by such submarines, MMPA restrictions continue to inhibit the use of technology to counter such threats. For example, under current law, any action that has even the potential to disturb a marine mammal is considered harassment and represents a violation of the MMPA. Also, the Navy must apply for a permit every time it conducts readiness exercises in the sea. Further, the MMPA is currently the only major environmental law that contains no exemptions for national security reasons.

Accordingly, the conferees authorized modifying the MMPA by redefining harassment as an action that has significant impact on behavior critical to marine mammal survival and reproduction. Also, the conferees authorize modifying the permitting process for the Navy if its readiness activities create no more than a negligible impact on marine mammals. However, this permitting authority does not allow intentional harm to marine mammals. These modifications, which build upon the recommendations of the National Research Council and initiatives of the past and current Administration, will clarify the statute, focus analysis on science, and increase military readiness all while ensuring protection of marine mammals.

MODERNIZING THE FORCE

H.R. 1588 recognizes the United States must strike a balance between modernizing and enhancing current combat forces and developing the next generation of capabilities to ensure our military dominance over all future adversaries.

Balancing Risk

Aircraft

Air Force Aerial Refueling Tanker Aircraft. The Air Force's refueling tanker fleet was utilized extensively over the past several years, and that pattern has continued during recent operations. The fleet is essential in projecting airpower to fight the war on terrorism. Current operational demands have shortened the life of an already aging fleet, consisting mostly of KC-135Es, KC-135Rs and KC-10s. To replace the KC-135Es slated for retirement, which are the oldest and least capable KC-135s, the Air Force proposed leasing 100 new KC-767A air refueling aircraft.

The conferees decided on a provision that would authorize the lease of 20, and the procurement of 80, new KC-767A aerial refueling tanker aircraft from fiscal years 2004 through 2014. This program would deliver the first four new KC-767A aircraft in fiscal year 2006. This will improve the Air Force's aerial refueling capabilities by providing a higher mission capability rate, a higher utilization rate, reduced maintenance down time, operations on shorter runways, flexibility for either boom or hose/drogue operations, and increased cargo-carrying capacity. Additionally, the conferees included a provision requiring the Department of Defense to conduct, and provide a report on, an independent assessment of the KC-135's material condition to further understand operational readiness trends due to age-related corrosion and maintenance down time.

AV-8B Harrier. The conferees authorized \$57.9 million (\$37 million more than the Administration's request) for AV-8B modifications. The Marine Corps currently has a shortfall of 22 Litening AT pods that incorporate infra-red radar and other enhancements to improve multi-sensor and precision strike capability. As such, the increase authorized by the conferees procures 22 Litening AT pods and upgrades eight Litening II pods to the AT configuration, a top unfunded requirement of the Commandant of the Marine Corps.

B-1B Lancer. The long-range, precision bombing capabilities of the B-1B were crucial to the success of recent combat operations. A critical lesson learned from the continuing war on terrorism is the need for deep strike capabilities, especially when access to overseas bases is limited. Since the B-1B is capable of striking an adversary anywhere around the globe on short notice, potential future conflicts will likely demand continued contributions from B-1Bs, requiring more force structure than now planned. However, the Air Force currently plans to retire 32 of its 92 B-1Bs. The conferees note 23 of

MODERNIZATION FACTS

Today, the average age of the Marine Corps Huey is over 28 years, Air Force aircraft average 23 years, Army helicopters average 18.6 years, and two-thirds of Navy aircraft are over 15 years old. Some of the pilots that fly the Air Force aircraft are younger than the equipment.

Previous years of budget cuts and force structure reductions resulted in total reliance on equipment built in the 1970s and 1980s.

The average Navy aircraft today, for the first time in history, is older than the average warship.

The Joint Chiefs of Staff now estimate that \$105 billion in procurement funding is needed each year to prevent the existing force structure from shrinking or aging.

The Joint Direct Attack Munition (JDAM) has become a weapon of choice for its low cost (\$22,000 unit cost at current production rate) and high accuracy.

these B-1Bs could be regenerated by upgrading the aircraft with modern capabilities. Accordingly, the conferees authorized \$97.0 million (\$5.4 million more than the Administration's request) for B-1B modifications to begin the regeneration process for the 23 B-1Bs. The conferees expect the increase for B-1Bs, along with increases to planned Air Force budgets in future years, will result in additional upgraded B-1Bs entering service in fiscal year 2005.

B-2 Spirit. The B-2 is the U.S. military's most advanced long-range strike aircraft. A critical lesson learned from the continuing war on terrorism is the need for deep strike capabilities, especially when access to overseas bases is limited. The Air Force should continue to upgrade the existing B-2 fleet with the most effective systems and weapons. As such, the conferees authorized \$128.3 million (\$51.8 million more than the Administration's request) for B-2 modifications. Of the total amount, the conferees authorized \$27.1 million to repair recently discovered crack growth in the B-2's aft deck that requires a modification to sustain its durability, mission capable rates, and low-observability characteristics. In addition, the conferees authorized \$160.9 million (\$15.9 million less than the Administration's request) for B-2 research and development. Overall, the total decrease includes an increase of \$29.6 million to accelerate the development of the extremely high frequency satellite communications system which provides high bandwidth communications for nuclear and conventional B-2 missions, an increase of \$3.9 million for development of aft deck repair kits, and an Air Force requested decrease of \$24.7 million which was transferred to the procurement account.

Next Generation Bomber. The Air Force currently plans to begin a next generation bomber program in approximately ten years. However, the bulk of the Air Force bomber fleet consists of 94 B-52s, which will be 50 years old by the year 2012. The conferees believe this is insufficient to meet ongoing requirements for long-range strike aircraft with stealth capabilities. Accordingly, the conferees authorized \$100 million (the Administration did not request any funds) for research and development for the next generation bomber program.

C-5 Galaxy. One of the largest aircraft in the world, the C-5 provides airlift support for oversized cargo and combat-ready troops. A lesson learned from recent operations is the need for more airlift capability. The ability to transport our troops and their equipment around the world is critical in the ongoing war on terrorism. The conferees authorized \$111.7 million (\$19.7 million more than the Administration's request) for C-5 modifications. The increase is for additional avionics modernization program kits that replace unreliable engine flight instruments and flight system components, an unfunded requirement for the Air Force Chief of Staff.

C-17 Globemaster. The C-17 is capable of carrying large combat equipment, troops, and other cargo across international distances. A lesson learned from recent operations is the need for more airlift capability. The ability to transport our troops and their equipment around the world is critical in the ongoing war on terrorism. Accordingly, the conferees authorized \$2 billion (matching the President's request) for procurement of 11 C-17s in fiscal year 2004. The conferees also authorized \$927.6 million (matching the Administration's request) for C-17 contractor support for fiscal year 2004, and \$504.1 million (matching the Administration's request) for advance procurement of 14 aircraft in fiscal year 2005. In addition, the conferees authorized \$49.1 million (matching the Administration's modified request) for C-17 modifications.

C-130 Hercules. C-130s are four-engine turboprop aircraft capable of performing a variety of roles ranging from transporting troops and vehicles to serving as gunships and tankers. The conferees authorized \$205.6 million (\$9.9 million more than the Administration's request). Of this increase, \$3.1

million is for the Air National Guard to upgrade the C-130's radar. Additionally, a \$6.8 million increase is provided to upgrade one C-130 with Ku band satellite communications.

E-2 Hawkeye. The E-2 provides fleet commanders with long-range radar surveillance, command and control of fighter aircraft, communications relay, and tactical data exchange. The conferees authorized \$211.1 million (matching the Administration's request) for two E-2C Hawkeye aircraft, \$17.4 million (matching the Administration's request) for advance procurement, and \$43.1 million (matching the Administration's request) for E-2 modifications. In addition, the conferees authorized a four-year E-2C multiyear procurement beginning in fiscal year 2004.

EA-6B Prowler. The EA-6B protects other aircraft and ground troops by jamming hostile radar and communications. The conferees authorized \$267.1 million (\$60 million more than the Administration's request) for EA-6B modifications. The \$60 million increase is to replace rapidly aging outer wing panels on 18 Prowlers, a top unfunded requirement of the Chief of Naval Operations.

E-8C Joint Surveillance and Target Attack Radar System (JSTARS). The E-8C JSTARS aircraft is equipped with a long-range, air-to-ground surveillance system designed to locate, classify, and track ground targets in all weather conditions. The E-8C reportedly played an important role in Operation Iraqi Freedom, as its radar was unaffected by sand storms. Its command and control capabilities can also be a key part of the integration of the military services, the effectiveness of which was demonstrated so well in Iraq. The E-8C's current engines are old, inefficient, and provide only marginal power. New, replacement engines would improve the E-8C's ability to accomplish its missions as well as reduce operation and maintenance costs. Therefore, the conferees authorized \$41 million (\$5 million more than the Administration's request) for E-8 modifications and to begin a re-engining program for the E-8C JSTARS aircraft.

F-15 Eagle. The F-15A, B, C and D models are the Air Force's all-weather, supersonic, air superiority attack aircraft. The conferees authorized \$239.1 million (\$41.5 million more than the Administration's request) for F-15 modifications. This increase includes: \$10 million is for the ALQ-135 band 1.5 countermeasures system modification that provides a self-protection jamming capability against modern surface-to-air enemy missiles; \$20 million to procure additional conversion kits to upgrade the current F-15 engines to the F100-220E configuration to provide increased thrust, greater reliability, better fuel efficiency, and reduced operations and maintenance costs; and \$11.5 million for improved systems to identify friendly and enemy aircraft. In addition, the conferees authorized \$111.6 million (\$500 thousand less than the Administration's request) for F-15 systems development, which included as increase of \$16.5 million to continue the development of the F-15C/D radar block upgrade program to improve radar performance to detect and engage cruise missiles, and a decrease of \$17.0 million for execution and scheduling delays.

F-16 Falcon. The F-16 is a maneuverable, multi-role fighter aircraft. The conferees authorized \$326.4 million (\$25.8 million more than the Administration's request for the Air Reserve Component) for F-16 modifications. Included in this increase is \$20 million for F100-229 engines which will improve the block 42 F-16's thrust and performance, and \$5.8 million for the on-board oxygen generating system. In addition, the conferees authorized \$97.5 million (\$10 million more than the Administration's request) for F-16 systems development. This increase is for the AN/APG-68(V)9 radar upgrade program to provide improved performance, savings, and reliability to the existing radar.

F/A-18 Hornet. The F/A-18A, B, C, and D fleets are the primary fighter and attack aircraft for both the Navy and the Marine Corps. The newest model, the F/A-18E/F Superhornet, began production five

years ago and has recently completed its first operational deployment at sea as part of Operation Iraqi Freedom. To provide the Navy with the improved capabilities of the Superhornet, The conferees authorized \$3 billion (matching the Administration's request) for procurement of 42 F/A-18E/Fs. The conferees also authorized a 234-aircraft, five-year multiyear procurement beginning in fiscal year 2005, for both Superhornets and the EF-18G Growler, the future replacement for the EA-6B Prowler. In addition, the conferees authorized \$335.9 million (matching the Administration's request) for modifications to the existing F/A-18 fleet. Finally, the conferees authorized \$179 million (matching the Administration's request) for F/A-18 research and development.

F/A-22 Raptor. The F/A-22 Raptor is the Air Force's next-generation air dominance fighter. The conferees authorized \$3.5 billion (\$161 million less than the Administration's request) for 22 F/A-22s. The conferees authorized a reduction in the Administration's request because savings from lower than negotiated vendor and unit costs will reduce the cost of the F/A-22s for fiscal year 2004. Additionally, the conferees are concerned about the reliability of the F/A-22 avionics hardware and software, and authorized a provision that would limit the obligation of \$136 million of F/A-22 aircraft procurement funds until DOD certifies that the latest hardware and software equipment installed in the F/A-22 performs for at least 5 hours without incurring an avionics anomaly.

F-35 Joint Strike Fighter (JSF). The JSF will be a high technology, affordable, multi-role, combat aircraft based on a common airframe and components that will be used by the Air Force, Navy, and Marine Corps. The conferees increased the Administration's requests for \$2.2 billion for Navy JSF development and \$2.2 billion for Air Force JSF development by \$56 million to fully fund development of the JSF's alternate engine in fiscal year 2004.

Joint Primary Air Training System (JPATS). JPATS, consisting of T-6A Navy aircraft and ground-based training systems, provides safe and effective training for Navy and Air Force pilots. Although the Navy had not planned to procure additional JPATS until fiscal year 2007, purchasing JPATS units in fiscal year 2004 will reduce operations, maintenance, and procurement costs. Therefore, the conferees authorized \$21.7 million (the Administration did not request any funds) for Navy T-6A aircraft and ground based training systems. In addition, the conferees authorized \$280.6 million (matching the Administration's request) for 52 JPATSs for the Air Force.

P-3 Orion Antisubmarine Aircraft. The conferees authorized \$122.5 million (\$27.5 million more than the Administration's request) for P-3 modifications. Of the Navy's fleet of 288 P-3s, only 69 are equipped with anti-surface warfare improvement programs (AIP) that improve their ability to fly intelligence, surveillance, and reconnaissance (ISR) missions. To increase the Navy's AIP-equipped fleet, the conferees authorized an increase of \$26 million for additional AIP kits. Some of the remaining P-3s can be upgraded with electro-optic sensors and communication upgrades to meet lower-priority demands for ISR missions, preserving the airframe life of the 69 AIP-equipped P-3s. As such, the conferees also authorized an increase of \$1.5 million to begin the upgrade one non-AIP-equipped P-3 with electro-optic sensors and communication upgrades. In addition, the conferees authorized \$19.6 million (\$12.3 million more than the Administration's request) for P-3 development, including funds to upgrade AIP-equipped P-3s with the phased capability update (PCU) program. The AIP PCU program would further enhance the P-3 by improving sensor performance to provide precise target locations for real-time dissemination to strike platforms.

V-22 Osprey. The V-22 is a tilt-rotor vertical takeoff and landing aircraft that is being developed for the Marine Corps, Air Force, and Navy. The conferees authorized \$872.2 million (matching the Administration's request) for nine Marine Corps MV-22s and advance procurement of MV-22s in

fiscal year 2005, \$441.1 million (matching the Administration's request) for Navy V-22 research and development, and \$233.1 million (matching the Administration's request) for two Air Force CV-22s and advance procurement of CV-22s in fiscal year 2005, and \$65.7 million (matching the Administration's request) to continue Air Force CV-22 development.

Helicopters (Listed Alphabetically)

AH-64 Apache Longbow. The Apache Longbow is the Army's upgraded heavy attack helicopter designed to destroy tanks and support infantry ground offensives. The conferees authorized \$762.5 million (matching the Administration's request) for upgrades and recapitalization of 64 Apache Longbows.

Blackhawk. The conferees authorized \$209.6 million (\$70.7 million more than the Administration's request) for Blackhawk procurement. The conferees authorization includes \$70.7 million for seven UH-60L Blackhawks for the Army active duty and reserve components. The conferees also authorized a transfer of \$85 million from procurement to research and development as part of the restructured UH-60M upgrade development program to curb cost growth and to ensure the helicopter can be fielded without further delays.

MH-47 Chinook. The MH-47 Chinook's primary mission is to transport joint special operations forces and their equipment on deep insertion and extraction missions in all weather conditions. The conferees authorized \$495.5 million (matching the Administration's request) for modifications to 16 MH-47 special operations helicopters.

MH-60S. The MH-60S will replace the Navy's aging H-46D helicopter fleet, and will provide airborne mine countermeasures, conduct vertical replenishment, and search and rescue missions. The conferees authorized \$336.5 million (matching the Administration's request) for procurement of 13 MH-60S helicopters and \$95 million (matching the Administration's request) for advance procurement of additional helicopters in fiscal year 2005. The conferees also authorized \$77 million (matching the Administration's request) for multi-mission helicopter development.

RAH-66 Comanche. The Comanche is the Army's next-generation, stealthy, armed reconnaissance helicopter. The conferees authorized \$1.1 billion (matching the Administration's request) for continued Comanche engineering and manufacturing development.

Ground Weapons and Vehicles

Heavy Forces Modernization. A clear lesson learned during Operation Iraqi Freedom was the dominant role played by heavy armored forces; yet, budgetary constraints led to the Army's decision to terminate both M2A3 Bradley upgrades and M1A2 Abrams system enhancement program (SEP) upgrades in the fiscal year 2004 budget request. The conferees are extremely concerned with both the force structure and industrial base implications of terminating these programs. To ensure that the Army's heavy forces continue to be modernized and to maintain a strong heavy armor industrial base until the next generation future combat system ground vehicle requirements are identified, the conferees authorized \$457.8 million (the Administration did not request any funds) for heavy forces upgrades. Of the total amount, the conferees authorized \$258.8 million for Bradley M3A2 Operation Desert Storm D+ upgrades, \$155 million for M1A2 Abrams SEP tank upgrades, and \$44 million for combat support and combat service support equipment for heavy forces modernization.

Future Combat System (FCS). The conferees support the Army's efforts to transform into a lighter, more agile and lethal force. The Army currently envisions three highly interdependent projects within the transformed armored systems: FCS, Networked Fires Systems Technology, and Objective Force Indirect Fires. The three systems will be designed to increase the lethality of current systems, increase the survivability of U.S. troops, and to ensure that U.S. soldiers and Marines have the fire support they need. However, the conferees have numerous concerns about the current structure of the FCS program. Among the concerns: the program's performance parameters are so broad that many current Army systems already meet FCS requirements; the Army has had difficulties in major programs of far less complexity; the Army needs to provide additional detail and descriptive material to justify its \$1.7 billion request for the three projects; and congressional oversight is limited by the Army's current plan to place all three projects under one FCS program. Therefore, the conferees authorize restructuring the program so that the three projects and future projects are funded separately, but recommend \$1.7 billion for FCS.

Family of Medium Tactical Vehicles (FMTV). The FMTV, consisting of 15 different C-130 deployable truck variants in 2.5 or five ton payload classes with companion trailers, is the Army's primary medium tactical vehicle and key logistics enabler for combat support and combat service support forces. The conferees authorized \$349.8 million (\$40 million more than the Administration's request) to procure additional FMTVs under the Army's current competitive rebuy multiyear procurement contract. The additional funds support continued cost-savings in the program and address an unfunded requirement of the Army Chief of Staff.

Family of Heavy Tactical Vehicles (FHTV). The conferees authorized \$164 million (\$30.9 million more than the Administration's request) for the family of heavy tactical vehicles, including palletized load systems, heavy equipment transporter systems, heavy expanded mobility tactical trucks (HEMTTs), and movement tracking systems (MTS). The additional funds will procure additional HEMTTs to supplement heavy forces modernization program and address a critical National Guard shortfall.

High Mobility Multipurpose Wheeled Vehicle (HMMWV). The conferees authorized \$163.1 million (\$25.2 million more than the Administration's request) for Army HMMWVs, a light, tactical, four-wheel drive utility and combat support vehicle. Of the additional funds, \$5.2 million will procure Up-Armored HMMWVs for Army National Guard units. The Up-Armored HMMWVs provide U.S. military personnel conducting peacekeeping operations in postwar security environments with increased force protection from anti-tank and anti-personnel mines, and armor-piercing munitions.

M249 Squad Automatic Weapons (SAW). The SAW is a lightweight machine gun capable of delivering accurate, automatic fire up to 800 meters. As an integral weapon system for infantry units deployed in support of Operations Enduring Freedom and Iraqi Freedom, the conferees authorized \$33.4 million (\$11.9 million more than the Administration's request) for procurement of additional SAWs, including \$5.0 million for the unfunded requirement of the Commandant of the Marine Corps.

Movement Tracking Systems (MTS). The conferees authorized \$164 million (\$30.9 million more than the Administration's request) for the family of heavy tactical vehicles. Included in the increase is \$9 million to procure an additional 562 MTS. MTS is a proven near real-time command and management system that provides combat service support units with total asset visibility through global positioning system vehicle location, and two-way text messaging between mobile and fixed assets.

Night Vision Equipment. Operation Iraqi Freedom revalidated the tactical advantages provided by night vision equipment and enhanced light infantry units' operations at nighttime and in decreased visibility during poor weather conditions. The conferees authorized \$60.1 million (\$22.4 million more than the Administration's request) to procure night vision equipment.

Stryker Medium Armored Vehicles. The conferees authorized \$955 million (matching the Administration's request) for the procurement of 301 medium armored vehicles for the fourth Stryker brigade combat team.

Munitions

Ammunition. The service chiefs each listed ammunition as a top unfunded priority. The conferees believe it is important to replenish the stocks used during recent operations and authorized \$3.61 billion (\$105 million more than the Administration's request) for the replenishment of ammunition and industrial base upgrades. As such, the conferees authorized \$1.4 billion (\$103 million more than the Administration's request) for Army ammunition programs, \$1.3 billion (matching the Administration's request) for the Air Force, \$690 million (matching the Administration's request) for the Navy, and \$234.4 million (\$2 million more than the Administration's request) for the Marine Corps.

Missiles and Precision-Guided Munitions (PGMs) Operation Iraqi Freedom demonstrated the dramatic technological capability of PGMs to strike targets precisely while reducing the risk to military personnel and civilians. The conferees authorized:

- \$485.6 million (\$208 million more than the Administration's request) for Tactical Tomahawk cruise missiles for the Navy. The increase helps replenish stock severely depleted in Operation Iraqi Freedom. In addition, the increase further addresses missile shortfalls by providing \$25 million to purchase equipment necessary to increase production.
- \$40 million (the Administration did not request any funds) for the affordable weapon system, an advanced technology initiative to develop a capable precision guided weapon that would be far less expensive than comparable weapons systems; (See also "Communications, Science and Technology" on page 31-32 for more information on the affordable weapon.)
- \$705 million (matching the Administration's request) to procure Joint Direct Attack Munitions, including \$427.7 million for 20,244 bomb kits for the Air Force and \$277.3 million for 12,326 bomb kits for the Navy;
- \$54.1 million (matching the Administration's request) for 84 Standoff Land Attack Missile-Expanded Response missiles for the Navy;
- \$142.8 (matching the Administration's request) for 201 Advanced Medium-Range Air-to-Air Missiles (AMRAAMs) for the Air Force and 53 AMRAAMs for the Navy;
- \$138.5 million (matching the Administration's request) for 429 Joint Standoff Weapons for the Navy;
- \$133.1 million (matching the Administration's request) for 901 Javelin anti-tank missiles for the Army;
- \$91.9 million (\$13 million less than the Administration's request) for AIM-9X Sidewinder air-to-air missiles for the Navy and the Air Force. The decrease will retain Air Force production at low-rate initial production quantities.
- \$56 million (\$46.5 million less than the Administration's request) for Joint Air to Surface Standoff Missiles for the Air Force;

- \$60.4 million (\$17.1 million more than the Administration’s request) for missile technology, including micro electro-mechanical systems with inertial sensors and global positioning systems, to improve the accuracy and reduce the cost of precision guided munitions; and
- \$50.3 million (matching the Administration’s request) for 50 Army Tactical Missile System Quick Reaction Unitary missiles for the Army.

Unmanned Aerial Vehicles (UAVs)

Joint Operational Test Bed System (JOTBS). The Joint Forces Command (JFCOM) established the joint operational test bed system (JOTBS) to further the development of interoperable UAVs that would allow the all services to fly, operate, and receive data from all UAVs. The need for, and advantages of, interoperable UAVs was demonstrated during Operations Enduring and Iraqi Freedom. The conferees believe UAV interoperability is fundamental to successful joint operations and therefore specifically authorized an additional \$4 million for JFCOM JOTBS.

Global Hawk UAV. The conferees authorized \$406.2 million (\$7.6 million more than the Administration’s request) for Global Hawk development for the Air Force and the Navy. The increase develops, integrates, and tests the advanced imagery architecture for the Global Hawk to effectively use bandwidth communication, and to increase intelligence, surveillance, and reconnaissance capabilities.

Predator UAV. The conferees authorized \$211.6 million (\$18 million more than the Administration’s request) for 16 Predator Systems. The increase is for additional Predator B UAV systems and associated spare parts. The Predator B is a turbo prop variant of the Predator that is faster and able to carry a larger payload.

Shadow 200 Tactical UAV (TUAV). The Shadow TUAV provides tactical intelligence information for the Army. The conferees authorized \$73.8 million (matching the Administration’s request) for eight Shadow 200 TUAV systems. In addition, the conferees authorized \$12.4 million (the Administration did not request any funds) for continued development of the system.

IMPLEMENTING LESSONS LEARNED

H.R. 1588 calls for an analysis of potential threats and new operational concepts to defeat varied challenges. The U.S. must maintain robust naval capabilities to eliminate dependence on access from foreign countries.

NAVY FACTS

The 2001 Quadrennial Defense Review characterized a 310-ship fleet as a “moderate risk.”

The U.S. Navy currently has 296 ships.

According to Secretary Rumsfeld, ten new ships per year are required to sustain a 300-ship Navy.

The fuel in today’s submarines will last for the life of the ship – approximately 33 years.

Projection Force

Naval Programs (Listed Alphabetically)

Ships

Aegis Open Architecture. The conferees authorized \$245.7 million (\$40 million more than the Administration's request) for surface combatant combat system engineering, including \$5 million of continued development of the Aegis open architecture for the Navy's cruiser conversion program and \$35 million for continued development of the solid state S-band advanced radar prototype.

Aircraft Carriers. The conferees authorized \$310.6 million (matching the Administration's request) for research and development for the CVN-21 next generation aircraft carrier, and \$1.2 billion (matching the Administration's request) for CVN-21 long-lead procurement. CVN-21 is planned to be fully funded in fiscal year 2007 and will join the Navy's fleet in 2013.

Cruiser Conversions. The conversion or overhaul of cruisers to meet the requirements of an increased workload is often needed. The conferees recognize the demand on cruisers and authorize the establishment of a pilot program through fiscal year 2012 to allow the Secretary of the Navy to procure for shipbuilding and conversion of cruisers.

DDG-51. The DDG-51 class of Navy AEGIS destroyers provides improved radar, fleet defense, missile defense, and land attack capabilities to the Navy's surface fleet. The conferees authorized \$3.2 billion (\$20 million more than the Administration's request) for procurement of three Arleigh Burke-class destroyers. The \$20 million increase will provide improved effectiveness while decreasing manning requirements.

DD(X). The conferees authorized \$1 billion (matching the Administration's request) for the continued development of the DD(X). DD(X) is the next generation surface combatant ship tailored for land attack in support of a ground campaign and maritime dominance. DD(X) will provide the technology and engineering baseline needed to meet future maritime requirements, and for development of a family of future ships, including the future cruiser CG(X) and the Littoral Combat Ship. DD(X) will incorporate transformational technologies including an integrated power system and electric drive, advanced gun system, new radar, increased automation and stealth, and reduced manning.

Future Fleet Architecture Studies. In planning a fleet architecture for the future, a thorough analysis must be made of potential threats, emerging technologies, and new operational concepts to defeat new threats. The conferees are concerned that the Navy's plans for its future fleet architecture may be too tradition-bound, risking a fleet that does not best utilize all its resources, or best address tomorrow's threats. Therefore, the conferees directed the Secretary of Defense to commission two independent studies on future fleet architectures to be completed by January 15, 2005: one to be conducted by the Office of Force Transformation within the Office of the Secretary of Defense with participation from the offices of Net Assessment, within Office of the Secretary of Defense, the Department of the Navy, and the Joint Staff and one to be conducted by a federally funded research and development center (FFRDC). Each study would present one or two proposals, and include details such as the number, kinds, and sizes of ships on their proposed architecture, and how available resources would be used most effectively to counter future threats.

LHD-8. LHD-8 will be the eighth ship in the Navy's latest amphibious assault ship class, improving the Navy and Marine Corps' ability to operate helicopters, AV-8B attack aircraft, and amphibious assault and landing craft during combat missions. The conferees authorized \$355 million (matching the Administration's request) to continue to build LHD-8.

Littoral Combat Ship (LCS). The LCS will be a new class of Navy surface combatants and the smallest member of the DD(X) family of next generation surface combatant ships. LCS will be fast, agile, stealthy, affordable, and tailored for specific missions such as anti-submarine, anti-surface, or mine warfare in heavily contested littoral waters. The conferees authorized \$183.1 million (\$25 million more than the Administration's request) to continue development of the Littoral Combat Ship. The increase develops LCS mission modules, which are focused mission capability packages configured for anti-submarine warfare, anti-surface warfare, or mine warfare – an unfunded requirement for the Chief of Naval Operations.

LPD-17. The San Antonio-class LPD-17 ships will improve the Marine Corps' ability to embark, transport, and land its forces. The conferees authorized \$1.2 billion million (matching the Administration's request) for one LPD-17. Additionally, the conferees authorized \$75 million (the Administration did not request any funds) for advance procurement of LPD-23 planned for fiscal year 2005.

T-AKE. The conferees authorized \$722.3 million (matching the Administration's request) for procurement of two T-AKEs, a ship that replenishes battlegroups at sea with ammunition, spare parts, and provisions.

Submarines

Advanced Submarine Systems Development. The Virginia Class Submarine is designed with improved capabilities in stealth, surveillance, special warfare, and the flexibility to be adapted to new missions. The conferees authorized \$89.4 million (\$36.7 million more than the Administration's request) for development of innovative submarine hull and combat systems technologies for potential insertion into new Virginia Class and other submarines. The conferees authorization includes \$21 million to develop transformational submarine payloads, sensors, and employment concepts that could enable a revolutionary expansion in submarine capabilities. In addition, the conferees authorized \$5 million (the Administration did not request any funds) for evaluation of modular payload concepts and multi-mission modules for Virginia Class submarines that would increase payload capacity and mission capability.

Guided Missile Submarine Conversion. Through the guided missile submarine conversion program, the Navy will refuel ballistic missile submarines and replace their nuclear missiles with long-range conventional Tomahawk cruise missiles. The conferees authorized \$1.2 billion (matching the Administration's request) to convert the remaining two submarines to the guided missile submarine configuration.

New Attack Submarine (NSSN). The NSSN will replace retiring Los Angeles-class submarines and constitute the bulk of the future attack submarine force. The conferees authorized \$1.5 billion (matching the Administration's request) for procurement of the sixth boat in the Virginia-class of submarines, and \$1 billion (matching the Administration's request) for advanced procurement of a seventh boat in fiscal year 2005.

Nuclear Attack Submarine (SSN) Refueling and Overhaul. The SSN engineered refueling overhaul (ERO) program refuels, modernizes, and upgrades SSNs for extended service in the fleet. The conferees authorized an increase of \$248 million (the Administration did not request any funds) for one SSN ERO in fiscal 2004. Additionally, the conferees authorized \$164.4 million (matching the Administration's request) for long-lead procurement of the two SSN EROs planned for fiscal year 2005.

Submarine Sonar Improvements. The conferees authorized \$85.8 million (\$5 million more than the Administration's request) for submarine sonar improvements, including \$29.1 million for the continued development of the acoustic rapid commercial-off-the-shelf insertion (A-RCI) program. The conferees strongly support the A-RCI program which uses advances in technology that have been developed under a small business innovative research program to provide continuing improvements in sonar capabilities as technology develops.

Maritime Administration

Maritime Administration (MARAD). The conferees authorized \$158.8 million (\$38.5 million more than the Administration's request) for the Maritime Administration. Included in the conferees authorization is \$104.4 million for operations and training programs, \$36 million for the vessel construction loan guarantee program administered by MARAD, and \$18.4 million for the disposal of obsolete ships in the National Defense Reserve Fleet. The conferees included a number of provisions to improve the management of the title XI loan guarantee program and to help reduce the risk of default. The conferees also included provisions to help ensure that students at the Merchant Marine Academy fulfill their service obligations to the United States. The conferees also increased the student incentive payment to midshipmen at the six state maritime academies from \$3,000 to \$4,000 annually. Finally, the conferees authorized the Maritime Administrator to establish a maintenance and repair reimbursement pilot program to encourage vessel repairs in the United States.

Reauthorization of the Maritime Security Program. The Maritime Security Act of 1996 provides financial assistance to U.S. flag commercial ship operators to offset the higher cost of operating under the U.S. flag. In return for that assistance, ship owners must enter into a DOD preparedness agreement. Under the terms of this agreement, the company's ships as well as the company's intermodal systems, equipment, and terminal facilities are to be made available to DOD in times of war or to respond to a surge or sustainment sealift requirement. Changes in the industry and DOD requirements dictate that legislation address these issues now. While the Act does not expire until 2005, the conferees agreed that ship owners and operators should be given an adequate period to plan for changes in DOD requirements. While the current program has worked reasonably well, the Maritime Security Act of 2003 includes a shipbuilding component to provide tanker support to our deployed forces, and grants greater flexibility for DOD to select the types of vessels it would likely need during a contingency. Accordingly, the conferees agreed to establish a new program that will be effective upon the termination of the current Maritime Security Act of 1996. The new Maritime Security Act of 2003, as agreed to by the conferees will:

- increase the number of participants from 47 ships to 60 ships;
- provide financial assistance to construct five newly built tankers in the U.S. that are capable of carrying military petroleum products during a war;
- extend the current program for ten additional years;
- establish a 30-month period to replace older ships with newer DOD approved and militarily useful ships;

- enhance the priority selection system to favor U.S. citizen vessel owners and operators;
- add DOD certification requirements on new operators; and
- increase the annual payment to ship operators from \$2.1 million per year to \$2.6 million for the first three years of the program. Beginning in fiscal year 2009, the payment increases to \$2.9 million for the next three years. The payment per vessel increases to \$3.1 million for the remaining four years of the program.

Communications, Science and Technology

Defense Science and Technology Program. Defense science and technology programs are critical to maintaining U.S. military technological superiority in the face of evolving threats to national security interests around the world. However, despite increases over the last two years, the Administrations' budget request for science and technology of 2.7 percent of the total DOD budget does not meet the goal of three percent established by the 2001 Quadrennial Defense Review. In addition, the conferees are concerned that the military services' science and technology budget requests, particularly the Navy's, are not sufficient to meet their transformation goals. As such, the conferees authorized \$11.0 billion (\$798 million more than the Administration's request) for the DOD science and technology program, including \$2.04 billion for the Army, \$1.97 billion for the Navy and Marine Corps, \$2.36 billion for the Air Force, and \$4.64 billion for Defense Agency science and technology (including \$2.95 billion for DARPA, the Defense Advanced Research Projects Agency). The conferees also agreed to require the Defense Advanced Research Projects Agency to prepare a biennial strategic plan that describes the long-term strategic goals of the agency, research programs that support those goals, and the relation of the agency's program and activities to the mission of the armed forces.

Affordable Weapon System (AWS). AWS is an advanced technology initiative to design, develop, and build a capable and affordable precision guided weapon system at a fraction of the cost of comparable systems. AWS uses commercial-off-the-shelf technology and has a 400-600 mile range, with a 200-pound payload. AWS has enormous potential as a weapon system that would fill the gap between shorter-range weapons with smaller warheads and longer-range weapons with larger warheads. Also, AWS provides a new paradigm for rapid development, transition to production, and fielding of new and innovative weapon systems. Therefore, the conferees authorized a total of \$40 million (the Administration did not request any funds) for AWS, to continue development and evaluation of the AWS prototype.

Littoral Support Craft (LSC-X). LSC-X is an Office of Naval Research program to develop a small, stealthy, fast experimental ship that is designed to operate in the littorals, and is scheduled to begin sea-trials during the summer of 2004. Designed to carry a variety of mission modules, LSC-X will serve as a test bed for new technologies and operational capabilities that might be chosen for the Littoral Combat Ship. The conferees authorized \$20 million (\$15 million more than the Administration's request) to complete construction of the LSC-X.

Electromagnetic Gun. The Army, Navy and Marine Corps are pursuing the development of electromagnetic propulsion for advanced gun systems. The conferees authorized establishing a collaborative program among the Army, Navy and the Defense Advanced Research Projects Agency for development and demonstration of technologies for advanced high velocity and long range, electromagnetic gun systems.

Joint Tactical Radio System (JTRS). In the past, radios procured by the services, in many instances, have been incompatible, leading to an inability for one unit to communicate with another service's unit. As joint operations increase, interoperable communications are crucial to enhance the success and the safety of the missions by reducing risk of friendly fire incidents due to miscommunication. JTRS will eliminate warfighter communication barriers by providing seamless, software-defined radio interoperability among the military's air, land, and ship radio networks. As such, the conferees authorized strengthening the JTRS joint program office to centralize funding and development of the JTRS.

Local Area Networks (LAN) Upgrades. The LAN forms the communications backbone on military installations; without it, combat units could not deploy rapidly and efficiently. To ensure communications needs are being met, the conferees authorized \$104.5 million (\$8 million more than the Administration's request) to upgrade the LANs at several Army installations. The increase is to upgrade LANs at installations hosting XVIII Airborne Corps major units so that the Army's combat power can move quickly when needed.

PRC-148 Tactical Radio. The Tactical Hand Held Radio (THHR), the Marine Corps variant of the PRC-148, is a secure voice and data radio that is interoperable with numerous other DOD radios. The conferees authorized \$9.6 million (the Administration did not request any funds) for THHR for active and reserve Marine Corps forces, an unfunded requirement of the Commandant of the Marine Corps. In addition, the conferees authorized \$8.2 million for PRC-148 radios for the Army, an unfunded requirement of the Army Chief of Staff.

Space Programs (Listed Alphabetically)

Satellite Communications. Satellite communications have become increasingly important to the military by delivering real-time information and guidance to all types of military assets, from soldiers to ships. In an effort to support the development of satellite capabilities, the conferees support programs such as:

- The Advanced Extremely High Frequency (AEHF) military satellite communication system (MILSATCOM), provides secure, global communications to support U.S. and allied forces on the land or sea, and in the air. It also connects strategic activities such as nuclear operations, theater missile defense, space operations, and intelligence. The conferees authorized \$823.1 (\$45 million more than the Administration's request) for AEHF.
- The Advanced Wideband System is a high-capacity tactical communications system that, once developed, is intended to provide greatly enhanced communications for the warfighter. However, much of the system is not mature, and the final transformational communications architecture has yet to be determined. Slightly less funding will allow technology maturation and risk reduction, while freeing resources for urgently needed near term systems, such as the Advanced EHF MILSATCOM. Therefore, the conferees authorized \$349.3 million (\$90 million less than the Administration's request to better pace program growth) for the Advanced Wideband System.

Space Based Radar (SBR). The SBR system will provide near real-time, high resolution surveillance deep into enemy territory and denied areas that are critical to the military and intelligence community. While an important future capability, the precise system has yet to be defined, therefore, the conferees authorized \$199.1 million (\$75 million less than the Administration's request) for SBR.

SHAPING THE U.S. NUCLEAR DETERRENT FOR THE 21ST CENTURY

Nuclear programs are a cornerstone of U.S. national security posture. H.R. 1588 funds the testing and security of weapons as well as accelerated clean-up of former weapons sites. The legislation also funds Department of Energy efforts to combat terrorism and the proliferation of weapons of mass destruction.

National Nuclear Security Administration (NNSA). The conferees authorized \$8.8 billion (\$736 million more than the authorized level for fiscal year 2003) for NNSA, a semi-autonomous agency within DOE with responsibility for managing the nation's nuclear weapons, nuclear nonproliferation, and naval reactor programs. NNSA funding includes:

- **Weapons Activities.** The conferees authorized \$6.4 billion (\$57 million more than the Administration's request) to support maintenance of a safe, reliable, and secure nuclear weapons stockpile, and to continue the recapitalization of the defense nuclear complex infrastructure. Included in the authorization is \$137.3 million (\$12 million less than the Administration's request) for new plant projects; \$261 million (matching the Administration's request) for facilities and infrastructure recapitalization programs; and \$582.3 million (\$3.5 million less than the Administration's request) for safeguards and security programs at DOE facilities, including physical security upgrades, cyber-security upgrades, and security systems maintenance and replacement.
- **Defense Nuclear Nonproliferation.** The conferees authorized \$1.3 billion (\$8 million less than the Administration's request) to address the threat of proliferation of weapons of mass destruction, assist with safeguarding weapons and weapons grade materials in Russia, and dispose of nuclear materials excess to defense needs.
- **Naval Reactors.** The conferees authorized \$768.4 million (matching the Administration's request) for the naval reactors program, which supports operation, maintenance, and continuing development of Navy nuclear propulsion systems.
- **Office of the Administrator for Nuclear Security.** The conferees authorized \$342 million (\$6 million less than the Administration's request) for the Office of the Administrator for Nuclear Security, which provides federal management and oversight of the activities of the defense nuclear complex.

Other DOE Defense Activities. The conferees authorized \$489 million (\$5.3 million less than the Administration's request) for other DOE defense activities necessary for national security.

DOE/NNSA FACTS

NNSA's primary responsibility is to maintain and enhance the safety, security, and reliability of the nation's nuclear weapons stockpile to deter threats of the 21st century.

The Cold War left 114 contaminated sites from more than 50 years of producing and testing nuclear weapons.

The environmental clean up efforts at Rocky Flats, Colorado are now scheduled for completion in 2006, 50 years ahead of schedule and \$30 billion under the original baseline.

Nuclear Waste Disposal. The conferees authorized \$392.5 million (\$37.5 million less than the Administration's request) for payment to the Nuclear Waste Fund for final disposition of nuclear waste from defense activities.

Department of Energy (DOE) Defense Environmental Management Programs. The conferees authorized \$6.8 billion (matching the Administration's request) for DOE environmental management programs and clean up, including:

- \$5.8 billion (matching the Administration's request) to accelerate clean up completion at defense sites, including \$44.9 million for new plant projects to accelerate clean up completion; and
- \$995.2 million (matching the Administration's request) for defense environmental services.

Low-Yield Nuclear Weapons. In 1993, Congress prohibited the research and development of low-yield nuclear weapons to draw a distinction between conventional and nuclear weapons. The conferees believe when Congress passed this provision, it could not have fully understood the direct threat underground weapons bunkers and facilities would have on our nation's safety in the future. Therefore, the conferees authorized a provision that repeals the 1993 law. Congress must separately and specifically authorize the actual development or production of any low-yield nuclear weapons.

Robust Nuclear Earth Penetrator (RNEP). The NNSA is studying the feasibility of repackaging an existing high yield nuclear stockpile weapon to destroy hardened and deeply buried targets by penetrating into the ground before detonation. Because such a weapon will provide a significant advantage for U.S. troops in destroying underground weapons facilities and bunkers, the conferees authorized \$15 million (matching the Administration's request) to continue feasibility, cost, and concept studies for the RNEP.

Advanced Weapons Concepts. In addition to researching and testing weapons and technologies that help maintain our national security, U.S. weapons laboratories also proactively defend our country by exploring means to counter threats of the future. Studying advanced weapons concepts to meet these potential threats serve a number of important purposes. First, advanced concepts studies entail the actual experience of designing weapons. While NNSA engages in sophisticated weapons related activities, there is still no substitute for exercising the design process. Second, since many of the most experienced weapons designers have retired, there is an urgent need for those who remain to train the next generation of scientists and engineers. Third, an advanced concepts program allows an investigation of the "art of the possible" by anticipating new weapons and capabilities that potential adversaries may develop using proliferated nuclear weapons and technologies. Finally, advanced weapons concepts programs allow the U.S. to prepare for the day when the present Cold War stockpile may no longer be a credible deterrent. Accordingly, the conferees authorized \$6 million (matching the Administrations request) for the advanced concepts initiative. However, the conferees believe the importance of these activities calls for NNSA to make more significant budget requests in the future.

APPENDIX

Military Manpower

FISCAL YEAR 2004 END STRENGTH – ACTIVE FORCES

| <i>Service</i> | <i>FY 2003 Level</i> | Fiscal Year 2004 | | Change from Fiscal Year | |
|----------------|--------------------------|-------------------------------------|--------------------------------------|--------------------------------|-----------------------|
| | | <i>Administration's Request</i> | <i>Conference Recommendation</i> | <i>2004 Request</i> | <i>2003 Level</i> |
| Army | 480,000 | 480,000 | 482,400 | 2,400 | 2,400 |
| Navy | 375,700 | 373,800 | 373,800 | 0 | -1,900 |
| USMC | 175,000 | 175,000 | 175,000 | 0 | 0 |
| USAF | 359,000 | 359,300 | 359,300 | 0 | 300 |
| Total | 1,389,700 | 1,388,100 | 1,390,500 | 2,400 | 800 |

FISCAL YEAR 2004 END STRENGTH – SELECTED RESERVE

| <i>Service</i> | <i>FY 2003 Level</i> | Fiscal Year 2004 | | Change from Fiscal Year | |
|----------------|--------------------------|-------------------------------------|--------------------------------------|--------------------------------|-----------------------|
| | | <i>Administration's Request</i> | <i>Conference Recommendation</i> | <i>2004 Request</i> | <i>2003 Level</i> |
| ARNG | 350,000 | 350,000 | 350,000 | 0 | 0 |
| USAR | 205,000 | 205,000 | 205,000 | 0 | 0 |
| USNR | 87,800 | 85,900 | 85,900 | 0 | -1,900 |
| USMCR | 39,558 | 39,600 | 39,600 | 0 | 42 |
| ANG | 106,600 | 107,000 | 107,030 | 30 | 430 |
| AFR | 75,600 | 75,800 | 75,800 | 0 | 200 |
| Total | 864,558 | 863,300 | 863,330 | 30 | -1,228 |
| USCGR | 9,000 | 10,000 | 10,000 | 0 | 1,000 |

FISCAL YEAR 2004 END STRENGTH –Reserves on Active Duty

| <i>Service</i> | <i>FY 2003 Level</i> | Fiscal Year 2004 | | Change from Fiscal Year | |
|----------------|--------------------------|-------------------------------------|--------------------------------------|--------------------------------|-----------------------|
| | | <i>Administration's Request</i> | <i>Conference Recommendation</i> | <i>2004 Request</i> | <i>2003 Level</i> |
| ARNG | 24,562 | 25,386 | 25,599 | 213 | 1,037 |
| USAR | 14,070 | 14,374 | 14,374 | 0 | 304 |
| USNR | 14,572 | 14,384 | 14,384 | 0 | -188 |
| USMCR | 2,261 | 2,261 | 2,261 | 0 | 0 |
| ANG | 11,727 | 12,140 | 12,191 | 51 | 464 |
| AFR | 1,498 | 1,660 | 1,660 | 0 | 162 |
| Total | 68,690 | 70,205 | 70,469 | 264 | 1,779 |

FISCAL YEAR 2004 END STRENGTH – Dual Status Military Technicians

| <i>Service</i> | <i>FY 2003 Level</i> | Fiscal Year 2003 | | Change from Fiscal Year | |
|----------------|--------------------------|-------------------------------------|--------------------------------------|--------------------------------|-----------------------|
| | | <i>Administration's Request</i> | <i>Conference Recommendation</i> | <i>2004 Request</i> | <i>2003 Level</i> |
| ARNG | 24,102 | 24,589 | 24,589 | 0 | 487 |
| USAR | 6,599 | 6,699 | 6,949 | 250 | 350 |
| ANG | 22,495 | 22,806 | 22,806 | 0 | 311 |
| AFR | 9,911 | 9,991 | 9,991 | 0 | 80 |
| Total | 63,107 | 64,085 | 64,335 | 250 | 1,228 |

Actions on Major Programs in the Fiscal Year 2004 Defense Authorization Act

(dollars in millions)

| | Major Army Programs | | | | | |
|-----------------------------------|------------------------|----------|-------------|---------------------------|----------|-------------|
| | FY 2004 Budget Request | | | Conference Recommendation | | |
| | R & D | Quantity | Procurement | R & D | Quantity | Procurement |
| Army Science & Technology | \$1,790.0 | - | - | \$2,043.1 | - | - |
| Bradley A2 ODS Upgrades | - | - | \$113.3 | - | - | \$372.1 |
| MIA2 System Enhancement Program | - | - | \$0.0 | - | - | \$155.0 |
| AH-64D Apache Longbow | - | - | \$776.7 | - | - | \$776.7 |
| CH-47 Upgrades | - | - | \$516.7 | - | - | \$516.7 |
| UH-60 Blackhawk | - | 10 | \$166.0 | - | 17 | \$238.1 |
| FMTVs | - | - | \$309.8 | - | - | \$349.8 |
| HEMTTs | - | - | \$133.1 | - | - | \$164.0 |
| Future Combat System | \$1,701.3 | - | - | \$1,701.3 | - | - |
| Javelin Missiles | - | 901 | \$140.7 | - | 901 | \$140.7 |
| HMMWVs & Up Armor HMMWVs | - | - | \$137.8 | - | - | \$164.0 |
| RAH-66 Comanche | \$1,079.2 | - | - | \$1,079.2 | - | - |
| Tactical Unmanned Aerial Vehicles | \$60.4 | - | \$74.0 | \$72.8 | - | \$74.0 |
| Multiband Inter-Team Radios | - | - | \$15.9 | - | - | \$24.1 |
| Local Area Network upgrades | - | - | \$96.5 | - | - | \$104.5 |

| | Major Navy and Marine Corps Programs | | | | | |
|------------------------------------|--------------------------------------|----------|-------------|---------------------------|----------|-------------|
| | FY 2004 Budget Request | | | Conference Recommendation | | |
| | R & D | Quantity | Procurement | R & D | Quantity | Procurement |
| Navy Science & Technology | \$1,714.3 | - | - | \$1,972.6 | - | - |
| CVN(X) | \$310.6 | - | \$1,186.6 | \$310.6 | - | \$1,186.6 |
| DD(X) | \$1,058.4 | - | - | \$1,058.4 | - | - |
| DDG-51 | \$205.7 | 3 | \$3,198.3 | \$205.7 | 3 | \$3,218.3 |
| LPD-17 | \$8.0 | 1 | \$1,192.0 | \$8.0 | 1 | \$1,267.0 |
| VA Class Submarine | \$112.1 | 1 | \$2,528.1 | \$112.1 | 1 | \$2,463.1 |
| E-2C Hawkeye | \$9.1 | 2 | \$228.5 | \$9.1 | 2 | \$228.5 |
| EA-6B Prowler | \$36.6 | - | \$207.1 | \$36.6 | - | \$267.1 |
| F/A-18E/F | - | - | \$3,031.0 | - | - | \$3,031.0 |
| JPATS | - | - | \$2.4 | - | - | \$24.1 |
| Joint Strike Fighter | \$2,171.7 | - | - | \$2,227.7 | - | - |
| T-45TS | - | 15 | \$339.2 | - | 15 | \$339.2 |
| V-22 Osprey | \$506.8 | 11 | \$1,105.2 | \$506.8 | 11 | \$1,105.2 |
| AV-8 mods. | \$10.5 | - | \$20.8 | \$10.5 | - | \$57.8 |
| Tomahawk | \$71.4 | - | \$277.5 | \$71.4 | - | \$485.5 |
| JDAMs | - | - | \$277.3 | - | - | \$277.3 |
| Tactical Hand Held Radios USMC | - | - | \$10.6 | - | - | \$20.2 |
| Silver Fox Unmanned Aerial Vehicle | \$114.1 | - | - | \$118.4 | - | - |

| | Major Air Force Programs | | | | | |
|--------------------------------|--------------------------|----------|-------------|---------------------------|----------|-------------|
| | FY 2004 Budget Request | | | Conference Recommendation | | |
| | R & D | Quantity | Procurement | R & D | Quantity | Procurement |
| Air Force Science & Technology | \$2,226.1 | - | - | \$2,359.9 | - | - |
| Next Generation Bomber | \$0.0 | - | - | \$100.0 | - | - |
| B-1B Bomber | \$88.7 | - | \$91.6 | \$88.7 | - | \$96.9 |
| B-2 Stealth Bomber | \$176.8 | - | \$76.4 | \$185.6 | - | \$128.3 |
| B-52 mods. | - | - | \$61.1 | - | - | \$61.1 |
| C-5 Galaxy | \$356.6 | - | \$92.0 | \$356.6 | - | \$111.7 |
| C-17 Globemaster | \$184.1 | 11 | \$2,531.6 | \$184.1 | 11 | \$2,521.7 |
| C-130J | \$105.3 | 5 | \$445.9 | \$105.3 | 5 | \$445.9 |
| E-8C Joint STARS | - | - | \$36.0 | - | - | \$41.0 |
| JPATS | - | 52 | \$280.5 | - | 52 | \$280.5 |
| F-15 Eagle | \$112.1 | - | \$197.6 | \$111.6 | - | \$239.1 |
| F-16C/D Fighting Falcon mods. | \$87.5 | - | \$300.6 | \$94.5 | - | \$326.4 |
| F-22 Raptor | \$936.4 | 22 | \$4,225.4 | \$936.4 | 22 | \$4,064.4 |
| Joint Strike Fighter | \$2,194.1 | - | - | \$2,194.1 | - | - |
| JDAMs | \$34.0 | - | \$427.7 | \$34.0 | - | \$427.7 |
| SBIRS-High | \$617.2 | - | - | \$617.2 | - | - |
| Predator UAV | - | - | \$193.5 | - | - | \$211.5 |

| | Major Defense-Wide Programs | | | | | |
|---|-----------------------------|----------|-------------|---------------------------|----------|-------------|
| | FY 2004 Budget Request | | | Conference Recommendation | | |
| | R & D | Quantity | Procurement | R & D | Quantity | Procurement |
| Defense Agency Science & Technology | \$4,500.7 | - | - | \$4,653.9 | - | - |
| Ammunition (all services) | - | - | \$3,517.0 | - | - | \$3,622.4 |
| Special Operations Tactical Systems Development | \$256.0 | - | - | \$268.0 | - | - |
| SOF Small Arms & Weapons | - | - | \$16.0 | - | - | \$57.5 |
| SOF Combatant Craft Systems | - | - | \$10.0 | - | - | \$23.5 |
| Chemical/Biological Defense Program | \$599.2 | - | \$505.7 | \$671.9 | - | \$550.2 |
| Boost Defense Segment | \$626.3 | - | - | \$626.3 | - | - |
| BMD PAC-3 Procurement | - | 108 | \$561.6 | - | 138 | \$651.6 |
| BMD Sensors | \$438.2 | - | - | \$448.2 | - | - |
| BMD System Interceptor | \$301.1 | - | - | \$151.1 | - | - |
| BMD Systems Core | \$483.9 | - | - | \$445.9 | - | - |
| Mid-Course Defense Segment | \$3,613.3 | - | - | \$3,736.2 | - | - |
| Terminal Defense Segment | \$810.4 | - | - | \$820.4 | - | - |
| BMD Test and Targets | \$611.5 | - | - | \$611.5 | - | - |
| BMD Products | \$343.6 | - | - | \$343.6 | - | - |

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