

NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 1993

R E P O R T
OF THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ON

H.R. 5006

together with

ADDITIONAL AND DISSENTING VIEWS

[Including cost estimate of the Congressional Budget Office]



MAY 19, 1992.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

FOCUSING AND IMPROVING TRAINING

Some of the most important lessons emerging from Operation Desert Storm concern training. It is clear that medical and dental unit members can keep their skills sharp in civilian jobs. Truck transportation units could be kept trained in peacetime. With additional effort, combat support units such as artillery battalions and, with more effort, brigades, could be maintained in a trained and ready state.

It also became clear that the same could not be said for larger combat units. In these units, not only did a variety of individual skills need to be maintained, but the units were also called upon to display much more complex collective skills. The verdict here, repeated many times, was that National Guard members who could train only 39 days a year could not be expected to field trained and ready combat brigades on mobilization day.

The committee's recommendation would focus training on individual and small unit skills, leaving larger unit training for the period after mobilization.

STRENGTHENING PERSONNEL STANDARDS

To ensure a fighting force ready for deployment, the committee's recommended reforms would establish stricter medical, dental and physical screening; and create a special, non-deployable category for those who do not meet either physical or fitness standards. Once declared non-deployable for failing to meet fitness standards, the National Guard member would have six months to meet those standards or be dropped from the unit.

REMOVING IMPEDIMENTS TO EFFECTIVENESS

The committee found that in many instances, active and reserve component systems for keeping track of personnel and logistics are not compatible. This impediment to the rapid use of the full potential of Guard units should be removed. The committee's reforms would direct the Secretary of the Army to develop and implement a program to provide compatible systems for personnel, maintenance, supply and finance for all Army components.

CREATING NEW REPORT CARDS

Operation Desert Storm demonstrated that the Army's unit readiness rating system was broken. The committee's recommendation would modify the system so that it accurately assesses unit deployability. It would also require that every Army National Guard combat unit be formally associated with an active unit, and that active unit would assess National Guard training, readiness and resource requirements.

REFORMING THE ACTIVE ARMY

Operation Desert Storm demonstrated that the active forces and the national leadership had not planned to use Army National Guard forces effectively in a contingency short of global war. For the Guard to be effective in the more likely event of regional con-

tingencies, the active Army must accept responsibility for the Guard's readiness. The committee's recommendation would direct the Army to integrate the Guard in its planning for regional contingencies and to allocate resources accordingly.

V. READINESS VS. OVERHEAD AND INFRASTRUCTURE

The Administration requested \$86 billion for operation and maintenance, the largest element of the defense budget. The request remains high despite congressionally-mandated burdensharing offsets; the accelerated withdrawal of U.S. troops from overseas bases; domestic base closures; the 25 percent force structure reduction imbedded in the 1990 budget agreement; the strategic stand-down; and the much-touted Defense Management Report effort that the Pentagon has said will save \$70 billion in management and overhead costs through 1997.

However, of the \$86 billion sought, only \$21 billion—or approximately 25 percent of the total—directly affects the readiness of the U.S. military. A part of the remaining \$65 million indirectly contributes to our ability to mobilize, but the major portion simply supports a Cold War-sized management and acquisition bureaucracy. The committee's careful examination of this situation revealed that billions of dollars could be cut from this overhead and infrastructure—excessive inventories, inflated overseas basing costs, a bloated bureaucracy—without harming the readiness of our troops. This was the guiding principle for the committee's work.

Clearly, as force structure shrinks the department's bureaucratic superstructure must decrease as well. But so far, progress has been slow. The committee expects the department to be diligent in seeking reductions of the kind demonstrated this year by the committee.

VI. OPERATION DESERT STORM LESSONS LEARNED

The committee conducted an extensive review of Operation Desert Storm to discover and develop the lessons of the war for building a defense for the post-Soviet world. The committee's report raised several issues for the future, including the effect of high technology weapons on the traditional balance between combat systems and support systems. Combat platforms that approach the effectiveness of one-target, one-round accuracy have exposed and exacerbated a support deficit. How this imbalance is addressed will determine whether or not we maximize the advantages of high technology in the future.

The committee took some first steps toward developing a new battlefield balance, recommending additional funds to buy more heavy equipment transporters and to develop improved photo-reconnaissance capabilities. The committee also recommends support for Administration efforts to upgrade two airborne electronic jammers.

VII. OVERSIGHT OF SPECIAL ACCESS PROGRAMS

At the request of several members, the committee developed an improved mechanism to more effectively and efficiently conduct its

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
37	SW ASIA COMM INFRASTRUCTURE	0	1,306	0	0	0	1,306
38	EAC COMMUNICATIONS	0	6,459	0	9,000	0	15,459
39	MOD OF IN-SVC EQUIP (EAC COMM)	0	37,525	0	0	0	37,525
40	VEHICULAR INTERCOM SYSTEM (VIS)	0	0	0	0	0	0
41	C-E CONTINGENCY/FIELDING EQUIP INFORMATION SECURITY	0	8,133	0	0	0	8,133
42	TSEC - ARMY KEY MGT SYS (AKMS)	0	7,377	0	0	0	7,377
43	TSEC - TEMPEST (COMSEC)	0	987	0	0	0	987
44	TSEC - TRUNK ENCRYPTION DEVICES (TED)	0	6,824	0	0	0	6,824
45	TSEC/KG-84, DED LOOP ENCRYPT DEV	1,328	8,513	0	0	1,328	8,513
46	TSEC/KY-99, MINTERM	0	6,913	0	0	0	6,913
47	TSEC - SEC VOICE IMPRV PROG (COMSEC)	0	1,865	0	0	0	1,865
48	TSEC - ITEMS LESS THAN \$2.0M (COMSEC) COMM - LONG HAUL COMMUNICATIONS	0	6,055	0	0	0	6,055
49	TERRESTRIAL TRANSMISSION	0	5,328	0	0	0	5,328
50	C-E FACILITIES/PROJECTS	0	4,104	0	0	0	4,104
51	DEFENSE DATA NETWORK (DDN)	0	6,059	0	0	0	6,059
52	ELECTROMAG COMP PROG (EMCP)	0	741	0	0	0	741
53	SW TECH CON IMP PROG (WTCIP) COMM - BASE COMMUNICATIONS	0	2,141	0	0	0	2,141
54	INFORMATION SYSTEMS	0	66,211	0	0	0	66,211
55	DEFENSE MESSAGE SYSTEM (DMS)	0	8,191	0	0	0	8,191
56	LOCAL AREA NETWORK (LAN)	0	29,262	0	(10,000)	0	19,262
57	PENTAGON TELECOM CTR (PTC) ELECT EQUIP - MAT FOR INT PROG (NFIP)	0	4,069	0	0	0	4,069
58	FOREIGN COUNTERINTELLIGENCE PROG (FCI)	0	498	0	0	0	498
59	GENERAL DEFENSE INTELL PROG (GDIP)	0	26,013	0	4,238	0	30,251
60	ITEMS LESS THAN \$2.0M (INTEL SPT) ELECT EQUIP - MAT FOR INT PROG (NFIP)	0	2,021	0	0	0	2,021
61	ALL SOURCE ANALYSIS SYS (ASAS) (TIARA)	0	54,319	0	(10,000)	0	44,319
62	COMMANDERS TACTICAL TERM (CTT) (TIARA)	13	5,558	0	0	13	5,558
63	IMAGERY PROCESSING SYSTEM (IPS) (TIARA)	0	1,485	0	0	0	1,485
64	JOINT STARS (ARMY) (TIARA)	0	36,212	0	0	0	36,212
65	DIGITAL TOPOGRAPHIC SPT SYS (DTSS)(TIARA)	0	9,950	0	0	0	9,950
66	DRUG INTERDICTION PROGRAM (DIP) (TIARA)	0	0	0	0	0	0
67	TACT ELEC SURV SYS (TESS)(TIARA)	0	5,321	0	0	0	5,321
68	TROJAN (TIARA)	0	5,506	0	0	0	5,506
69	MOD OF IN-SVC EQUIP (INTEL SPT) (TIARA)	0	20,842	0	0	0	20,842
70	ITEMS LESS THAN \$2.0M (TIARA) ELECT EQUIP - ELECTRONIC WARFARE (EW)	0	1,866	0	0	0	1,866
71	CLOSE COMBAT DECOYS	0	1,578	0	0	0	1,578
72	SHORTSTOP	0	0	0	0	0	0
73	MOD OF IN-SVC EQUIP (EW) ELECT EQUIP - TACTICAL SURV. (TAC SURV)	0	8,919	0	0	0	8,919
74	LT SPEC DIV INTERIM SENSOR (LSDIS)	0	0	0	0	0	0
75	NIGHT VISION DEVICES	0	80,879	0	0	0	80,879
76	PHYSICAL SECURITY SYSTEMS	0	11,720	0	0	0	11,720
77	RADIATION MONITORING SYSTEMS	0	0	0	0	0	0
78	ARTILLERY ACCURACY EQUIP	0	13,773	0	0	0	13,773

(\$ IN THOUSANDS)

Open Procurement, Army

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
79	MOD OF IN-SVC EQUIP (TAC SURV)	0	30,155	0	0	0	30,155
80	COMMAND & CONTROL CONSOLES	0	0	0	0	0	0
81	INTEGRATED NET SYS SENSORS (IMETS) ELECT EQUIP - TACTICAL C2 SYSTEMS	0	5,855	0	0	0	5,855
82	FIRE SUPPORT ADA CONVERSION	0	11,683	0	0	0	11,683
83	CORPS/THEATER ADP SVC CTR (CTASC)	0	12,270	0	0	0	12,270
84	FORWARD ENTRY DEVICE (FED)	0	17,149	0	0	0	17,149
85	LIFE CYCLE SOFTWARE SUPPORT (LCSS)	0	780	0	0	0	780
86	LOGTECH	0	2,217	0	0	0	2,217
87	HANDLIVER CONTROL SYSTEM (MCS)	0	42,253	0	(42,253)	0	0
88	STARLE TACTICAL COMPUTERS (STACOMP) ELECT EQUIP - AUTOMATION	0	3,766	0	0	0	3,766
89	AUTOMATED DATA PROCESSING EQUIP	0	147,789	0	0	0	147,789
90	RESERVE COMPONENT AUTOMATION SYS (RCAS) ELECT EQUIP - AUDIO VISUAL SYS (A/V)	0	152,222	0	0	0	152,222
91	AFRTS	0	4,001	0	0	0	4,001
92	ITEMS LESS THAN \$2.0M (A/V) ELECT EQUIP-TEST MEAS/DIAG EQUIP (TMDE)	0	4,196	0	0	0	4,196
93	CALIBRATION SETS EQUIPMENT	0	15,255	0	0	0	15,255
94	INTEGRATED FAMILY OF TEST EQUIP (IFTE)	0	39,065	0	12,000	0	51,065
95	SIMP TEST EQUIP - INTERNAL COMBUST ENGS	1,100	5,554	0	0	1,100	5,554
96	TMDE MODERNIZATION (TMOD) ELECT EQUIP - SUPPORT	0	15,811	0	0	0	15,811
97	INITIAL SPARES	0	68,911	0	0	0	68,911
98	ARMY PRINTING AND BINDING EQUIPMENT	0	4,175	0	0	0	4,175
99	INSTALLATION C4 UPGRADE (ICU)	0	9,521	0	0	0	9,521
100	PECIP AND GRIP	0	7,512	0	0	0	7,512
101	PRODUCTION BASE SUPPORT (C-E)	0	3,610	0	0	0	3,610
102	1ST DES TRAN/TOT PACK FLD/NEW EQ TRN	0	0	0	0	0	0
103	SPECIAL PROGRAMS	0	47,782	0	0	0	47,782
TOTAL COMMUNICATIONS AND ELECTRONICS EQUIPMENT			1,685,452		(30,015)		1,655,437
OTHER SUPPORT EQUIPMENT							
CHEMICAL DEFENSIVE EQUIPMENT							
104	SIMP COLL PROT EQUIP M20	233	2,258	0	0	233	2,258
105	COLL PROT EQUIP, NBC TEMPER, TENT XM28	0	0	0	0	0	0
106	MASK, PROTECTIVE, NBC M40/M42	0	42,330	0	0	0	42,330
107	MASK, ACFT	0	0	0	0	0	0
108	REMOTE SENSING CHEMICAL AGENT ALARM XM21	18	7,283	0	0	18	7,283
109	CHEMICAL AGENT MONITOR	1,216	9,544	0	0	1,216	9,544
110	RECONNAISSANCE SYSTEM, FOX NBC (NBCRS) XM	0	0	0	0	0	0
111	DECONTAMINATE APP PUR DR LT WT M17	0	0	0	0	0	0
112	RADIATION MONITORING SYSTEM (OPA-3) BRIDGING EQUIPMENT	0	14,303	0	0	0	14,303
113	ITEMS LESS THAN \$2.0M(BRIDGING) TOWED ASSAULT BRIDGE	0	0	0	2,000	0	2,000
ENGINEER (NON-CONSTRUCTION) EQUIPMENT							
114	DISPENSER, MINE XM139	83	14,969	0	0	83	14,969

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
191	EXPLOSIVE ORDNANCE DISPOSAL EQUIP	0	12,264	0	0	0	12,264
192	UNMANNED SEABORNE TARGET	0	8,375	0	0	0	8,375
193	ANTI-SHIP MISSILE DECOY SYSTEM	0	3,177	0	0	0	3,177
194	CALIBRATION EQUIPMENT	0	1,122	0	0	0	1,122
195	STOCK SURVEILLANCE EQUIPMENT	0	2,254	0	0	0	2,254
196	OTHER ORDNANCE TRAINING EQUIPMENT	0	1,212	0	0	0	1,212
	OTHER EXPENDABLE ORDNANCE						
197	FLEET MINE SUPPORT EQUIPMENT	0	10,888	0	0	0	10,888
198	MINE NEUTRALIZATION DEVICES	0	3,074	0	0	0	3,074
199	DEFENSE NUCLEAR AGENCY MATERIAL	0	1,685	0	0	0	1,685
200	SHIP EXPENDABLE COUNTERMEASURE	0	45,246	0	0	0	45,246
TOTAL ORDNANCE SUPPORT EQUIPMENT			685,185		0		685,185
CIVIL ENGINEERING SUPPORT EQUIPMENT							
CIVIL ENGINEERING SUPPORT EQUIPMENT							
201	ARMORED SEDANS	0	0	0	0	0	0
202	PASSENGER CARRYING VEHICLES	446	6,639	0	0	446	6,639
203	SPECIAL PURPOSE VEHICLES	0	13,018	0	0	0	13,018
204	GENERAL PURPOSE TRUCKS	0	15,569	0	0	0	15,569
205	TRAILERS/TRUCK TRACTORS	0	3,168	0	0	0	3,168
206	EARTH MOVING EQUIPMENT	69	4,759	0	0	69	4,759
207	CONSTRUCTION & MAINTENANCE EQUIP	0	7,428	0	0	0	7,428
208	FIRE FIGHTING EQUIPMENT	26	3,884	0	0	26	3,884
209	WEIGHT HANDLING EQUIPMENT	6	1,667	0	0	6	1,667
210	AMPHIBIOUS EQUIPMENT	0	1,714	0	0	0	1,714
211	COMBAT CONSTRUCTION SUPPORT EQUIP	0	3,059	0	0	0	3,059
212	MORILE UTILITIES SUPPORT EQUIPMENT	0	1,810	0	0	0	1,810
213	COLLATERAL EQUIPMENT	0	2,017	0	0	0	2,017
214	OCEAN CONSTRUCTION EQUIPMENT	0	1,339	0	0	0	1,339
215	FLEET MOORINGS	0	4,053	0	0	0	4,053
216	POLLUTION CONTROL EQUIPMENT	0	11,311	0	0	0	11,311
217	OTHER CIVIL ENG SUPPORT EQUIPMENT	0	1,398	0	0	0	1,398
TOTAL CIVIL ENGINEERING SUPPORT EQUIPMENT			82,833		0		82,833
SUPPLY SUPPORT EQUIPMENT							
SUPPLY SUPPORT EQUIPMENT							
218	FORKLIFT TRUCKS	0	9,882	0	0	0	9,882
219	OTHER MATERIALS HANDLING EQUIPMENT	0	3,629	0	0	0	3,629
220	AUTOMATED MATERIALS HANDLING SYS	0	0	0	0	0	0
221	OTHER SUPPLY SUPPORT EQUIPMENT	0	3,604	0	0	0	3,604
222	POLLUTION CONTROL EQUIPMENT	0	0	0	0	0	0
223	FIRST DESTINATION TRANSPORTATION	0	16,151	0	0	0	16,151
224	SPECIAL PURPOSE SUPPLY SYSTEMS	0	115,830	0	(39,937)	0	75,893
TOTAL SUPPLY SUPPORT EQUIPMENT			149,096		(39,937)		109,159
PERSONNEL AND COMMAND SUPPORT EQUIPMENT							

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
TRAINING DEVICES							
225	SURFACE SONAR TRAINERS	0	9,754	0	0	0	9,754
226	SUBMARINE SONAR TRAINERS	0	0	0	0	0	0
227	SURFACE COMBAT SYSTEM TRAINERS	0	0	0	0	0	0
228	SUBMARINE COMBAT SYSTEM TRAINERS	0	4,129	0	0	0	4,129
229	SHIP SYSTEM TRAINERS	0	22,277	0	0	0	22,277
230	TRAINING SUPPORT EQUIPMENT	0	3,299	0	0	0	3,299
231	TRAINING DEVICE MODIFICATIONS	0	51,084	0	0	0	51,084
COMMAND SUPPORT EQUIPMENT							
232	COMMAND SUPPORT EQUIPMENT	0	24,150	0	0	0	24,150
233	EDUCATION SUPPORT EQUIPMENT	0	15,315	0	0	0	15,315
234	MEDICAL SUPPORT EQUIPMENT	0	203	0	0	0	203
235	INTELLIGENCE SUPPORT EQUIPMENT	0	64,276	0	0	0	64,276
236	ITEMS UNDER \$2 MILLION	0	0	0	0	0	0
237	OPERATING FORCES SUPPORT EQUIPMENT	0	16,347	0	0	0	16,347
238	NAVAL RESERVE SUPPORT EQUIPMENT	0	2,902	0	0	0	2,902
239	ENVIRONMENTAL SUPPORT EQUIPMENT	0	23,241	0	0	0	23,241
240	PHYSICAL SECURITY EQUIPMENT	0	33,063	0	0	0	33,063
241	INDUSTRIAL DEPOT MAINTENANCE EQUIPMENT	0	0	0	0	0	0
COMPUTER ACQUISITION PROGRAM							
242	COMPUTER ACQUISITION PROGRAM	0	133,304	0	0	0	133,304
PRODUCTIVITY PROGRAMS							
243	PRODUCTIVITY INVESTMENT (PIF)	0	47,995	0	0	0	47,995
244	PROD ENHANCE INCENTIVE FUND (PEIF)	0	880	0	0	0	880
TOTAL PERSONNEL AND COMMAND SUPPORT EQUIPMENT			452,219		0		452,219
SPARES AND REPAIR PARTS							
SPARES & REPAIR PARTS							
245	SPARES AND REPAIR PARTS	0	580,541	0	0	0	580,541
TOTAL SPARES AND REPAIR PARTS			580,541		0		580,541
TOTAL OTHER PROCUREMENT, NAVY			5,868,813		(39,937)		5,828,876

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
		-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----
WEAPONS AND COMBAT VEHICLES							
TRACKED COMBAT VEHICLES							
42	AAV7A1 PIP	0	16,610	0	0	0	16,610
42	AMLR	0	0	42	254,700	42	254,700
43	LIGHT ARMORED VEHICLE	0	0	0	0	0	0
44	MODIFICATION KITS (TRKD VEH)	0	1,150	0	0	0	1,150
45	ITEMS UNDER \$2M (TRKD VEH)	0	588	0	0	0	588
ARTILLERY AND OTHER WEAPONS							
46	MOD KITS (ARTILLERY)	0	5,826	0	0	0	5,826
47	ITEMS UNDER \$2M (ALL OTHER)	0	2,185	0	0	0	2,185
WEAPONS							
48	MACHINE GUN, 50 CAL W2	0	0	0	0	0	0
49	M60E3 PIP	0	0	0	0	0	0
50	MK-19 40MM MACHINE GUN	0	0	0	0	0	0
TOTAL WEAPONS AND COMBAT VEHICLES			26,359		254,700		281,059
GUIDED MISSILES AND EQUIPMENT							
GUIDED MISSILES							
51	HAWK	0	0	0	0	0	0
52	HAWK MOD	0	23,974	0	0	0	23,974
53	STINGER (MYP)	0	0	0	0	0	0
54	PEDESTAL MOUNTED STINGER (PMS) (MYP)	26	28,306	0	0	26	28,306
54	LESS: ADVANCE PROCUREMENT (PY)	0	(4,450)	0	0	0	(4,450)
55	ADVANCE PROCUREMENT (CY)	0	4,257	0	0	0	4,257
56	TOW	0	0	0	0	0	0
OTHER SUPPORT							
57	MODIFICATION KITS	0	0	0	0	0	0
58	ITEMS LESS THAN \$2 MILLION	0	588	0	0	0	588
TOTAL GUIDED MISSILES AND EQUIPMENT			52,675		0		52,675
COMMUNICATIONS AND ELECTRONICS EQUIPMENT							
MANPACK RADIOS							
59	MANPACK RADIOS AND EQUIP	0	0	0	0	0	0
60	GPS	1,766	12,720	0	0	1,766	12,720
VEHICLE MOUNTED RADIOS AND EQUIPMENT							
61	VEHICLE MTD RADIOS & EQUIP (MYP)	0	5,170	0	0	0	5,170
62	AM/GRC-XXXX	421	18,970	0	0	421	18,970
63	TSC-96 PIP FLEET SATCOM TERMINAL	5	1,957	0	0	5	1,957
TELEPHONE AND TELETYPE EQUIPMENT							
64	UNIT LEVEL CIRCUIT SWITCH (ULCS)	0	7,088	0	0	0	7,088
65	TACT COMM CENTER EQUIP	0	0	0	0	0	0
66	AM/PSG() DIGITAL COMM TERMINAL	0	0	0	0	0	0
REPAIR AND TEST EQUIPMENT							
67	OSCILLOSCOPE	0	0	0	0	0	0
68	SWEEP GENERATOR	0	0	0	0	0	0

(\$ IN THOUSANDS)

Other Procurement Manual

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
		-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----	-----FY 1993-----
SIGNAL GENERATOR							
69	SIGNAL GENERATOR	200	1,983	0	0	200	1,983
ELECTRONIC TEST EQUIP (TEL)							
70	ELECTRONIC TEST EQUIP (TEL)	0	6,876	0	0	0	6,876
OTHER COMM/ELEC EQUIPMENT							
71	SINGLE CHAN GRD & AIR RADIO	0	59,837	0	0	0	59,837
OTHER SUPPORT (TEL)							
72	MODIFICATION KITS (TEL)	0	3,930	0	0	0	3,930
73	ITEMS LESS THAN \$2M (TEL)	0	2,402	0	0	0	2,402
COMMAND + CONTROL SYSTEMS (NON-TEL)							
74	POS LOCATING RPTG SYSTEM (PLRS)	0	0	0	0	0	0
75	TACTICAL AIR OPER MODULE (TAOM)	0	0	0	0	0	0
76	ADVANCED TACT AIR COMMAND CENTER	1	6,751	(1)	0	0	6,751
77	MARINE TACTICAL C2	0	8,286	0	0	0	8,286
INTELL/COMM EQUIPMENT (NON-TEL)							
78	LEDD	0	0	0	0	0	0
79	METEOROLOGICAL SYSTEMS	14	5,965	0	0	14	5,965
80	INTELLIGENCE SUPPORT EQUIPMENT	0	18,387	0	23,000	0	41,387
81	MOD KITS (INTEL)	0	490	0	0	0	490
82	ITEMS LESS THAN \$2M (INTEL)	0	797	0	0	0	797
REPAIR + TEST EQUIPMENT (NON-TEL)							
83	ELECTRONIC TDME REPAIR FACILITY	0	0	0	0	0	0
84	MECH TEST TIDE	0	868	0	0	0	868
85	ELECTRONIC TEST EQUIP	0	0	0	0	0	0
86	THERMAL IMAGING EQUIPMENT	0	0	0	0	0	0
OTHER COMM/ELEC EQUIPMENT (NON-TEL)							
87	NIGHT VISION EQUIPMENT	0	20,143	0	0	0	20,143
88	ADP EQUIPMENT	0	16,308	0	0	0	16,308
OTHER SUPPORT (NON-TEL)							
89	TEST CALIB & MAINT SPT	0	944	0	0	0	944
90	MODIFICATION KITS (NONTEL)	0	3,681	0	0	0	3,681
91	ITEMS LESS THAN \$2M (NONTEL)	0	1,564	0	0	0	1,564
TOTAL COMMUNICATIONS AND ELECTRONICS EQUIPMENT			205,117		23,000		228,117
SUPPORT VEHICLES							
ADMINISTRATIVE VEHICLES							
92	COMMERCIAL PASSENGER VEHICLES	46	2,211	0	0	46	2,211
93	COMMERCIAL CARGO VEHICLES	0	8,816	0	0	0	8,816
TACTICAL VEHICLES							
94	5/4T TRUCK HMMWV (MYP)	1,612	47,257	0	0	1,612	47,257
95	M876 TRUCK, MAINT, TELEPHONE/UTILITY	0	0	0	0	0	0
96	LOGISTICS VEHICLE SYSTEM	0	0	0	18,000	0	18,000
97	TRAILERS	0	3,096	0	0	0	3,096
OTHER SUPPORT							
98	MODIFICATION KITS	0	3,523	0	0	0	3,523
99	ITEMS LESS THAN \$2 MIL	0	1,027	0	0	0	1,027
TOTAL SUPPORT VEHICLES			65,930		18,000		83,930

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
122	IMAGERY TRANS	0	18,531	0	0	0	18,531
123	TACTICAL WARNING SYSTEMS SUPPORT	0	1,459	0	0	0	1,459
124	NORTH ATLANTIC DEFENSE C3 SPECIAL COMM-ELECTRONICS PROJECTS	0	475	0	0	0	475
125	AUTOMATIC DATA PROCESSING EQUIP	0	75,677	0	0	0	75,677
126	ADP OPERATIONS CONSOLIDATION	0	124,360	0	0	0	124,360
127	MANCCS/MIS ADPE	0	32,282	0	0	0	32,282
128	MAC COMMAND AND CONTROL SUPPORT	0	28,813	0	0	0	28,813
129	AIR FORCE PHYSICAL SECURITY SYSTEM	0	36,208	0	0	0	36,208
130	RANGE IMPROVEMENTS	0	36,230	0	0	0	36,230
131	C3 COUNTERMEASURES	0	4,007	0	0	0	4,007
132	JOINT SURVEILLANCE SYSTEM	0	0	0	0	0	0
133	BASE LEVEL DATA AUTO PROGRAM	0	22,981	0	0	0	22,981
134	AF SATELLITE CONTROL NETWORK	0	36,297	0	0	0	36,297
135	CONSTANT WATCH	0	5,643	0	0	0	5,643
136	CONSOLIDATED SPACE OPS CENTER	0	0	0	0	0	0
137	ESMC/USMC I&M AIR FORCE COMMUNICATIONS	0	93,984	0	0	0	93,984
138	PROGRAM 69BAJ	0	0	0	0	0	0
139	INFORMATION TRANSMISSION SYSTEMS	0	3,333	0	0	0	3,333
140	TELEPHONE EXCHANGE	0	80,490	0	0	0	80,490
141	JOINT TACTICAL COMM PROGRAM(MYP)	0	53,960	0	0	0	53,960
142	USSTRANCOM	0	4,762	0	0	0	4,762
143	USCENTCOM	0	5,561	0	0	0	5,561
144	AUTOMATED TELECOMMUNICATIONS PRG	0	7,822	0	0	0	7,822
145	MILSTAR	0	211,470	0	0	0	211,470
146	SATELLITE TERMINALS DISA PROGRAMS	0	6,733	0	0	0	6,733
147	WIDEBAND SYSTEMS UPGRADE	0	1,731	0	0	0	1,731
148	MINIMUM ESSENTIAL EMER COMM NET ORGANIZATION AND BASE	0	33,424	0	0	0	33,424
149	TACTICAL C-E EQUIPMENT	0	37,631	0	0	0	37,631
150	RADIO EQUIPMENT	0	14,229	0	0	0	14,229
151	TV EQUIPMENT (AFRTV)	0	4,505	0	0	0	4,505
152	CCTV/AUDIOVISUAL EQUIPMENT	0	3,692	0	0	0	3,692
153	E + I REQUIREMENTS	0	0	0	0	0	0
154	SPARES AND REPAIR PARTS	0	210,422	0	0	0	210,422
155	CAP COM & ELECT	0	0	0	600	0	600
156	ITEMS LESS THAN \$2,000,000 MODIFICATIONS	0	12,869	0	0	0	12,869
157	COMM ELECT MODS	0	26,143	0	0	0	26,143
158	ANTIJAM VOICE	0	1,770	0	0	0	1,770
159	SPACE MODS	0	19,717	0	0	0	19,717
TOTAL ELECTRONICS AND TELECOMMUNICATIONS EQUIPMENT		1,761,305		600		1,761,905	
OTHER BASE MAINTENANCE AND SUPPORT EQUIP TEST EQUIPMENT							
160	BASE/ALC CALIBRATION PACKAGE	0	14,689	0	0	0	14,689

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
161	NEWARK AFB CALIBRATION PACKAGE	0	2,606	0	0	0	2,606
162	ITEMS LESS THAN \$2,000,000 PERSONAL SAFETY AND RESCUE EQUIP	0	28,979	0	0	0	28,979
163	NIGHT VISION GOGGLES	0	6,563	0	0	0	6,563
164	BREATHING APPARATUS TWO HOUR	0	8,522	0	0	0	8,522
165	CHEMICAL/BIOLOGICAL DEF PROG	0	28,672	0	0	0	28,672
166	ITEMS LESS THAN \$2,000,000 DEPOT PLANT + MATERIALS HANDLING EQ	0	5,023	0	0	0	5,023
167	BASE MECHANIZATION EQUIPMENT	0	12,322	0	0	0	12,322
168	AIR TERMINAL MECHANIZATION EQUIP	0	4,993	0	0	0	4,993
169	INDUSTRIAL/DEPOT MAINTENANCE EQUIPMT	0	0	0	0	0	0
170	ITEMS LESS THAN \$2,000,000 ELECTRICAL EQUIPMENT	0	9,861	0	0	0	9,861
171	GENERATORS-MOBILE ELECTRIC	0	0	0	0	0	0
172	FLOODLIGHTS SET TYPE NF20	0	15,308	0	0	0	15,308
173	ITEMS LESS THAN \$2,000,000 BASE SUPPORT EQUIPMENT	0	4,419	0	0	0	4,419
174	BASE PROCURED EQUIPMENT	0	33,191	0	0	0	33,191
175	MEDICAL/DENTAL EQUIPMENT	0	6,814	0	0	0	6,814
176	AIR BASE OPERABILITY	0	17,274	0	0	0	17,274
177	PALLET AIR CARGO	4,000	3,898	0	0	4,000	3,898
178	NET ASSEMBLY, 10B" X 8B"	0	977	0	0	0	977
179	PHOTOGRAPHIC EQUIPMENT	0	6,405	0	0	0	6,405
180	TACTICAL SHELTER	0	2,964	0	0	0	2,964
181	PRODUCTIVITY ENHANCEMENT	0	8,159	0	0	0	8,159
182	PRODUCTIVITY INVESTMENTS	0	4,415	0	0	0	4,415
183	MOBILITY EQUIPMENT	0	1,368	0	0	0	1,368
184	WARTIME HOST NATION SUPPORT	0	823	0	0	0	823
185	SPARES AND REPAIR PARTS	0	683	0	0	0	683
186	ITEMS LESS THAN \$2,000,000 SPECIAL SUPPORT PROJECTS	0	20,113	0	0	0	20,113
187	INTELLIGENCE PRODUCTION ACTIVITY	0	72,676	0	2,558	0	75,234
188	TECH SURV COUNTERMEASURES EQ	0	2,613	0	0	0	2,613
189	SR YR GND STATIONS	0	104,138	0	0	0	104,138
190	SELECTED ACTIVITIES	0	5,560,059	0	(202,271)	0	5,357,788
191	SPECIAL UPDATE PROGRAM	0	176,905	0	0	0	176,905
192	DRUG INTERDICTION PROGRAM	0	0	0	0	0	0
193	INDUSTRIAL PREPAREDNESS	0	3,065	0	0	0	3,065
194	MISC EQUIPMENT	0	0	0	0	0	0
195	MODIFICATIONS	0	187	0	0	0	187
196	FIRST DESTINATION TRANSPORTATION	0	16,940	0	0	0	16,940
TOTAL OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT		6,185,624		(199,713)		5,985,911	
TOTAL OTHER PROCUREMENT, AIR FORCE		8,346,588		(214,088)		8,132,500	

ITEM OF SPECIAL INTEREST

Ground-wave emergency network

The committee notes that the independent study requested in fiscal year 1991 on the health effects and environmental impacts associated with the Ground-Wave Emergency Network (GWEN) has not yet been submitted for review to the congressional defense committees. Therefore, the committee notes the continued restriction of further obligation of funds for the purpose of site preparation and construction of GWEN towers, or related support facilities, until the National Academy of Sciences' report on the health effects of GWEN has been submitted to the congressional defense committees and a period of 15 days has elapsed after the report is received.

DEFENSE AGENCIES

OVERVIEW

The amended budget request contained \$2,146.9 million for procurement, Defense Agencies in fiscal year 1993. The committee recommends authorization of \$1,883.6 million for fiscal year 1993. The committee recommends approval of authorization as requested except for those programs adjusted in the following table. In addition, certain programs are discussed in more detail.

Table

(\$ IN THOUSANDS)

P-1 LINE	PROGRAM TITLE	AUTHORIZATION REQUEST		CHANGE FROM REQUEST		COMMITTEE RECOMMENDATION	
		-----FY 1993----- QUANTITY	AMOUNT	-----FY 1993----- QUANTITY	AMOUNT	-----FY 1993----- QUANTITY	AMOUNT
PROCUREMENT, DEFENSE AGENCIES							
MAJOR EQUIPMENT							
MAJOR EQUIPMENT, OSD							
1	C-20F AIRCRAFT	0	0	0	0	0	0
2	MOTOR VEHICLES	0	379	0	0	0	379
3	MAJOR EQUIPMENT, OSD/AMS	0	53,221	0	0	0	53,221
4	REMOTELY PILOTED VEHICLES	0	148,952	0	0	0	148,952
5	CORPORATE INFORMATION MANAGEMENT	0	64,000	0	0	0	64,000
6	ELECTRONIC WARGAMING EQUIPMENT	0	0	0	0	0	0
7	COMMAND CONTROL COMMUNICATIONS & INTELLI	0	0	0	0	0	0
8	DRUG INTERDICTION	0	0	0	0	0	0
MAJOR EQUIPMENT, NSA							
9	CLASSIFIED EQUIPMENT	0	(---)	0	(59,000)	0	(59,000)
MAJOR EQUIPMENT, ONA							
10	VEHICLES	23	342	0	0	23	342
11	OTHER CAPITAL EQUIPMENT	26	3,361	0	0	26	3,361
MAJOR EQUIPMENT, DISA							
12	WANCS ADP SYSTEMS	0	8,458	0	0	0	8,458
13	ITEMS LESS THAN \$2 MILLION	0	67,451	0	0	0	67,451
14	PRODUCTIVITY INVESTMENT FUNDING	0	0	0	0	0	0
15	DRUG INTERDICTION SUPPORT	0	0	0	0	0	0
16	INDUSTRIAL/DEPOT MAINTENANCE EQUIP	0	0	0	0	0	0
MAJOR EQUIPMENT, DIA							
17	INTELLIGENCE AND COMMUNICATIONS	0	(---)	0	9,506	0	9,506
MAJOR EQUIPMENT, DLA							
18	MATERIALS HANDLING EQUIPMENT	0	0	0	0	0	0
19	VEHICLES	0	0	0	0	0	0
20	MECHANIZED MATERIALS HANDLING SYS	0	0	0	0	0	0
21	ADP EQUIPMENT	0	0	0	0	0	0
22	TELECOMMUNICATIONS EQUIPMENT	0	0	0	0	0	0
23	DEFENSE SUPPORT ACTIVITIES	0	1,900	0	0	0	1,900
24	OTHER MAJOR EQUIPMENT	0	0	0	0	0	0
25	ITEMS LESS THAN \$2 MILLION	0	0	0	0	0	0
26	INDUSTRIAL/DEPOT MAINTENANCE	0	0	0	0	0	0
MAJOR EQUIPMENT, DHA							
27	ADP EQUIPMENT	0	0	0	0	0	0
28	VEHICLES	0	289	0	0	0	289
29	OTHER CAPITAL EQUIPMENT	0	33,987	0	0	0	33,987
30	GEODEST AND GEOPHYSICAL EQUIPMENT	0	2,685	0	0	0	2,685
MAJOR EQUIPMENT, DIS							
31	VEHICLES	0	3,952	0	0	0	3,952
32	OTHER CAPITAL EQUIPMENT	0	1,815	0	0	0	1,815
MAJOR EQUIPMENT, USUHS							
33	ITEMS LESS THAN \$2 MILLION	0	0	0	0	0	0
MAJOR EQUIPMENT, DCAA							
34	ITEMS LESS THAN \$2 MILLION	0	5,600	0	0	0	5,600
MAJOR EQUIPMENT, DSPO							
35	MAJOR EQUIPMENT	0	463,407	0	(364,607)	0	98,800
MAJOR EQUIPMENT, OJCS							
				0	0		

ommendations to the Armed Services Committee and the Budget Committee on actions to be taken to preserve the defense industrial base and to suggest policies to guide the economic conversion and transition to a more commercial reliant technological and manufacturing capability.

The results of the panel findings were detailed in the Armed Services Committee print no. 10, *Future of the Defense Industrial Base*, April 7, 1992.

The committee believes that an industrial sector and critical skills analysis of the industrial base would provide the basis for an investment strategy for the future and eliminate vulnerabilities in our defense planning. To that end, the committee directs the Secretary of Defense to accomplish the following series of actions on an annual basis and to provide a report on the results to the Committees on Armed Services of the Senate and House of Representatives on March 1, 1993, and each succeeding year:

- (1) Identify the critical sectors and skills of the defense industrial base;
- (2) Identify the critical technologies, processes and capabilities within each sector, with special focus directed toward those unique military activities that cannot be met through commercial or civilian sources; and
- (3) Detail the actions the Department of Defense is taking or will take to address shortfalls in the industry or in skilled personnel to ensure a viable defense industry.

This prescribed analysis will enable the committee to make more informed assessments for industrial investment, training and opportunities for conversion or reconstitution.

Environmental technology programs

The committee is concerned that the Department of Defense has failed to invest resources in programs that address technology development and application for the solution of environmental problems. The department has continually failed to institutionalize and request funds for the Strategic Environmental Research Program (SERDP) and provides only insignificant funds for other forms of environmental research and development identified in its Research, Development, Test, and Evaluation request. The committee urges the department to raise its priority of environmental research and development.

The committee directs the Director, Defense Research and Engineering (DDR&E) to review and report on:

- (1) The research and development programs it is funding that address advancing environmental sciences;
- (2) The universities, industry and in-house infrastructure supported by the department in environmental research and development;
- (3) A list of program elements, funding and highlighted accomplishments of the on-going programs;
- (4) An assessment of the compatibility of the programs in paragraph (3) above to the environmental problems of major concern to the department for which the activities

of the department impact significantly on the environment;

(5) A statement of how the department formally interacts with other non-DOD federally funded scientific development addressing new technology development for pollution control and environmental restoration; and

(6) A statement of planned DOD environmental research activity and funding through the six-year defense plan.

The report shall be delivered to the Committees on Armed Services of the Senate and House of Representatives by March 1, 1993.

Federally funded research and development centers (FFRDCs)

The committee believes that the Federally Funded Research and Development Centers (FFRDCs) supporting the services should take every opportunity to transfer and share technology with the public and private sectors for utilization or potential product development. The committee believes this objective can be achieved by encouraging the use of Cooperative Research and Development Agreements (CRDA), and also by permitting FFRDCs to enter into cooperative agreements as is now permitted under section 2371 of title 10, United States Code, for the Defense Advanced Research Projects Agency (DARPA) and the military services.

At a time when our nation's economic strength is reliant on our superior technical advancements, to which FFRDCs contribute greatly, the committee believes that the Department of Defense must provide a creative environment for technology transfer throughout its research and development infrastructure.

Manufacturing technology

Manufacturing technology (MANTECH), identified in the RDT&E tables as Industrial Preparedness, has been an ongoing program for over 25 years. The Department of Defense cites examples that show that the MANTECH program has continually provided typical returns on investments of 10 to 1, with many programs approaching 100 to 1 and greater. The National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) expanded the program to include advanced manufacturing technology to take further advantage of the rapidly advancing technologies being developed internationally and to attempt acceleration of technology infusion for higher performance and lower cost of next generation products for the department.

It is clear that the congressional vision was on the mark. The department even cites the importance of flexible manufacturing (FMS) in the 1992 National Defense Manufacturing Technology Plan dated March 1992, as an important element of "reconstitution." The plan notes, "FMS will enable commercial industry to switch to defense production quickly," a desired condition for reconstitution of the defense industrial base.

However, the committee believes that the department does not share the vision of the Congress in promoting technology that leads to lower cost, high performance manufactured products because the department requested only a minimal amount of funding for the industrial preparedness (MANTECH) program, and no funds were

ITEMS OF SPECIAL INTEREST

Endothermic fuels

The committee is encouraged by the Air Force initiative in high thermal stability fuels, including endothermic and coal-based fuels. The committee notes the importance of a robust effort in coal-based research. The committee recommends an additional authorization of \$2 million to the Air Force in PE 602203F.

Engine model derivative program

The Air Force request for the engine model derivative program (EMDP) for fiscal year 1993 is \$1 million. The committee notes with continued concern the failure of the services to fund adequately fighter aircraft derivative engine programs. Accordingly, the committee recommends an increase of \$3 million to sustain the fiscal year 1992 level of effort.

The history of high performance tactical fighter engine development indicates the high cost the Department of Defense has paid by not adequately funding derivative fighter engines and by not maintaining adequate competition in fighter engine development.

The committee urges the Department of Defense to reassess the engine model derivative program (EMDP) funding level given the critical role this program has played in providing needed enhancements to current generation fighter aircraft as well as reduced procurement costs through increased competition. These enhancements will become increasingly important with the continued decline in DOD budgets. In the year 2005, more than 75 percent of Air Force tactical aircraft will be powered by F100 and F110 derivative engines, employing 25-30 year old technology. In the interest of improving performance, reliability, maintainability, and reducing life cycle costs the committee encourages the Air Force to re-program funds to revitalize this important program.

F-16 squadrons

In 1988 the Air Force developed requirements for the F-16 aircraft to meet the threat of the 1990s and beyond. The requirements led to an avionics upgrade referred to as the Modular Mission Computer (MMC).

In view of the changes in the threat, coupled with declining defense budgets, the Air Force has altered the requirements by reducing the number of aircraft scheduled to receive the MMC.

Because the Air Force cannot afford the full MMC program the committee believes that a combination of MMCs and an alternative solution could provide many of the MMC capabilities and extend the operational life of the F-16 aircraft at an affordable cost.

The committee recommends that the Air Force, in coordination with Denmark, Belgium, Norway and The Netherlands, investigate lower cost solutions for an F-16 avionics upgrade.

F-117A stealth fighter

The committee continues to be aware of the role the F-117A played during Operation Desert Storm and continues to support the actions begun last year to make improvements to this aircraft that will increase its performance. The committee, therefore, rec-

ommends an additional authorization of \$31 million for improvements to the F-117A that would include \$21 million to improve the operation and maintenance of the aircraft such as exhaust system redesign to eliminate fuel leaks, completion of consolidated automatic test equipment, retrofit of the stores management processor to provide compatibility with the new JDAM weapons, and enhancements to the mission planning system. The additional \$10 million would be to provide improvements to communications capabilities.

Grant for astronomy-oriented science center

The committee is concerned about the need to stimulate science and technology interest in students to promote an increase in mathematics and science professions. The committee's Panel on the Structure of the U.S. Defense Industrial Base underscored the need for the Department of Defense to be proactive in encouraging the growth of the talent base for the future. DOD interest and assertiveness in programs that could be established in areas of the nation that have lower than average representation in the science and technology professional field can be particularly fruitful. The committee views establishment of a science center as a facilitating asset, especially if located in areas with population characteristics where the specific school comprehensive standardized tests show below normal comparability that could be enhanced.

The committee recommends that \$17.5 million be authorized for a competitively awarded grant for an astronomy-oriented science center/observatory to be located in a large urban school district with a joint power agreement by a city, regional park district, school district and an astronomical association. Location of the center near a national laboratory with focus on teacher training and student and public programming shall all be positive evaluation factors for selection. The committee sets the condition of the grant such that its award may only be made if matching non-federal government funds are available for the creation of the center.

Joint tactical information distribution system

The committee supports the Air Force decision not to equip tactical fighters with the high cost joint tactical information distribution system (JTIDS). The committee also supports the Air Force concept that JTIDS is an appropriate design for the tactical theater command and control platforms.

In Operation Desert Storm tactical fighters with data link enjoyed a much higher degree of situation awareness than those without such capability. Low cost compatible data links in the TADIL-J message standard format but in non-JTIDS wave form are currently available. The committee understands that non-JTIDS wave forms can provide 100 percent capability by using a gateway or like data link placed in line with JTIDS on the command and control platform. This precludes development of yet another data link for fighters.

The committee is aware of an Air Force operational utility evaluation to determine the utility of data link information in fighter type aircraft to be conducted at Mountain Home Air Force Base, Idaho, during the summer of 1992. The committee directs the Secre-

tary of the Air Force to include in the evaluation the utility of data link information provided via non-JTIDS waveform transmission and to report the results of the evaluation to the congressional defense committees not later than December 15, 1992.

→ *Logistics Management Institute*

The committee applauds the results of the inventory management program of the Air Force Logistics Management Institute (LMI). Improved business practices, process improvement, incorporation of successful private sector practices, and implementation of emerging technologies have resulted in shortened materiel procurement lead times, improved depot turnaround times, smaller quantity procurement, elimination of some levels of stock and the removal of inactive materiel "off the books" to disposal operations.

In view of the substantial documented savings and prospects for continued development cost-cutting logistics technologies, the committee recommends approval of the LMI budget request and understands that some portion of the authorization will be forwarded to academic institutions for technology development and demonstration.

Loitering anti-radiation missile

The committee is aware of the potential of the STAR-1/Delilah-Loitering Anti-Radiation missile for stand-off attack against air defense missile sites. The committee directs the Secretary of the Air Force to demonstrate the characteristics of the STAR-1/Delilah unmanned expendable decoy air vehicle for potential adaptation to Air Force requirements.

The committee recommends \$10 million in PE 207316F for this purpose.

Manufacturing technology

The committee recommends an increase of \$65 million to the Air Force manufacturing technology development request. Of that amount \$5 million is for the National Center for Tooling Components and \$40 million is for the National Center for Manufacturing Science (NCMS).

The committee recognizes the contributions of NCMS, as well as those of the Air Force manufacturing technology (MANTECH) program. However, the committee believes that closer formal coordination of both Air Force and NCMS work will promote a synergy that will lead to greater benefit to the Department of Defense. The committee recommends the use of the cooperative agreement (section 2371 of title 10, United States Code) in lieu of a grant as a means of setting common goals for process development.

National launch system

The committee has supported the efforts by the Department of Defense and the National Aeronautics and Space Administration (NASA) to develop a new launch system that would lessen our nation's dependence on the shuttle. However, it now appears that the phasing of this program may not be in line with requirements. Given these new developments, the committee believes that the Administration needs more time to evaluate where this programs is

headed and what adjustments may be in order. Therefore, the committee recommends a reduction of \$45 million from the request and directs the continued development of the new Space Transportation Main Engine (STME) while this review is taking place.

Paint stripping technology

The committee's report (H. Rept. 102-60) on the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) directed the Air Force Industrial Preparedness office to evaluate plastic bead paint stripping technology as a means of providing a lower cost process that is environmentally safe when compared to chemical paint stripping methods for aircraft. Test results were to be made available for congressional review by March 1, 1992. The committee is dismayed that the report has not been received and is concerned about the quality of the tests conducted by the Air Force to date.

The committee reaffirms its interest and again directs the Secretary of the Air Force to evaluate competing technologies for aircraft paint stripping methods and report the findings to the Committees on Armed Services of the Senate and House of Representatives by March 1, 1993.

Phase change materials

The committee is aware of the need to control or eliminate heat in many military applications (e.g., electronic equipment, specialized apparel, and many mechanical systems). The basic technology of microencapsulated phase change materials has been demonstrated.

The committee recommends \$4.7 million be authorized in PE 602102F to conduct an evaluation of phase change materials in the Air Force technology base program.

Precision air-to-surface missile (HAVE LITE)

The committee is aware of the potential benefits of HAVE LITE, the light weight version of the precision air-to-surface missile, HAVE NAP. The HAVE LITE offers benefits in lower cost (30-50 percent less) and an opportunity for integration into a wider range of aircraft. The committee directs the Secretary of the Air Force to undertake a two-year evaluation of the HAVE LITE missile system, jointly with Israel. The committee recommends \$15 million in PE 101113F.

Seismic research program

The committee believes recent events increase the need for the United States to strengthen its ability to detect and identify underground nuclear explosions in the Commonwealth of Independent States, the Eurasian continent, and elsewhere in the Southern Hemisphere. Consequently, the committee continues its previous support for additional funding for DOD seismic data collection and interpretation programs.

The committee supports the \$4 million request for university-based seismic research contained in the Defense Research Sciences (PE 601102F), project 2309 (Terrestrial Sciences), and recommends an increase of \$6.5 million only for the Joint Seismic Program

DEFENSE AGENCIES

FISCAL YEAR 1993 RDT&E AUTHORIZATION

[In thousands of dollars]

PROGRAM ELEMENT NUMBER	R-1 LINE	PROGRAM TITLE	FY 1993 BUDGET REQUEST	FY 1993 CHANGE FROM REQUEST	FY 1993 COMMITTEE AUTHORIZATION
ACCOUNT	0	RESEARCH DEVELOPMENT TEST & EVAL DEF AG			
0601101E	1	DEFENSE RESEARCH SCIENCES	126,078	(10,000)	116,078
0601101W	2	IN-HOUSE LABORATORY INDEPENDENT RESEARCH	0	0	0
0601101D	2A	IN-HOUSE LABORATORY INDEPENDENT RESEARCH	0	9,275	9,275
0601103D	3	UNIVERSITY RESEARCH INITIATIVES	99,909	62,000	161,909
0601102D	3A	DEFENSE RESEARCH SCIENCES	0	49,032	49,032
0601106D	4	RESEARCH PROJECTS	0	0	0
0601109D	5	US-JAPAN MANAGEMENT TRAINING	0	0	0
0601112D	6	CRITICAL TECHNOLOGY CENTER	0	0	0
0602109K	7	SUPERCONDUCTIVE MAGNETIC ENERGY STORAGE	0	50,000	50,000
0602222D	8	COUNTERTERROR TECHNICAL SUPPORT	6,990	0	6,990
0602225D	9	CONCEPT EVALUATION	14,979	(14,979)	0
0602227D	10	MEDICAL FREE ELECTRON LASER	0	20,000	20,000
0602228D	11	HISTORICALLY BLACK COLLEGES AND UNIVERSITIES	0	0	0
0602233D	11A	MISSION SUPPORT TECHNOLOGY	0	4,330	4,330
0602301E	12	STRATEGIC TECHNOLOGY	377,100	(70,000)	307,100
0602702E	13	TACTICAL TECHNOLOGY	109,300	0	109,300
0602707E	14	PARTICLE BEAM TECHNOLOGY	0	0	0
0602708E	15	INTEGRATED COMMAND AND CONTROL TECHNOLOGY	0	75,000	75,000
0602712E	16	MATERIALS AND ELECTRONICS TECHNOLOGY	71,800	140,000	211,800
0602714E	17	TREATY VERIFICATION	0	0	0
0602XXXE	17A	POST LAUNCH DESTRUCT TECHNOLOGY	0	15,000	15,000
0602715H	18	DEFENSE NUCLEAR AGENCY	409,957	(50,000)	359,957
0602787D	18A	MEDICAL TECHNOLOGY	0	92,764	92,764
		TOTAL, TECHNOLOGY BASE	1,216,113	372,422	1,588,535
0603002D	18B	ADVANCED MEDICAL TECHNOLOGY	0	36,172	36,172
0603105D	18C	MEDICAL HIV RESEARCH	0	3,247	3,247
0603214C	19	SPACE BASED INTERCEPTORS (SDI)	575,558	(575,558)	0
0603215C	20	LIMITED DEFENSE SYSTEM (SDI)	2,134,755	0	2,134,755
0603216C	21	THEATER MISSILE DEFENSES (TMDI)	857,725	0	857,725
0603217C	22	OTHER FOLLOW ON SYSTEMS (SDI)	849,596	(321,296)	528,300
0603218C	23	RESEARCH AND SUPPORT ACTIVITIES	754,740	(178,020)	576,720
0603225D	24	JOINT DOD-DOE MUNITIONS TECHNOLOGY DEVELOPMENT	18,976	0	18,976
0603226E	25	EXPERIMENTAL EVALUATION OF MAJOR INNOVATIVE TE	270,867	(29,718)	241,149
0603227E	26	RELOCATABLE TARGET DETECTION TECHNOLOGY PROGRA	0	0	0
0603231D	27	MINIATURE DIAGNOSTIC PROTON ACCELERATOR	0	0	0
0603569E	28	ADVANCED SUBMARINE TECHNOLOGY	57,900	(7,900)	50,000
0603570E	29	PRE-COMPETITIVE TECHNOLOGY DEVELOPMENT	0	0	0
0603704D	30	SPECIAL TECHNICAL SUPPORT	9,289	0	9,289
0603706E	31	MICROWAVE/MILLIMETER WAVE MONOLITHIC INTEGRATE	0	0	0
0603707E	32	PROTOTYPING OF ADVANCED TECHNOLOGIES AND INNOV	0	0	0
0603715D	33	AIM-9 CONSOLIDATED PROGRAM	0	0	0
0603716D	34	STRATEGIC ENVIRONMENTAL RESEARCH PROGRAM	0	0	0
0603717D	35	EXCIMER LASER TECHNOLOGY	0	0	0

FISCAL YEAR 1993 RDT&E AUTHORIZATION

[In thousands of dollars]

PROGRAM ELEMENT NUMBER	R-1 LINE	PROGRAM TITLE	FY 1993 BUDGET REQUEST	FY 1993 CHANGE FROM REQUEST	FY 1993 COMMITTEE AUTHORIZATION
0603718D	36	MEDICAL RESEARCH	0	0	0
0603719D	37	FOCUS HOPE	0	20,000	20,000
0603720D	38	ENVIRONMENT SPECIAL PROJECT	0	0	0
0603722D	38A	MEDICAL DEVELOPMENT (FLEET HOSPITAL)	0	12,449	12,449
0603736D	39	COMPUTER AIDED LOGISTICS SUPPORT	11,216	0	11,216
0603737D	40	BALANCED TECHNOLOGY INITIATIVE	172,340	(52,000)	120,340
0603738D	41	COOPERATIVE DOD/VA MEDICAL RESEARCH	0	20,000	20,000
0603739E	42	MANUFACTURING TECHNOLOGY	255,400	(75,000)	180,400
060XXXXE	42A	SEMATECH	0	100,000	100,000
0603756D	43	CONSOLIDATED DOD SOFTWARE INITIATIVE	9,019	25,000	34,019
0603756E	43A	CONSOLIDATED DOD SOFTWARE INITIATIVE	0	0	0
0604704D	45	ROCKET MOTOR DEMILITARIZATION PROGRAM	16,859	0	16,859
0305108K	46	COMMAND AND CONTROL RESEARCH	1,833	0	1,833
0702807E	47	INFRARED FOCAL PLANE ARRAY	0	0	0
1140011B	48	ADVANCED SPECIAL OPERATIONS RESEARCH, DEVELOPM	0	0	0
1160401B	49	SPECIAL OPERATIONS TECHNOLOGY DEVELOPMENT	2,940	1,000	3,940
1160402B	50	SPECIAL OPERATIONS ADVANCED TECHNOLOGY DEVELOP	14,399	0	14,399
1160407B	51	SOF MEDICAL TECHNOLOGY DEVELOPMENT	549	0	549
		TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT	8,013,961	(1,021,624)	4,992,337
0603711H	52	VERIFICATION TECHNOLOGY DEMONSTRATION	67,079	0	67,079
0603734J	53	ISLAND SUN SUPPORT	31,045	0	31,045
0603741D	54	AIR DEFENSE INITIATIVE	231,220	(34,000)	197,220
0604225C	55	THEATER MISSILE DEFENSES (TMDI)	140,000	0	140,000
0302016K	56	NATIONAL MILITARY COMMAND SYSTEM-WIDE SUPPORT	9,083	0	9,083
0302019K	57	WAMCCS SYSTEMS ENGINEER	9,182	0	9,182
0303131K	58	MINIMUM ESSENTIAL EMERGENCY COMMUNICATIONS NET	3,335	0	3,335
0303154K	59	WAMCCS ADP MODERNIZATION	29,503	0	29,503
		TOTAL, STRATEGIC PROGRAMS	520,447	(34,000)	486,447
0603228D	60	PHYSICAL SECURITY EQUIPMENT	26,611	0	26,611
0603709D	61	JOINT ROBOTICS PROGRAM	19,422	0	19,422
0603710D	62	CLASSIFIED PROGRAM - C3I	15,781	0	15,781
0603714D	63	NON-ACOUSTIC ASW	30,000	0	30,000
0603715D	64	AIM-9 CONSOLIDATED PROGRAM	28,143	0	28,143
0603743D	65	THEATER TACTICAL BALLISTIC MISSILE DEFENSE	0	0	0
0603807D	65A	MEDICAL SYSTEMS ADVANCED DEVELOPMENT	0	29,042	29,042
0604702D	66	JOINT STANDOFF WEAPONS PROGRAM	0	0	0
0604705D	67	MOBILE OFFSHORE BASE ANALYSIS	0	0	0
0604706D	67A	AEROMEDICAL SYSTEMS DEVELOPMENT	0	2,753	2,753
0604771D	68	JOINT TACTICAL INFORMATION DISTRIBUTION SYSTEM	80,802	0	80,802
0604773D	68A	MEDICAL DEVELOPMENTS (MED/DENTAL EQUIP DEV)	0	4,113	4,113
0604807D	68B	MEDICAL MATERIEL/BIOLOGICAL DEFENSE EQUIP	0	20,209	20,209
0201135J	69	CINC C2 INITIATIVES	1,786	0	1,786
0201135K	70	CINC C2 INITIATIVES	0	0	0

FISCAL YEAR 1993 RDT&E AUTHORIZATION

(In thousands of dollars)

PROGRAM ELEMENT NUMBER	R-1 LINE	PROGRAM TITLE	FY 1993 BUDGET REQUEST	FY 1993 CHANGE FROM REQUEST	FY 1993 COMMITTEE AUTHORIZATION
0208045K	71	C3 INTEROPERABILITY (JOINT TACTICAL C3 AGENCY)	25,381	0	25,381
0208298K	72	MANAGEMENT HEADQUARTERS (JOINT TACTICAL C3 AGE	0	0	0
03051410	73	JOINT REMOTELY PILOTTED VEHICLES PROGRAM	129,059	(10,000)	119,059
03058150	74	GENERAL SUPPORT FOR SO/LIC	0	0	0
11100118B	75	FORCE ENHANCEMENTS-ACTIVE	0	0	0
11604048B	76	SPECIAL OPERATIONS TACTICAL SYSTEMS DEVELOPEM	158,223	0	158,223
11604058B	77	SPECIAL OPERATIONS INTELLIGENCE SYSTEMS DEVELO	11,897	17,000	28,897
11604088B	78	SOF OPERATIONAL ENHANCEMENTS	73,681	(51,700)	21,981
TOTAL, TACTICAL PROGRAMS			600,786	11,417	612,203
0301011G	79	CRYPTOLOGIC ACTIVITIES	[---]	(33,550)	[---]
0301301L	80	GENERAL DEFENSE INTELLIGENCE PROGRAM	[---]	(76,350)	[---]
0301398L	81	MANAGEMENT HEADQUARTERS GDIP	0	0	0
0303126K	82	LONG-HAUL COMMUNICATIONS (DCS)	15,968	0	15,968
0303127X	83	SUPPORT OF THE NATIONAL COMMUNICATIONS SYSTEM	3,295	0	3,295
0303401G	84	COMMUNICATIONS SECURITY (COMSEC)	[---]	(-10,000)	[---]
03043110	85	SELECTED ACTIVITIES	0	0	0
0305139B	86	DMA MAPPING, CHARTING, AND GEODESY (MCG) PROD	55,949	0	55,949
0305154I	87	AIRBORNE RECONNAISSANCE SUPPORT PROGRAM	203,300	0	203,300
0305159B	88	DEFENSE RECONNAISSANCE SUPPORT ACTIVITIES	6,127	0	6,127
0305159G	89	DEFENSE RECONNAISSANCE SUPPORT ACTIVITIES	[---]	0	[---]
0305159J	90	DEFENSE RECONNAISSANCE SUPPORT ACTIVITIES	55,835	0	55,835
0305167G	91	COMPUTER SECURITY	[---]	0	[---]
03051900	92	C3I INTELLIGENCE PROGRAMS	12,849	0	12,849
0305830K	93	CENTER FOR INFORMATION MANAGEMENT	3,470	0	3,470
0305884L	94	INTELLIGENCE PLANNING AND REVIEW ACTIVITIES	[---]	(17,000)	[---]
0305885G	95	TACTICAL CRYPTOLOGIC ACTIVITIES	[---]	0	[---]
0305889G	96	INTELLIGENCE SUPPORT TO OSD COUNTERNARCOTICS	0	0	0
0305898L	97	MANAGEMENT HEADQUARTERS (AUXILIARY FORCES)	0	0	0
11604098B	98	OTHER FORCE PROGRAMS	1,170	0	1,170
XXXX		CLASSIFIED PROGRAMS	1,156,283	116,900	1,273,183
TOTAL, INTELLIGENCE AND COMMUNICATIONS			1,514,246	116,900	1,631,146
0603705D	99	MANUFACTURING TECHNOLOGY	0	0	0
0603708D	100	INTEGRATED DIAGNOSTICS	11,275	0	11,275
0603790D	101	NATO RESEARCH AND DEVELOPMENT	80,804	(10,000)	70,804
0603832D	102	JOINT WARGAMING SIMULATION MANAGEMENT OFFICE	0	0	0
0604722D	103	JOINT SERVICE EDUCATION AND TRAINING SYSTEMS D	0	0	0
06051040	104	TECHNICAL SUPPORT TO USD(A)	39,161	(5,000)	34,161
06051060	105	GENERAL SUPPORT FOR PA&E	0	0	0
0605107D	106	GENERAL SUPPORT FOR POLICY	0	0	0
0605108D	107	GENERAL SUPPORT FOR NET ASSESSMENT	0	0	0
0605109D	108	GENERAL SUPPORT FOR FM&P	0	0	0
0605110D	109	TECHNICAL SUPPORT TO USD(A)--CRITICAL TECHNOLO	0	0	0
0605112D	110	RAMO NATIONAL DEFENSE RESEARCH INSTITUTE	0	0	0

FISCAL YEAR 1993 RDT&E AUTHORIZATION

(In thousands of dollars)

PROGRAM ELEMENT NUMBER	R-1 LINE	PROGRAM TITLE	FY 1993 BUDGET REQUEST	FY 1993 CHANGE FROM REQUEST	FY 1993 COMMITTEE AUTHORIZATION
0605114E	111	BLACK LIGHT	5,000	0	5,000
0605116D	112	GENERAL SUPPORT TO C3I	0	0	0
0605117D	113	FOREIGN MATERIAL ACQUISITION AND EXPLOITATION	11,913	0	11,913
0605119D	114	GENERAL SUPPORT FOR P&L	0	0	0
0605120S	115	DEFENSE BUSINESS OPERATIONS FUND TECHNICAL INF	6,100	0	6,100
0605135D	116	ENVIRONMENTAL CENTER	0	0	0
0605136D	117	FLEXIBLE COMPUTER INTEGRATED MANUFACTURING SYS	0	0	0
0605152D	117A	STUDIES AND ANALYSES	0	111	111
0605306D	117B	BRANCH HANO II EPIDEMIOLOGY STUDY	0	9,460	9,460
0605502D	118	SMALL BUSINESS INNOVATIVE RESEARCH	0	0	0
0605502E	119	SMALL BUSINESS INNOVATIVE RESEARCH	0	0	0
0605711D	120	CRITICAL TECHNOLOGY ANALYSIS	0	0	0
0605798S	121	DEFENSE SUPPORT ACTIVITIES	13,400	0	13,400
0605800D	121A	MEDICAL COMMAND SUPPORT	0	3,495	3,495
0605801S	122	DEFENSE TECHNICAL INFORMATION CENTER	0	0	0
0605802S	123	INFORMATION ANALYSIS CENTERS	0	0	0
0605803D	124	R&D IN SUPPORT OF DOD ENLISTMENT, TESTING AND	0	0	0
0605861D	124A	SCIENCE/TECHNOLOGY MGT (NAVVED MGT SUPPORT)	0	7,990	7,990
0605862D	124B	RDT&E INSTRUMENTATION & MATERIEL SUPPORT	0	3,139	3,139
0605872D	125	PRODUCTIVITY INVESTMENTS	0	0	0
0605898E	126	MANAGEMENT HEADQUARTERS (RESEARCH AND DEVELOPM	20,175	0	20,175
0605898D	126A	MANAGEMENT HQ COMMAND	0	5,452	5,452
0305889D	127	INTELLIGENCE SUPPORT TO OSD COUNTERNARCOTICS	0	0	0
0305889E	128	INTELLIGENCE SUPPORT TO OSD COUNTERNARCOTICS	0	0	0
0708011S	129	INDUSTRIAL PREPAREDNESS	0	0	0
0608011S	129A	MANUFACTURING TECHNOLOGY DEVELOPMENT	0	29,000	29,000
1001015D	130	TECHNOLOGY SECURITY FUNCTIONS	0	0	0
TOTAL, DEFENSEWIDE MISSION SUPPORT			187,828	43,647	231,475
TOTAL, R, D, T, & E, DEFENSE AGENICES			10,053,381	(511,238)	9,542,143

Post-launch destruct mechanisms

The committee notes that Article 2 of the 1971 Accidents Agreement between the United States and the Soviet Union states, "In the event of [an accidental launch of a nuclear weapon] the Party whose nuclear weapon is involved will immediately make every effort to take necessary measures to render harmless or destroy such weapon without its causing damage." However, at present, nineteen years after the Accidents Agreement was signed, the United States does not have the capability to divert or destroy a nuclear armed missile in flight.

The committee further notes that the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) states that the time may be appropriate "to reconsider to use certain positive control measures, such as . . . the installation of post-launch control mechanisms on intercontinental missiles (ICBMs) and submarines launched ballistic missiles (SLBMs) deployed by the United States, as long as appropriate security measures can be developed to protect the integrity of the destruct mechanism." The National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) states in the Missile Defense Act of 1991 that ". . . Congress endorses . . . joint discussions between the United States and the Soviet Union on strengthening nuclear command and control, to include discussion concerning the use of permissive action links and post-launch destruct mechanisms on all intercontinental-range ballistic missile of the two nations."

The committee believes that the employment of post-launch destruct mechanisms on nuclear ballistic missiles may be an appropriate means of fulfilling the obligations of the United States under the Accidents Agreement and may reduce the risk that a nuclear missile launched by accident or by an unauthorized party would cause to another nation.

Therefore, the committee recommends \$15 million for the Defense Advanced Research Projects Agency to initiate a demonstration program to develop a secure and countermeasures-proof post-launch destruct mechanism that would be appropriate for deployment on U.S. nuclear ballistic missiles and that would be integrated into the existing U.S. launch command structure.

Semiconductor cooperative research program (SEMATECH)

The committee has reviewed the charter for the semiconductor cooperative research program (SEMATECH) authorized in section 271 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180) as well as current reviews of the program, which suggest a stabilization in the semiconductor chips production market trends since SEMATECH was formed in fiscal year 1988. The committee is gratified to see that the Department of Defense has requested funding for fiscal year 1993, albeit at \$20 million less than last year. The committee is concerned that loss of one-fifth of the anticipated annual funding will disincentivize and inject instabilities in a successful consortia that has not yet achieved the level of technical maturation in the industry due to both business dynamics and continued scientific discovery. The committee recommends an additional \$20 million be added to re-

store the SEMATECH budget to \$100 million and urges the Defense Advanced Research Projects Agency (DARPA) to budget this amount in the fiscal year 1994 budget request. The committee directs that at least \$10 million of the \$20 million of additional authorization be directed toward environmentally safe methods of microchip and microchip module manufacturing.

The committee also urges the Secretary of Defense to budget SEMATECH in a *separate* budget program element with its own identification number.

Single-stage-to-orbit (SSTO)

The committee recommends that \$35 million of the Strategic Defense Initiative (SDI) request be used to carry out design, analysis, and test for further design and component development to support the development of a full scale operational prototype single-stage-to-orbit (SSTO) system.

The single-stage-to-orbit launch systems have the potential capability to reduce significantly the cost and increase the reliability of carrying payloads to and from low earth orbit. The single-stage-rocket-technology (SSRT) currently being conducted within the Strategic Defense Initiative Organization is a technology demonstration program to determine the availability of components and technology to support a successful near term SSTO launch system development. This program is on schedule and within budget and should provide positive results by the end of fiscal year 1993. Based on positive results from the current SSRT program, the committee encourages the Secretary of Defense to include funding for this program in the fiscal year 1994 budget request and to provide the out-year funding profile for this program and program achievements to the Committees on Armed Services of the Senate and House of Representatives by March 31 of each year.

Stabilized weapon system platform

The stabilized weapon system platform (SWPS) is an integrated gun/missile/rocket system being developed for Special Operations coastal patrol support. The committee is aware that contract award for this program is scheduled during the first quarter of fiscal year 1993, and recommends that those funds made available for the program in fiscal year 1992 remain available and be used in combination with funds authorized or otherwise made available during fiscal year 1993 to support the award. The committee is also concerned that the funding profile for the program may be insufficient, and is also aware that the cost and operational effectiveness analysis (COEA) will recommend a funding profile for the capability desired by Special Operations Forces. The committee requests that the results of the COEA be provided to the congressional defense committees as soon as possible to ensure consideration by the authorization and appropriations conference committees.

Supercomputer development and modernization

The committee recognizes the importance and linkage of high performance computing (HPC) to national security. The committee also applauds the work of the Defense Advanced Research Projects Agency (DARPA) in initiating an early lead in the nation for su-

percomputer development. The committee is now concerned that the utilization and access to supercomputers by the rest of the Department of Defense is far behind the development work being done at DARPA. This has created a gap between hardware development and utilization by department scientists as well as an associated lag in software development. This is also the opinion of recognized experts.

The committee is aware of the robust efforts being carried out in industry for higher speed supercomputers and wonders if investments in DARPA are as meaningful. The committee is also concerned about reports that DARPA's pursuit of teraflop machines has eliminated the opportunity to pursue other related high performance supercomputer architectures. The committee believes that the large funding increase in the high performance computing request was not fully justified. However, the committee still seeks to provide the correct balance of government investment, especially in view of the current budget environment. To assist in gaining a new national perspective, the committee recommends a General Accounting Office assessment of the investment strategy of the HPC program and reduction of the DARPA program by \$45 million, which is consistent with the fiscal year 1992 funding.

The reduction of funds will be redistributed to the services to obtain supercomputing training, access time and software development opportunity for use on available supercomputers. The intention of the committee is to advance the access of supercomputers to service scientists through contract services with industry or from available time on supercomputers at universities such as the Cray YMP-2 at the University of Nevada, Las Vegas.

The committee reminds the department that part of this recommendation is caused by failure on the part of the department to deliver the supercomputer modernization plan called for in the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190).

The committee also understands that the Director of DARPA intends to provide improved management attention to the HPC program to ensure that the program is responsive to technical opportunities that arise in this rapidly changing field.

Superconducting magnetic energy storage

The committee is dismayed over the apparent lack of management, planning and execution of the superconducting magnetic energy storage (SMES) project even after the direction for the program was enacted in the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190). The committee considers inexcusable the department's blatant disregard for the law through failures to apply assertive management to respond to congressional direction for a contractor down select; failure to deliver a SMES development plan in a timely manner; and placing the program on the DOD rescission list.

Therefore, the committee directs that no fiscal year 1993 funds shall be obligated by the Defense Nuclear Agency (DNA) except with the written authorization of the Secretary of Defense until all statutory requirements of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) and the De-

fense Appropriations Act for Fiscal Year 1992 (Public Law 102-172) pertaining to SMES have been completed, including contractor down selection for the design/construction of an engineering test model (ETM) and obligation of all fiscal year 1992 SMES funds, or the Secretary of Defense provides a detailed explanation as to why delays in the down select process were permitted and provides the funding and action plan leading to the design/construction of the ETM.

University research initiative

The committee is concerned with the DOD failure to recommend a continuation of the Department of Defense Experimental Program to Stimulate Competitive Research (DOD-EPSCOR), as that program was outlined in the committee report (H. Rept. 102-60) on the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190). The committee believes the DOD-EPSCOR program should continue and recommends authorization of \$12 million for that purpose.

In addition, the committee is concerned about the DOD failure to continue the Augmentation Awards for Science and Engineering Research training program, which it recommends for authorization of \$50 million.

The committee understands that the funding line for Historically Black Colleges and Universities (HBCU), PE 602228D, has been terminated and that the program will continue under the University Research Initiative (URI) funding line PE 601103D. The committee recommends \$15 million of the URI program only for HBCU activity.

Unmanned aerial vehicle (UAV) program

The amended budget request for fiscal year 1993 included \$129.059 million in PE 305141D for the joint remotely piloted vehicles program. Priority in the program is being given to fielding of the short range UAV in fiscal year 1994 and the close range UAV in fiscal year 1996. The committee recommends an authorization of \$119.059 million for continuation of the UAV program in fiscal year 1993.

Of the amount requested for the program in fiscal year 1993, \$68.2 million was planned to continue engineering and manufacturing development of the medium range UAV with the objective of fielding the system in fiscal year 1997. The Air Force plans the advanced tactical aerial reconnaissance system (ATARS) as the sensor system payload for the medium range UAV. Recent problems in ATARS development raise serious questions about its availability for integration into the medium range system. The committee rejects the notion that the use of a surrogate sensor would permit an adequate test of the medium range UAV and believes that a more cost effective approach would be to align the schedule for the medium range UAV with that of ATARS. Therefore, the committee directs that development of the medium range system be phased to align with the assured availability of ATARS and that fiscal year 1993 funding for the medium range UAV be reduced by a minimum of \$25 million.

The joint program office has sought to reduce program and technical risk through a series of demonstration/validation evaluations to identify candidate systems that meet vertical takeoff and landing (VTOL) UAV requirements. The committee is concerned that too narrow a set of operational requirements may rule out technologies that could provide an acceptable level of performance at lower developmental and operational cost. The committee believes the VTOL UAV program should pursue multiple technological approaches through the completion of the demonstration/validation phase to maximize competition and reduce technical risk. The committee directs that up to \$15 million from the funds made available to the UAV program in fiscal year 1993 be used for technology improvements and enhancement to VTOL UAV candidates, including (but not limited to) enhancements for tilt rotor, counter-rotating, and intermeshing rotorcraft. These funds shall be used to incorporate engine and other improvements in selected air vehicles designated by the joint program office to maintain competition and reduce program and technical risk.

The committee continues to believe that the UAV program must continue to place a high priority on commonality and on interoperability across all UAV systems, particularly with respect to payloads, data links, software, ground stations and recovery systems. The committee also believes that automated recovery systems will be required for UAV's to reduce the potential for operator error, particularly under operational conditions of low visibility, close terrain, and high sea states. Therefore, the committee directs that an automated recovery system with a high potential for use in several UAV systems be tested in conjunction with the joint short range system.

X-ray lithography

The committee recommends \$75 million to be added to PE 602708E, of which \$7 million is only for laser plasma point source X-ray development to achieve lower cost X-ray sources for small manufacturers, and \$10 million is only to support the national laboratory/university/industry initiatives detailed in the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190). The committee is also aware of the benefits X-rays can have for the imaging of coronary arteries of humans for safe venous catheterization medical procedures. The committee recommends authorization of \$1 million of the X-ray lithography program for this project sponsored by the Brookhaven National Laboratory.

LEGISLATIVE PROVISIONS

SECTION 203—MANUFACTURING TECHNOLOGY DEVELOPMENT

This section would authorize funding for the services and the Defense Logistics Agency for manufacturing technology and would mandate control of the manufacturing technology program to the Director, Defense Research & Engineering (DDR&E).

SECTION 211—V-22 OSPREY AIRCRAFT PROGRAM

This section would provide authorization of \$755 million for research, development, test and evaluation of the V-22 aircraft program, and would authorize manufacture of an additional three production representative aircraft in fiscal year 1993 for operational testing. Together with funds authorized in fiscal year 1992, this would provide a total of six production-representative V-22 aircraft for operational testing.

This section would further direct the Secretary of Defense to program and budget for sufficient contingency funds in following years to complete development, manufacture, and operational testing of the six production representative V-22 aircraft.

SECTION 212—DEPARTMENT OF DEFENSE COMPTROLLER

The committee is concerned that the growing activism of the Department of Defense Comptroller and his organization is well beyond the scope and intent of current law. Section 137 of title 10, United States Code indicates clearly that the comptroller function is to assist the Secretary of Defense in the preparation and execution of budgets and to advise on policies related to those matters.

In recent years, however, the DOD Comptroller has become increasingly engaged in what can only be described as budget legerdemain. For example, just within the past couple of years the DOD Comptroller has:

(1) devised the budgetary non-sequitur of linking increased funding for environmental restoration with massive sales from the National Defense Stockpile. In this particular case the department stated a requirement for environmental restoration, purposely underfunded it, and told Congress to come up with the difference from stockpile sales;

(2) attempted to blackmail the Congress into accepting a transfer of excess cash from the Defense Business Operating Fund (DBOF) into the service operation and maintenance accounts by cutting funds directly associated with operational readiness. Should the Congress fail to approve the transfer of this otherwise available excess cash, the department would then be in a position to accuse the Congress of hurting the readiness of our troops;

(3) absolutely refused to carry out the clearly stated intent of Congress—as expressed in current law—to proceed with the V-22 Osprey aircraft program; and

(4) proposed numerous deferrals and rescissions aimed directly at items of congressional interest.

Apparently designed to keep the Congress off balance and focused on matters other than necessary oversight and program review, these activities have eroded the spirit of comity and common purpose needed for effective government.

The committee believes that the responsibilities contained in current law for the DOD Comptroller and his organization should demand their full attention. But there appear to be ample resources available to engage in activities antithetical to good govern-

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ment. Accordingly, the committee recommends a provision that would reduce by five percent per month the number of employees of the DOD Comptroller organization during each month in which the Department of Defense has failed to obligate all funds authorized and appropriated for the V-22 Osprey aircraft program in accordance with the requirements of this Act.

SECTION 213—EXTENSION OF PROHIBITION ON TESTING MID-INFRARED ADVANCED CHEMICAL LASER AGAINST AN OBJECT IN SPACE

This section would prohibit the testing of the Mid-Infrared Advanced Chemical Laser (MIRACL) against an object in space during 1993.

For the past few years the Congress has included language in National Defense Authorization Acts to prohibit the testing of MIRACL against an object in space. Although witnesses before the committee again this year testified that there were no plans to test MIRACL against an object in space during fiscal year 1993, the committee nevertheless believes that the legislative prohibition should remain in effect and that the policy implications of such a test should be addressed before any actual test takes place.

SECTION 214—P-3 MARITIME PATROL AIRCRAFT MODERNIZATION PROGRAM

For fiscal year 1992 the Congress provided an additional \$41.5 million to the P-3 modernization program to initiate a program to adapt an upgraded propulsion system and provide airframe payload, endurance, and other required improvements that would permit a variant of the P-3 aircraft to satisfy the Navy's operational requirement for an improved Maritime Patrol Aircraft. This section would direct the Secretary of the Navy to obligate funds provided for fiscal year 1992 for this purpose within 60 days after the enactment of this Act.

This section would provide an additional authorization of \$90 million in fiscal year 1993 to continue this program.

This section would also direct the Secretary of Defense to program for and include in future defense budget requests those funds necessary to complete the P-3 modernization program as approved by the Defense Acquisition Board.

SECTION 216—ONE-YEAR DELAY IN TRANSFER OF MANAGEMENT RESPONSIBILITY FOR NAVY MINE COUNTERMEASURES PROGRAM

This section would provide legislative relief from the requirement to transfer management responsibility for the Navy's mine countermeasures program from the Department of the Navy to the Director of Defense Research, Development, and Engineering on October 1, 1992. Section 216 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) required such transfer during fiscal years 1993 through 1997 unless the Secretary of Defense waives the requirement with respect to any fiscal year and certifies by June 1 of the calendar year in which that fiscal year begins that, among other things, the multiyear defense program submitted to Congress in connection with the budget for

that fiscal year proposes sufficient resources for executing the updated mine countermeasures master plan.

The Navy formally submitted its revised Mine Warfare Master Plan to the Congress on March 17, 1992. The committee believes that the Navy has reacted reasonably in seeking to redress shortcomings in mine countermeasures that were encountered in the Gulf War. The establishment of the Navy/Marine Joint Mine Detection Technology Program, senior flag officer oversight committee, working level joint committees, and the enhanced mine countermeasure program reflected in the revised Mine Warfare Master Plan are indicative of this effort. The Navy has fully supported a balanced and comprehensive Mine Warfare Plan in its fiscal year 1993 budget request; however, the current multi-year defense plan (approved in late calendar year 1990 before the enhanced Mine Warfare Plan was prepared) displays program shortfalls. The Navy reports that these shortfalls are being addressed in the fiscal year 1994 budget development process; however, because the multi-year defense plan has not yet been approved, the Secretary cannot presently provide the formal certification required by the statutory language.

The committee accepts the Navy's explanation and recommends legislative relief in expectation that the Secretary of the Navy and the Secretary of Defense will provide the certification requested as soon as the new multi-year defense plan is approved.

SECTION 217—LIGHT ARMORED VEHICLE-105MM GUN (LAV-105)

This section would direct the Secretary of the Navy to reinstate the program for engineering and manufacturing systems development and operational testing of the LAV-105 prototype vehicle and to obligate the funds appropriated in fiscal year 1992 for that purpose, unless the program has already been reinstated at the time of passage of this act. This section would also authorize \$14.7 million in fiscal year 1993 for completion of development and evaluation of the LAV-105 prototype.

The development of the LAV-105 to provide heavy caliber direct fire support for Marine Corps' light armored battalions has been strongly supported by the Marine Corps and by the Congress since the beginning of the program in 1990. During the House-Senate conference on the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), the Congress was advised that the LAV-105 program had been terminated, even though the Marines continue to maintain an operational requirement for the system. The congressional defense committees supported continuation of the LAV-105 program, and \$19.104 million was appropriated in fiscal year 1992 for that purpose. The statements of managers on both the National Defense Authorization Act for Fiscal Years 1992 and 1993 (H. Rept. 102-311) and the Defense Appropriations Act for Fiscal Year 1992 (H. Rept. 102-328) expressed the intent of the Congress that the Department of Defense and the Department of the Navy continue development and operational testing of the LAV-105 and program funds in fiscal year 1993 to complete this effort.

In recent years reductions to the overall O&M account have been relatively modest, with Congress agreeing to \$660 billion of the \$689 billion (96 percent) of administration requests from fiscal years 1985 through 1992. Modest reductions have been made under the assumption that larger cuts might degrade readiness and training. However, as forces draw down and funding becomes more scarce, the committee has undertaken a more sophisticated and painstaking examination of the O&M accounts.

The Administration continues to request large O&M funding levels. These record O&M levels continue despite:

- (1) Congressionally-mandated overseas burdensharing offsets and an accelerated withdrawal from overseas bases.
- (2) Domestic base closures.
- (3) Force structure reductions of at least 25 percent over the next few years.
- (4) A strategic nuclear forces stand-down.
- (5) Defense Management Report (DMR) efforts that project \$70 billion in management and overhead savings through 1997.

OPERATIONAL READINESS VERSUS OVERHEAD

The committee's study shows clearly that of the \$86 billion requested by the Administration for operation and maintenance only \$21 billion, or 25 percent of the request, is directly related to the readiness of our forces. Although a portion of the remaining \$65 billion contributes indirectly to mobilization capability, a major portion is the overhead needed to maintain a large bureaucracy. The table below shows a breakdown of these readiness-related expenditures:

DIRECT READINESS O&M FUNDING BY MAJOR ACTIVITY

[In millions of dollars]

Flying Hours	5,670.2
Land Forces	6,632.5
Ship Operations	1,947.5
Special Operations	832.0
Strategic Forces	2,625.8
Airlift and Sealift	2,364.6
Drug Interdiction	1,263.4
	21,335.9

¹ 24.7 percent.

¹ 21,335.9

So, most O&M funding goes for things other than training and operating tempo. Therefore, it is clear that overhead can be reduced without degrading the readiness of the forces, particularly at a time of force structure reductions.

In the future the readiness, adaptability, and staying power of our forces will be at least as important as how large those forces are. National security can be maintained with a smaller force structure if the forces in being are fully prepared to do their jobs in support of national security interests. The nation needs ready forces to respond to our vital interests, including the war on drugs and humanitarian assistance missions.

EVOLUTION OF OVERHEAD AND INFRASTRUCTURE

Capabilities become liabilities

Since World War II, the American people have invested vast sums to create a defense establishment capable of winning the Cold War. That war has now been won.

As a result, much of this capability has now become a liability to the taxpayer as massive residual overhead and infrastructure has accumulated to maintain excessive and obsolete stocks, weapons, vehicles, bases, and other elements of the defense establishment, both here and abroad.

The extent of overhead and infrastructure funding for this year is illustrated in the table below:

OVERHEAD AND SUPPORT INFRASTRUCTURE O&M FUNDING BY MAJOR ACTIVITY

[In millions of dollars]

Supply and Logistics	13,575.8
Transportation	1,465.2
Training and Education	3,000.1
Command, Control and Communications	2,956.7
Recruiting, Advertising and Examining	542.5
Administration	3,008.1
Base Operations Support	10,350.4
Real Property Maintenance	2,626.9
Environmental Programs	¹ 1,723.4
Medical Programs	9,053.9
Other Support ²	16,220.0
Total	³ 64,523.0

¹ Does not include \$612 million proposed for transfer to environmental programs.

² Includes troop subsistence, intelligence, personnel support, ship inactivations, and other miscellaneous support.

³ 75.3 percent.

As our defense became larger and more complex over the years, a management and overhead superstructure evolved that has become so embedded that it is seemingly impervious to repeated efforts at streamlining and reform. Over one million civil service employees and more than 100,000 foreign national workers are employed by DOD—fully half of the entire Federal workforce—along with hundreds of thousands of contractor employees and consultants. These civilian salaries approach \$50 billion annually.

Overseas costs escalate

Overseas, adverse currency fluctuations and years of negotiations favorable to foreign governments have greatly reduced the effectiveness of U.S. defense expenditures for forward presence. Moreover, there is a continuing unwillingness by foreign governments to acknowledge the level of U.S. taxpayer sacrifice for their defense and a reluctance to share in this cost. The United States provided a defense umbrella while other nations prospered and invested instead in technology and manufacturing infrastructure, therefore widening the balance of payments deficit.

Other factors add to the O&M bill

Each purchase of a weapon system carries with it a support tail that has been consistently underestimated in the justification proc-

ess. Increasingly expensive support costs resulted from increasingly sophisticated weapon systems. Examples include the B-1 and B-2 bombers, where support overruns are legendary.

In addition, there is a growing fixed price tag for non-direct readiness-related items including bureaucratic overhead, treaty verification, environmental restoration, peace-keeping, humanitarian aid, and cataloging and warehousing of huge inventory stockpiles.

Protecting readiness, reducing overhead

This overhead and infrastructure is cumbersome and has failed to decrease proportionate to force structure reductions. Also, the sheer size of the DOD infrastructure makes it slow to respond to changing military needs.

With proper priorities, defense decisionmakers need not inevitably accept limitations on readiness and sustainability. Currently, the department makes major expenditures for non-productive, duplicative, and overlapping functions that threaten to consume more scarce DOD dollars. The system is rife with duplication and obsolete and inefficient functions.

The evolving national security strategy demands a smaller force structure that is versatile and capable to protect U.S. interests. Toward this end, the committee continues to recommend funding to keep units ready and to ensure their safety and effectiveness on the battlefield. The committee has not made reductions to direct readiness accounts and believes that the Department of Defense must make every effort to ensure that funding for direct readiness support will not be siphoned off by overhead agencies as reductions work their way down to the unit level.

Reductions aimed at taking control

In making its reductions this year, the committee has considered:

(1) Accumulated and anticipated excess cash balances within the industrial and stock funds, often deliberately projected beyond fiscal years 1993 through 1995.

(2) The continuing purchase of billions of dollars worth of stocks while billions of dollars worth of excessive stocks already exist within the Department of Defense.

(3) The need for host nations to pay more of the support costs for U.S. forces.

(4) The need to take corresponding reductions in the intelligence budget as forces draw down.

(5) Realization of some of the \$16 billion in potential benefits identified by the DOD audit establishment.

(6) Unnecessary headquarters, administration, office space, consultants, and recruitment expenditures.

TABLES

OPERATION AND MAINTENANCE SUMMARY OF FUNDS RECOMMENDED FOR AUTHORIZATION (DOLLARS IN THOUSANDS)

ACCOUNT	FY 1993 REQUEST	RECOMMENDATION	CHANGES FROM REQUEST
O&M, ARMY	15,419,100	13,581,406	(1,837,694)
O&M, NAVY	20,728,600	18,271,494	(2,457,106)
O&M, MARINE CORPS	1,607,500	1,557,300	(50,200)
O&M, AIR FORCE	17,581,000	15,437,134	(2,143,866)
O&M, DEFENSE AGENCIES	9,033,000	9,563,094	530,094
O&M, ARMY RESERVE	990,300	991,219	919
O&M, NAVY RESERVE	852,700	852,700	0
O&M, MARINE CORPS RESERVE	74,700	75,950	1,250
O&M, AIR FORCE RESERVE	1,215,723	1,214,823	(900)
O&M, ARMY NATIONAL GUARD	2,134,100	2,216,700	82,600
O&M, AIR NATIONAL GUARD	2,552,624	2,551,924	(700)
RIFLE PRACTICE, ARMY	2,700	2,700	0
O&M, INSPECTOR GENERAL	125,200	218,900	93,700
COURT OF MILITARY APPEALS	5,900	5,900	0
DRUG INTERDICTION	1,263,400	1,263,400	0
ENVIRONMENTAL RESTORATION	901,200	901,200	0
HUMANITARIAN ASSISTANCE	13,000	13,000	0
DEFENSE HEALTH PROGRAM	9,507,457	9,089,424	(418,033)
OLYMPIC GAMES	0	2,000	2,000
WORLD UNIVERSITY GAMES	0	6,000	6,000
TOTAL OPERATION & MAINTENANCE	84,008,204	77,816,268	(6,191,936)
WORKING CAPITAL FUNDS			
WORKING CAPITAL FUNDS			
Defense Business Operations Fund	1,123,800	16,600	(1,107,200)
National Defense Sealift Fund	1,201,400	0	(1,201,400)
TOTAL WORKING CAPITAL FUNDS	2,325,200	16,600	(2,308,600)
TOTAL O&M AND WORKING CAPITAL FUNDS	86,333,404	77,832,868	(8,500,536)

Army, Operation and Maintenance
[In thousands of dollars]

FY 1993 Army O&M Request	15,419,100
Reductions	
Excess Inventories	(509,000)
Foreign Nationals	(94,000)
Civilian Pay Quarter Adjustment	(102,000)
Wage Grade Pay Adjustment	(55,000)
Headquarters and Administration	(8,000)
Consultants	(13,000)
Audits and Monetary Benefits	(25,000)
Automated Data Processing	(75,000)
Leases	(17,000)
Intelligence/Classified Programs	(105,794)
Recruiting, Advertising and Examining	(34,600)
Classroom Training	(84,000)
Burdensharing	(95,000)
DBOF Technical Adjustments	(559,400)
CFE Verification	(2,500)
Pentagon Reservation Maintenance Fund	(31,900)
Criminal Investigations Transfer	(28,500)
Total reductions	(1,839,694)
Increase	
Nursing Demonstration Program	2,000
Net adjustment	(1,837,694)
Recommendation	13,581,406

Navy, Operation and Maintenance
[In thousands of dollars]

FY 1993 Navy O&M Amended Request	20,728,600
Reductions	
Excess Inventories	(646,000)
Foreign Nationals	(30,000)
Civilian Pay Quarter Adjustment	(91,000)
Wage Grade Pay Adjustment	(33,000)
Headquarters and Administration	(8,000)
Consultants	(1,000)
Audits and Monetary Benefits	(25,000)
Automated Data Processing	(75,000)
Leases	(11,000)
Intelligence/Classified Programs	(25,406)
Recruiting, Advertising and Examining	(13,000)
Classroom Training	(71,000)
Force Structure Support Excess	(253,000)
Burdensharing	(3,000)
Philippine Severance Pay	(52,000)
DBOF Technical Adjustments	(1,045,500)
Pentagon Reservation Maintenance Fund	(22,000)
Criminal Investigations Transfer	(54,200)
Total reductions	(2,459,106)
Increase	
Guantanamo Base Operations	2,000
Net adjustment	(2,457,106)
Recommendation	18,271,494

Marine Corps, Operation and Maintenance
[In thousands of dollars]

FY 1993 Marine Corps O&M Request	1,607,500
Reductions	
Excess Inventories	(44,000)
Recruiting, Advertising and Examining	(6,200)
Total reductions	(50,200)
Net adjustment	(50,200)
Recommendation	1,557,300

Air Force, Operation and Maintenance
[In thousands of dollars]

FY 1993 Air Force O&M Request	17,581,000
Reductions	
Excess Inventories	(634,000)
Foreign Nationals	(23,000)
Civilian Pay Quarter Adjustment	(78,000)
Wage Grade Pay Adjustment	(39,000)
Headquarters and Administration	(17,000)
Consultants	(16,000)
Audits and Monetary Benefits	(25,000)
<u>Automated Data Processing</u>	<u>(75,000)</u>
Leases	(11,000)
Recruiting, Advertising and Examining	(5,000)
Classroom Training	(46,000)
Real Property Maintenance	(232,000)
Burdensharing	(2,000)
DROF Technical Adjustments	(698,100)
Depot Level Repairables & Reliability Centered Maintenance	(100,000)
Pentagon Reservation Maintenance Fund	(24,200)
Intelligence/Classified Programs	(93,466)
Criminal Investigations Transfer	(41,000)
Total reductions	(2,159,766)
Increases	
Civil Air Patrol	400
Junior ROTC	2,500
Computer-aided Acquisition and Logistics System	13,000
Total increases	15,900
Net adjustment	(2,143,866)
Recommendation	15,437,134

Defense Agencies, Operation and Maintenance
[In thousands of dollars]

FY 1993 Defense Agencies O&M Request	9,033,000
Reductions	
Excess Inventories	(62,000)
Foreign Nationals	(3,000)
Civilian Pay Quarter Adjustment	(37,000)
Wage Grade Pay Adjustment	(13,000)
Headquarters and Administration	(17,000)
Consultants	(15,000)
Audits and Monetary Benefits	(25,000)
<u>Automated Data Processing</u>	<u>(75,000)</u>
Leases	(11,000)
Recruiting, Advertising and Examining	(2,000)
Classroom Training	(6,000)
DROF Technical Adjustments	(11,300)
OSIA Chemical Weapons Verification	(14,300)
Pentagon Reservation Maintenance Fund	(31,900)
Defense Commissary Agency	(55,500)
Intelligence/Classified Programs	(209,306)
Total reductions	(588,306)
Increases	
Defense Contract Audit Agency	8,700
Defense Commissary Agency	1,107,200
Physician Assistant Demonstration Program	1,000
Guard and Reserve Medical Care Pilot Program	1,500
Total increases	1,118,400
Net adjustment	530,094
Recommendation	9,563,094

In addition, the committee recommends a reduction from the headquarters and administration request to reinforce to the department that the justification material must be accurate, meaningful and timely. If the department does not improve its performance, larger reductions will be made each year.

EXCESS INVENTORIES

The Department of Defense segments its inventories into two major areas: principal and secondary. Examples of principal items include tanks, aircraft engines, missiles, vehicles and weapons systems subsystems. Secondary items include consumable and repairable items, for example: electronic parts, clothing, medical supplies, fuel and parts for principal items. Secondary items are stored at major depots, installation warehouses and, in some cases, at individual units.

The department's secondary inventory grew from \$44 billion to over \$100 billion between 1980 and 1990. After reevaluating its inventory, the department recently reported that about \$21 billion was unrequired inventory, or items that are not needed to meet current requirements. The department reported that \$200 million of the \$21.3 billion was potential excess whose retention could not be justified for either defense or economic reasons. The \$200 million of potential excess was valued at 2.2 percent of its value. At full value the \$200 million of potential excess represents about \$9.4 billion of inventory. DOD's estimates do not include all on-hand inventories. For example, billions of dollars of inventories aboard ships are not included. In spite of its billions of dollars in excess inventories, the department has requested over \$25 billion for secondary items in fiscal year 1993, including \$20 billion from operation and maintenance funds.

DOD's inventory problems are long-standing and pervasive. The General Accounting Office has been reporting on the department's inventory problems for over 20 years. Examples of recent audits include:

(1) Army units at 13 divisions had \$184 million in spares that were excess to their needs; meanwhile, Army buying commands were procuring the same items.

(2) Inventories at Air Force units increased by 110 percent (from \$400 million to over \$900 million) from 1987 to 1990. Most of these items were unknown to the buying commands who continue purchasing them. One sample found 30 percent of items procured were available in excess quantities at Air Force units. Another audit found Air Force buying commands purchasing \$30 million of items that were available in excess quantities at some units.

(3) Inadequate controls and security create opportunities for theft. One agency reported losses on shipments totaling almost \$100 million in 1989 and 1990. The department detected almost \$70 million in thefts during 1989 and 1990, including everything from fishing kits to computers and night vision devices.

(4) DOD's medical system could save millions of dollars by reducing duplicative and excess layers of inventories.

These problems reached such a magnitude that in January 1990, the General Accounting Office identified defense inventory management as 1 of 16 government activities that are highly vulnerable to mismanagement, fraud and abuse. Because of the continuing problems and the large quantity of excess stocks, the General Accounting Office has taken the highly unusual step of recommending a \$5 billion reduction below the fiscal year 1992 level to the department's secondary item budget request.

DOD's Deputy Inspector General recently testified that his organization has also reported on inventory problems since the early 1980's. Their work has "revealed deficiencies in all aspects of supply management." Some recent examples of the Inspector General's findings include:

(1) Several maintenance facilities were holding over \$300 million in unrecorded material.

(2) Some \$126 of \$128 million in items sampled in one audit were misclassified as recurring demands, meaning additional purchases would be made to maintain supply levels. In fact, they were nonrecurring items and should not have been considered for additional purchasing.

(3) Some inventory locations held almost \$300 million in unauthorized and unreported items while buying commands were purchasing \$111 million in identical items.

(4) The Defense Logistics Agency's (DLA) budget requests for secondary items in 1992 (\$3.7 billion) and 1993 (\$3.5 billion) were unreliable, unrelated to future needs, and overstated actual material needs. In short, the DLA's whole system is unreliable.

In an effort to reduce its inventories, the department issued an Inventory Reduction Plan in 1990. While recognizing the need for such a plan, the Deputy Inspector General questioned the plan's implementation and progress. For example, the crucial ingredient to the plan's success is the development of interim automatic data processing logistics management systems. The selection and development of these systems are experiencing serious delays that will have profound impacts on the inventory reduction plan's success. Two thirds of the plan's projected savings can only be achieved after standard automatic data processing (ADP) systems and policies are in place.

The committee believes that given the current excess inventories at all levels in each service, and the continuing problems throughout the entire DOD inventory system, a reduction of \$2 billion is justified and necessary to ensure the department buys only items needed to meet current needs. These reductions are apportioned as follows:

[In millions of dollars]

Service	Reductions
Army.....	509
Navy.....	636
Marine Corps.....	44

[In millions of dollars]—Continued

<i>Source</i>	<i>Reductions</i>
Air Force.....	634
Defense Agencies.....	167
Total.....	2,000

It is not the committee's intention to impair operational military units' ability to acquire needed repair and replacement materials; rather these reductions are an incentive to utilize on-hand stocks prior to the purchase of new stocks.

FINANCIAL MANAGEMENT

There is growing alarm within the Congress regarding oversight and accountability of Department of Defense funds.

The General Accounting Office (GAO) and various inspector general audits repeatedly point to a financial system gone awry, with loose accountability over defense assets and billions of dollars in unsupported, after-the-fact, and arbitrary adjustments to balance the books. Costly data system upgrades were added to control the system. Armies of auditors and inspectors are assigned to monitor expenditures and investigate mismanagement and fraud.

Problems with revolving funds

The DOD Comptroller has established huge revolving funds to finance "businesses" from which unit commanders purchase goods and services using their annual operation and maintenance (O&M) appropriations. These "businesses" generate cash with the ostensible purpose of meeting the operating needs of the industrial and stock funds. Commanders have been consistently overcharged, resulting in cash being generated far in excess of that needed to meet operating requirements of the revolving fund businesses. Moreover, the department seems to continue this practice by programming excess cash well beyond fiscal year 1993 and is vague with regard to the intended application of this idle cash.

There have been a great number of inconsistencies in the management and operation of the revolving funds. The rules and regulations are being changed constantly.

Problems with the revolving funds have not been subject to adequate oversight by Congress because of the complexity of these funds, and the fact that it is difficult to relate their operations to the budget materials used by the armed services.

Manipulation of rates, cash balances, and other funding-related aspects of the revolving funds have been a favorite method used by the DOD Comptroller.

The corpus of funds in the revolving funds have occasionally been used to cover liabilities associated with creative financing schemes using O&M funding to pay for procurement and military construction (MILCON) projects. For example, in fiscal year 1993, the department plans to fund nearly \$1.3 billion in former research and development and procurement items through the Defense Business Operations Fund (DOF) using O&M.

The inclusion of an increasing portion of the DOD budget within the revolving funds has seriously limited the quality and degree of congressional oversight. For example, for fiscal year 1993 the De-

partment of Defense is requesting that \$1.8 billion be transferred to the services when certain items of inventory are turned in. The department is withholding direct readiness-related funding from combat units until this inventory is turned in. This uncertainty is unsettling to commanders, especially because the department has no accurate projection of the inventory for which funds are withheld.

The committee is concerned about increasing the scope and centralized management of these revolving funds.

Defense Business Operations Fund

The department is attempting, through the Defense Management Review (DMR), to increase the efficiency of the management of Pentagon resources. The department is relying, to a great degree, on the successful implementation of the Defense Business Operations Fund (DBOF) to accomplish their management objectives.

The original concept incorporated a broad range of functions into the DBOF revolving fund that is already valued at close to \$90 billion. Elements of procurement, research and development, military personnel, and military construction are being funded through this revolving fund. Also, the department is planning to bring such items as ammunition, military pay, and medical care into DBOF as well.

Oversight concerns

The committee remains uncomfortable with the implications for congressional oversight that the shift to DBOF implies and the systemic flaws that would impede the department from realizing the purported benefits of the DBOF concept.

The committee is concerned that the DBOF program may be a "slush fund" to replace the \$30 billion "Merged Surplus Account" that Congress closed in December 1990.

The concept of identifying costs is commendable; however, achieving these benefits will be difficult, time-consuming, and by no means assured. The department must adopt workable policies that are fully consistent with businesslike practices. Existing systems used to manage and control resources must be substantially upgraded, and effective new systems must be developed and implemented. If these steps are not taken expeditiously, the business concepts of the fund may be discredited, and the opportunity to make fundamental changes in the management of the department will be jeopardized. Further, the sooner these steps can be taken, the sooner the cost-saving potential of the fund will be realized.

Key policies and systems have not been developed as rapidly as they should have been. At this point, DOD's top management needs to ensure that sufficient expertise and resources are being applied and that the efforts of the various organizations involved in the effort are properly supported and coordinated.

Sales of \$81 billion, assets of \$126 billion

For fiscal year 1993 the department estimates that the fund will have sales of goods and services of about \$81 billion. When compared to the sales reported by *Fortune* magazine's Global 500 industrial corporations, the sales would make the fund equivalent to the

fifth largest corporation in the world—exceeded only by General Motors, Royal Dutch/Shell Group, Exxon, and Ford. The department also estimates that the fund will employ about 360,000 civilian and military personnel and have assets valued at about \$126 billion during fiscal year 1993.

DBOF expansion

The committee is concerned about DOD's efforts to incorporate more functions into the Defense Business Operations Fund (DBOF) as envisioned in the original concept development plan. The department is considering incorporating ammunition procurement, family housing, medical care and DBOF. The department is also incorporating other functions despite congressional prohibitions.

For example, the committee has learned that as of October 1, 1992 the department plans to consolidate the military services' accounting and finance offices into the Defense Accounting and Finance Service (DFAS). Because DFAS is part of DBOF, this consolidation will increase the size and cost of operating DBOF. This consolidation will affect about 600 finance activities, involving about 14,000 civilians and 2,800 military personnel. This increase would more than double the existing size of DFAS and increase the operating costs by about \$950 million from fiscal year 1992 to fiscal year 1993. The committee is concerned about DOD's plan.

The National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) directed that no new activities be funded through DBOF in fiscal year 1993 to give Congress an opportunity to evaluate the execution of DBOF in fiscal year 1993 before a further expansion. If the department adds these offices to DBOF, it will be difficult, if not impossible, to determine if DBOF operates more efficiently in fiscal year 1993 than it did in fiscal year 1992.

In order for the Congress to monitor and exercise its oversight responsibility, it must have comparable data. However, through the addition of the military services' accounting and finance offices, this comparability has been distorted. For fiscal year 1994 the committee prohibits the department from taking any action, similar to adding the finance and accounting offices, that would increase the size of DBOF.

Systems and policies inadequate

Last year the General Accounting Office (GAO) testified that the department had not developed the policies to explain clearly how the fund would operate, its controls, the rationale for including each business area, the responsibilities for financial decisionmaking, and its financial management requirements. Although the department has finalized some policies, other key policies are still under development.

The department has not yet finalized other key policies involving cash management, capital asset accounting, and intrafund transactions that are needed to help account for, control, and report on tens of billions of dollars of resources.

The department has made little progress in improving the existing cost accounting systems used by the stock and industrial funds and is still in the process of determining the requirements for the

fund's cost accounting systems. Although DOD's Corporate Information Management (CIM) initiative initially appeared to be a promising undertaking, improved systems resulting from the initiative will not be implemented for years. Despite the limitations and deficiencies of the existing systems, the department can do much to improve the quality of the financial information these systems produce in the short term. Although the department is primarily relying on long-term solutions, strong action is needed now to achieve improvements. Also, the DOD budget states that performance standards are to be developed in their long-range plan. This may be too late to stabilize rates and allow for major changes to unit commanders—the customers of DBOF.

Full disclosure of fund changes needed

In implementing the fund, the department significantly changed its management philosophy and practices for operating industrial and stock funds. However, the department did not fully disclose and explain the effect of these changes, including their effect on customers' appropriations, in its 1992 fund overview book. Two of these financial reporting issues involve prices charged customers for stock fund items and adjustments made to financial reports.

Starting in fiscal year 1993 the department plans to charge customers the total cost of items sold and eliminate the surcharge for maintaining a certain level of cash with the Treasury. The proposed changes resulted in the department requesting an additional \$300 million for customers' appropriations. The department should fully disclose and explain policy changes affecting customers' appropriations. Tens of thousands of military personnel are funded through DBOF using operation and maintenance funding. The cost of these military personnel is understated and, in this regard, total unit cost data is distorted.

Second, the department decided to eliminate \$3.1 billion in supply operations' accumulated operating losses. According to DOD officials, this was done because past stock fund prices were set to meet a certain cash objective, and mistakes were made in reporting the \$3.1 billion as an accumulated loss last year. However, the overview book does not provide any information specifying that the \$3.1 billion in accumulated operating losses were eliminated. Adjustments of this magnitude should be fully disclosed and explained so that the Congress will have the information it needs to exercise its oversight responsibilities over the fund and its customers' appropriations.

Successful implementation of the fund will require continued commitment from DOD's top management to:

- (1) plan realistically and ensure that management expertise and staffing levels are sufficient;
- (2) place a high priority on financial management including developing performance indicators;
- (3) fully disclose the financial results of operations;
- (4) commit to enhancing existing financial systems in the short term to improve the accuracy of financial data and develop and implement new systems much more effectively than in the past; and

(5) develop a cost-conscious culture by considering cost as well as readiness implications in the decisionmaking process.

Although this will not be easy, it is absolutely required to realize the expectations the department has established for the fund. The department needs to demonstrate measurable progress and show that it can operate fund activities more efficiently than in the past.

Financial cost data crucial

Reliable cost information is crucial to ensuring that the right decisions are made and to measuring and verifying the effect of these decisions. Managers must have accurate costs to establish realistic goals and to measure actual performance against those goals. Although accurate cost data are critical to the fund's success, little progress has been made in developing a standard cost accounting system to provide these data. Control and accountability must be established because the department cannot afford failures.

Meaningful and reliable financial reports including the fund's budget presentation are essential for the Congress to exercise its oversight responsibilities. Financial reports would highlight critical information, such as the significance of the fund's cash balance, inventories, and capital projects. The financial reports could also be used to develop trends, make comparisons, and provide a basis for evaluating the fund's performance.

The committee recommends a legislative provision (sec. 331) that would set milestones for meeting criteria.

Intrafund transfers

The committee directs the Secretary of Defense to notify the congressional defense committees of his intent to make any transfers of funds between the activities specified in section 316(b) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), or any reprogrammings involving the funds and activities of the DBOF, in accordance with current notification standards and procedures.

The committee directs that the "sunset provision" called for in the National Defense Authorization Act for Fiscal Years 1992 and 1993 be extended through the end of fiscal year 1994 and that the department should not be permitted to add any new activities in fiscal year 1994. This should provide the department time to:

- (1) develop and implement its policy and procedures;
- (2) develop and implement systems that provide accurate and reliable cost data; and
- (3) show how the fund has reduced costs in providing goods and services to its customers.

Because of the fiscal and budgetary importance of the fund, the committee directs the General Accounting Office to monitor closely the operation of the fund. Until the benefits of the fund are convincingly demonstrated, Congress will refrain from permanently authorizing the fund.

The committee finds there is a major lack of understanding within the Department of Defense with regard to the DBOF by

many senior DOD people and mid-level managers charged with execution of the program.

Removal of commissaries

The committee recommends a legislative provision (sec. 333) that would remove commissaries from DBOF and reestablish the commissaries as a separate defense agency. Commissaries are a non-pay compensation and quality of life program where goods are sold at cost plus a five percent surcharge at the cash register. Therefore, total cost identification through DBOF is unnecessary.

Workload carry-over

The Air Force's Depot Maintenance Industrial Fund (DMIF) finances the costs incurred in the conversion, overhaul, repair, or alteration of aircraft, components, missiles, and other equipment. In fiscal year 1991, DMIF earned about \$3.5 billion in revenue, including about \$2.3 billion for work performed by Air Force employees at 5 air logistics centers, about \$100 million for work performed by Air Force employees at various other industrial activities, and about \$1.1 billion for work performed as a result of contracts issued by the air logistics centers. About 83 percent of DMIF's fiscal year 1991 workload was financed with Air Force operation and maintenance funds.

An ongoing General Accounting Office review of DMIF indicates that the air logistics centers' backlog of work has grown steadily in recent years and is likely to grow even larger in the future. More specifically, the centers' workload carry-over, which includes work that has been funded but not yet started, and the costs to complete work that has been started grew from about \$410 million in September 1987 to about \$772 million in September 1991. In addition, the General Accounting Office found that the centers' carry-over balance is likely to be even higher at the end of fiscal year 1992, primarily because the centers' workforces have been much less productive than expected during fiscal year 1992.

Neither the Department of Defense nor the Air Force has a position on how much carry-over is acceptable. However, by using various Air Force estimates of how much carry-over is necessary in order to ensure a smooth flow of work at a DMIF activity, the General Accounting Office determined that the 5 air logistics centers will have between \$182 million and \$347 million in excess carry-over at the end of fiscal year 1992.

There is little point in providing funds in fiscal year 1993 for work that will not be accomplished before fiscal year 1994. The committee recommends a \$100 million reduction in the Air Force operation and maintenance appropriation for fiscal year 1993 and allows the Department of Defense to move a similar amount of cash from the DBOF to the Air Force operation and maintenance account. In addition, the committee directs the Secretary of Defense to ensure that the fiscal year 1994 budget request does not include funding for any industrial fund workload unless there is reasonable assurance the work will be accomplished in fiscal year 1994 or the workload is required to ensure a steady flow of work through the industrial activities.

Cash reserve for Defense Business Operations

The Defense Business Operations Fund (DBOF) request for fiscal years 1992 and 1993 is \$1.2 billion, respectively. In recent testimony on DBOF, the Budgeting Office pointed out that the Department of Defense currently maintain sufficient cash at all times in order to cover unliquidated obligations for its capital projects. For fiscal year 1993, the department estimates \$1,369 million in cash reserves to cover the annual obligations for capital projects and that this amount will increase in the future. These cash balances are held in the fund awaits delivery or performance of the projects.

To improve the cash management for DBOF, the committee still allow contract authority for the purchases of goods and services. The department would only maintain cash in a reserve account for outlays in the budgeted year. The Department of Defense must maintain certain amount of cash to cover its outlays at the beginning of each fiscal year until the DBOF can earn enough revenue through goods and services. The committee directs the department to examine its cash needs for capital projects based on the fiscal year 1993, the department only needs six months of cash in a reserve account at the end of fiscal year to cover the projects outlays in fiscal year 1994. According to the committee's recommendation, a reduction of \$531.8 million and the department to move a similar amount in cash from the DBOF operation and maintenance accounts.

(In millions of dollars)

<i>Service</i>	
Army.....
Navy.....
Air Force.....
 Total.....	

Further, the committee directs that in preparing the budget for capital projects the department display information on the Defense Business Operations Fund overview book on the amount to be obligated for the capital projects; and (2) the amount to be disbursed against those capital projects by fiscal year. In addition, the budget should explain how the department will improve the fund's operation and thereby reduce the cash balance.

DBOF cash

The committee is concerned that the Department of Defense has not established a cash management policy for the Defense Business Operations Fund (DBOF) since it was established on October 1, 1991. This policy is necessary to set minimum and maximum amounts of cash that the department should have to operate efficiently. At the end of March 1992 DBOF had a cash balance of \$5.9 billion. This is \$1.8 billion more than the committee had estimated the cash balance would be at the end of fiscal year 1992. The committee recognizes there can be a wide range of cash balance, and that the cash balance could be reduced to the level of the committee's estimate.

out the difficulties the department faces in implementing the financing of repairable inventory items through the stock fund. The GAO reports state that:

(1) DOD needs to develop uniform policies on the prices that the stock fund will charge customers for repairable items; and

(2) the Army and Air Force do not have the systems in place to accurately track, account for, and bill customers for repairable items received from the stock fund. These problems will not only impede the financing of repairables, but will also hinder the efficient operation of DBOF, because the stock funds have been incorporated into DBOF.

The Army and Air Force initially planned to charge customers the standard price (acquisition cost of an item plus a surcharge) for a repairable item. This method provides a financial incentive for customers to more quickly return broken items because they do not receive a credit until the item is received by the stock fund. The Air Force recently changed its policy and now plans to charge the exchange price (repair cost of an item plus a surcharge) with the understanding that the customer will return the broken item within a specified number of days. This practice is similar to how the Navy stock fund—which has been financing repairables through the stock fund since 1981—works. Under the Navy's method,

(1) the accounting workload is reduced since the credit transactions generally do not have to be processed; and

(2) customer funds are not tied up awaiting credit from the stock fund.

In determining the uniform pricing policy, the department should especially consider the funds that would be tied up by charging the standard price as planned by the Army and Air Force. In times of tight budget constraints, the department should not be implementing accounting policies that would require, on a one-time basis, additional appropriations.

If customers were charged the standard price, some of the funds would remain unavailable for use until they received the credit from the stock fund. This delay would result in a shift of hundreds of millions of dollars from one fiscal year to the next. Accordingly, the committee recommends a reduction to the budget request of 1 percent, or \$105 million, and allows the department to move a similar amount of cash from the DBOF to the Army and Air Force operation and maintenance accounts.

[In millions of dollars]

Service	Reductions
Army.....	45
Air Force.....	60
Total.....	105

The committee is extremely concerned that in implementing systems that are needed to stock fund repairables, the Army and Air Force systems cannot accurately track repairables being returned to the stock fund or to bill customers. Further, although the Corpo-

rate Information Management project is supposed to be a defense-wide effort to standardize its systems, the Air Force is modifying its existing base level system and developing a new system that will operate at its five Air Logistics Centers to bill customers for repairable inventory items. These efforts are contrary to DOD's standardization efforts and are an inefficient use of scarce and limited resources.

The Department of Defense needs to ensure that there is better coordination and oversight for its numerous system development efforts. Absent this leadership, the projected billions of dollars in savings through the implementation of standard systems will not be achieved. Further, the department will continue to be faced with non-integrated systems that are of questionable value in terms of the reliance and accuracy of data that is critical for the efficient management of billions of dollars of inventory items.

DBOF overcharges

The General Accounting Office (GAO) recently testified that in fiscal year 1993 the Defense Business Operations Fund (DBOF) plans to increase the prices charged its customers to:

(1) eliminate \$483.5 million of accumulated operating losses; and

(2) recover \$305 million for depreciation of military construction projects for which there are no anticipated cash outlays.

DBOF should not be charging its customers for these items. Therefore, the committee recommends a reduction to the O&M authorization of \$483.5 million and directs that the Secretary of Defense transfer a similar amount in cash from DBOF to the customers' O&M accounts.

[In millions of dollars]

Service	Reductions
Navy.....	359.5
Air Force.....	112.7
DOD.....	11.3
Total.....	483.5

The recovery of accumulated operating losses of \$483.5 million by adjusting DBOF's prices is inappropriate. In the past the department was not concerned with the accumulation of these losses. Rather than adjusting prices by means of a surcharge the DBOF, not the customers, should be required to request additional funds through the congressional appropriations process. Permitting the department to increase its surcharges to cover past losses diminishes the incentive for DBOF to operate efficiently. In essence, the need to request additional funds would serve as DOD's "report card" to the committee on how efficiently it is managing the DBOF.

With regard to depreciating military construction (MILCON) projects, DBOF plans to charge its customers \$305 million for depreciation for which there are no anticipated cash outlays. Therefore, the committee recommends a reduction of \$305 million and directs the Secretary of Defense to transfer a similar amount of cash

from the DBOF to the customers' operation and maintenance accounts.

[In millions of dollars]

Service	Reductions
Army.....	96.7
Navy.....	167.5
Air Force.....	40.8
Total.....	305.0

Including the depreciation expense in the process charged to customers is inappropriate because military construction projects are not being paid for by DBOF. Instead, the cost associated with DBOF-related MILCON projects is being separately funded by the military construction appropriation. Therefore, by including the depreciation expense in the prices charged DBOF's customers, the MILCON projects are being paid for twice—once through the MILCON appropriation and once through the higher prices charged the customer.

M ACCOUNT BALANCES

In December 1991 DOD's Inspector General (IG) reported that DOD did not have adequate financial controls over unexpended M account balances recorded in its financial records. The DOD IG reviewed \$5.2 billion of DOD's \$18.8 billion of M account balances and found that \$2.3 billion of the sampled balances were invalid. In projecting the results of the \$5.2 billion of sample balances, the DOD IG estimated that at least \$8 billion of the \$18.8 billion of M account balances were invalid and should be deobligated. The DOD IG also questioned the validity of about \$900 million of the \$1.7 billion in merged surplus restorations approved by the DOD Comptroller. Although the department generally agreed with the findings in the DOD IG report, it has not taken action to correct the problems.

Further, an ongoing review by the General Accounting Office (GAO) has also identified other serious problems with DOD's financial controls over M accounts. Among other things, the department has not fully complied with section 1406(b) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), which required the department to review and cancel any M account balances found to be invalid during the review. The GAO found that the department has been routinely using the funds freed from deobligating invalid obligations to fund other requirements rather than deobligating and cancelling invalid obligations as required by law. To date, the GAO has identified about \$125 million of M account funds that have been deobligated and reobligated. In addition, although the department reported in December 1991 to the Congress that it had completed its review of M account balances, it only reviewed \$5.2 billion of the \$18.8 billion of M account balances.

The committee is concerned by the department's lack of attention to this serious matter. The abuse of the "M" accounts by the department has been reported upon on numerous occasions. It is

time for the department to get its financial house in order and properly report on these balances.

CIVILIAN EMPLOYMENT

The Department of Defense employs nearly one million Federal workers. Additionally, there are more than 200,000 nonappropriated fund employees and hundreds of thousands of contract employees. By the end of fiscal year 1997, the department expects to reduce its total civilian end strength by nearly 229,000 positions or 20 percent from fiscal year 1987 levels. Approximately 87,000 of these reductions are scheduled to occur during fiscal years 1992 and 1993.

Handling the drawdown of military and civilian employees could not be more different. The General Accounting Office has reported to the committee that for military personnel, the department strives to achieve and maintain a degree of balance between its accessions and losses in order to shape its military forces in terms of rank, years of service, and specialties. The department believes that without this approach, the services would be faced with skill imbalances, promotion and career stagnation, and a senior work force with higher personnel costs and many senior persons performing low level work.

The management of civilian personnel, however, is more decentralized than uniformed military personnel, and civilian personnel levels are driven more by operating budgets at the activity level. As a result of these factors, it is more difficult to obtain a full perspective on civilian personnel than on military personnel issues at the DOD and service headquarters levels.

Abuses resulting from this delegation of authority are widespread. The Congressional Budget Office, in its report, "Reducing the Deficit: Spending and Revenue Options" found that there has been an almost 50 percent growth in DOD administrative and management personnel since 1980. The DOD Inspector General found that U.S. Army Europe may have overpaid its work force by over \$100 million by overgrading positions, and that up to 17 percent of current positions in that command are overgraded. Also, the jobs remained overgraded long after commanders or managers were ordered to correct the problem.

Despite repeated committee urging, the Department of Defense does not have a master plan for civilian personnel. DOD's five-year master plan provides a limited perspective on the potential magnitude for civilian force reductions in that it only addresses only one-third of DOD's civilian work force. Several factors indicate this approach:

- (1) The plan does not include management of the hundreds of thousands of contract employees and the relationship between these contract employees and the civil service work force. As thousands of dedicated civil service employees face unemployment, DOD's efforts to contract out functions is unabated.
- (2) The Department has failed to negotiate more host nation payments for foreign national labor at U.S. bases

overseas while laying off thousands of workers at stateside bases.

(3) The Department continues to pay hundreds of millions of dollars for consultants while skilled employees are laid off. And the DOD Inspector General notes that consultant costs may be underestimated by several billions of dollars. The committee has recommended a reduction of \$45 million to the budget request for consultant services.

(4) Nearly 350,000 of DOD's employees are included within the Defense Business Operations Fund. Authorities in the Pentagon responsible for civilian personnel management admit they have little, if any, knowledge of how this fund operates and the effect on their employees and decisions made about the operations of this fund.

Broader assessments are needed to determine the magnitude of civilian force reductions and their potential effect on given areas and regions, as well as the effect of hiring constraints on the ability of all DOD civilian organizations to efficiently and effectively accomplish their missions.

Decentralization limits the involvement of the department to merely promulgating broad policies instead of defining work force requirements to ensure the correct skills come out of the downsizing. To date, the department has relied primarily on restricted hiring and normal attrition to achieve the civilian personnel reductions. The committee advocates use of attrition to the greatest extent practical; however, these sporadic freezes whipsaw employees and threaten vital national security jobs. This broad approach almost guarantees that there will be skill imbalances in the work force. It also reflects DOD's abdication of its responsibility to manage the work force. Also, because junior employees are more likely to leave, the freeze produces a work force with slightly higher average salary and age.

Given the level of organizational turbulence within DOD, broad measures are insufficient to achieve the desired level of force reductions, minimize involuntary separations and maintain balance in the remaining work force.

The committee directs the Secretary of Defense to develop a plan for reducing the work force. The department needs to estimate current and future national security needs; determine the type of force structure required to meet these needs; and determine the skills, knowledge and technical expertise of the work force that must carry out these military goals. The plan should include DOD efforts to take a more aggressive approach toward lessening the impact of reductions by:

- (1) Providing for early retirement.
- (2) Encouraging other federal agencies to employ displaced DOD workers.
- (3) Improving existing mechanisms for priority placement, relocation assistance, counseling, testing, training referral, job bank information, and placement assistance.
- (4) Improving procedures for providing advance warning on planned reductions-in-force.

The committee recommends a legislative provision (sec. 3611) that would stop DOD efforts to contract-out functions during the downsizing.

QUARTERLY PAY ADJUSTMENT

The Department of Defense budget request included a civilian employee pay raise for three-quarters of fiscal year 1993. The President's budget request for the remainder of the federal work force only provided for two-quarters of the pay raise. In order to conform to the pay raise projections of the entire federal government, the committee recommends a reduction to the budget request of \$308 million.

[In millions of dollars]

<i>Service</i>	<i>Reductions</i>
Army.....	102
Navy.....	91
Air Force.....	78
Defense Agencies.....	37
Total.....	308

WAGE BOARD PAY RAISES

Wage Board (WB) personnel typically serve in trade, craft and general labor occupations. The Department of Defense calculates the cost of pay raises for all employees each year and includes these costs in its budget request.

Wage Board salary increases are based on surveys that compare the wages of public and private sector workers in more than 100 regions. Current law sets WB pay raises based on any differences the surveys reveal, provided that WB raises do not exceed GS raises. For 1993, GS and WB salaries will rise by 3.7 percent.

By law, no pay raises can begin before January 1. WB pay raises occur throughout the year—following completion of the regional surveys—in contrast to GS pay raises, which all take effect on January 1. Thus, prospective WB raises for any one fiscal year can take effect as early as January 1 or as late as September 30, the last day of the fiscal year. The administration's defense budget request does not recognize this difference between the two systems, and so it estimates the costs of WB pay raises as if they all took effect on January 1. Thus, the defense budget overstates the costs of providing for WB pay raises. The additional funding then becomes available for the department to spend on other programs, chiefly in the area of operation and maintenance.

The amount required for wage board raises is overstated.

The committee recommends a \$140 million reduction to the budget request.

[In millions of dollars]

<i>Service</i>	<i>Reductions</i>
Army.....	55
Navy.....	33
Air Force.....	39
Defense Agencies.....	13
Total.....	140

recommends a \$100 million reduction as an incentive for the services to give priority to implementing these valid savings.

[In millions of dollars]

Service	Reductions
Army.....	25
Navy.....	25
Air Force.....	25
DOD Agencies.....	25
Total.....	100

AUTOMATIC DATA PROCESSING

During the past few years, the General Accounting Office (GAO) and the department's audit organizations have identified numerous problems with the department's management of information technology and procurement of automatic data processing systems. These problems include purchasing unnecessary equipment, awarding uncompetitive procurements, funding individual service systems that perform the same functions, poor oversight and general mismanagement. The title of one congressional investigation summed up DOD's ADP management: "DOD automated information systems experience runaway costs and years of schedule delays while providing little capability."

Two and a half years ago the department started its Corporate Information Management (CIM) initiative to remedy these problems. The committee supports the basic principles of CIM to improve business operations with better information management and eliminate redundant system develops. The committee also recognizes that CIM is an enormous undertaking that will take a long time to reach fruition.

The services, however, still have not totally embraced the CIM initiative and continue to develop their own redundant systems. For example, a February 1992 GAO report found the services developing their own systems to support recruiting programs. The services have spent over \$80 million developing individual recruiting systems with the total costs estimated at over \$200 million.

Unlike most accounts, the information technology budget continues to increase. The 1993 budget request is nearly \$9.5 billion, an increase of over \$1 billion since CIM began. This request contains funds from all appropriations, but the bulk of it—almost \$6 billion—is operation and maintenance and revolving funds under the Defense Business Operating Fund (DBOF).

With the drawdown of DOD's force size and the consolidation of support services, there should be opportunities to redistribute ADP equipment, avoiding purchase of new equipment. In addition, there should be a corresponding reduction in the amount of O&M funds required for maintenance and service by ADP contractors. Yet, the information technology budget continues to grow. Although this growth may be necessary to achieve savings in other areas, this is not readily apparent in DOD's budget justification material. To provide better visibility over the relationship of CIM costs and savings, Exhibit 43 should include a list of savings reflected in service budget requests that were derived from CIM initiatives. In addition, the department needs to include a list of performance meas-

ures being used to track CIM-related savings. Finally, Exhibit 43 should contain a CIM section showing its overall organization, organizational relationship and resources contained in the budget request.

The committee also believes that future information technology budget exhibits should align resources by CIM functional area to assist the Congress in better tracking CIM progress.

The committee believes that the combination of: (1) reduced requirements from downsizing the department; and (2) improved business processes and elimination of redundant ADP systems by the services allows the committee to reduce the 1993 budget request by \$300 million. Additionally, the department should consider the remaining \$9 billion information technology budget as the performance measurement from which the department's future progress in implementing CIM will be measured.

[In millions of dollars]

Service	Reductions
Army.....	75
Navy.....	75
Air Force.....	75
DOD Agencies.....	75
Total.....	300

AUTOMATIC DATA PROCESSING CENTRALIZED FUNDING

The Department of Defense Appropriations Acts of 1991 and 1992 (Public Laws 101-511 and 102-172) transferred control of selective automatic data processing program funding from the services to the Director of Defense Information at the Secretary of Defense level. For example, funds associated with the computer-aided logistics system consolidation process—some 47 programs valued at \$202 million—were included in this transfer.

Within the transfers were ADP programs awarded on a competitive basis and funded with appropriations enacted for the fiscal year. Program managers were prepared to commence with acquisition and execution, as were prime contractors and their respective subcontractors. However, due to problems within the Office of the Secretary of Defense (OSD), funding to program managers failed to materialize and, in some instances, the funds were not released until six months into the fiscal year.

Delays in providing funds have costly consequences to the entire acquisition process. To cite a few:

(1) With execution deferred, programs are put at risk of cancellation because of perceived non-executability.

(2) Delays force compression of planned obligations, and hurried execution ensues to meet time constraints of the appropriated funds.

(3) Contractors put personnel on hold at significant expense, and committed resources remain idle awaiting execution.

(4) Automated labor saving efficiencies, systems and technologies fail to be incorporated within programmed milestones.

(5) Projected cost savings, predicated on system installation and their imbedded technologies, do not materialize as scheduled, and

estimates must then be adjusted downward or be completely negated.

If funds are consolidated within OSD in the future, the department should release and expedite them to program managers whose projects have been awarded and are included in service budget requests.

RECRUITING, ADVERTISING, AND EXAMINATIONS

The committee recommends a reduction of \$75 million for the recruiting, advertising, and examination accounts of the Departments of the Army, Navy and Air Force. This reduction would align these accounts at approximately the same level as authorized and appropriated for fiscal year 1992.

For example, in fiscal year 1992, the Air Force increased its recruiting objective for enlisted personnel by 30 percent over the goal for fiscal year 1991. According to the budget justification, this increase was needed to maintain proper force balance and to reduce overall personnel costs. The Air Force has retained this higher recruiting objective for fiscal year 1993, and has also increased officer recruiting objectives. Funding is also increased to pay for training supplies and equipment deferred from fiscal year 1992 requirements.

The committee believes the services have legitimate needs to attract, recruit, and test qualified personnel to maintain proper personnel authorization levels of the future; however, the committee also believes the services should not have to increase their budgets for this purpose at a time when many personnel are being asked to leave and at a time when employment conditions in the United States should be conducive to increased interest for a career in military service. Consideration should also be given to the difference in the cost to maintain current personnel versus the cost to train new personnel.

CLASSROOM TRAINING

DOD's budget request contains \$3 billion to train military personnel; this ranges from recruit training to professional military education for officers. An analysis by the Congressional Budget Office revealed that the amount of training has not decreased at the same rate as the size of the force. For example, although the career force decreased by 10 percent between 1987 and 1992, career-related training actually increased by 13 percent. The committee recognizes that some of the increase may be due to new training of the acquisition workforce mandated under the Defense Acquisition Workforce Improvement Act.

Some areas, such as professional military education and acquisition workforce training, are receiving much needed emphasis and should be protected. Otherwise, the committee's recommended reductions in this area will ensure that funding for career training matches the planned decline in the career force.

[In millions of dollars]

Service	Reductions
Army.....	84
Navy.....	71
Air Force.....	46
DOD Agencies.....	6
Total.....	207

REAL PROPERTY MAINTENANCE

The only service that requested an increase in their real property maintenance request was the Air Force with a \$250 million increase over last year's level. The committee finds this request incongruous because the Air Force undoubtedly has the finest facilities within the Department of Defense. Therefore, the committee recommends reducing the Air Force request by \$232 million.

HUMANITARIAN ASSISTANCE

The Readiness Subcommittee held a hearing on DOD's Humanitarian Assistance Program and found a number of disturbing facts. It was obvious that DOD's role in disaster relief and other humanitarian programs will grow over the next few years. During the hearing it became clear that neither the Congress nor the Department of Defense has a good estimate of what these costs will be.

In several cases, commanders conducted relatively large relief operations but were never reimbursed for the cost of the operations. In effect, they were being told to fund the cost of these relief operations out of their operation and maintenance budgets. As the size of these operations grow, this can have a deleterious effect on unit operations and readiness.

The committee also noted that the funding for some of these operations is very creative. In effect, the department is funding some of these operations from the customers who purchase products from the Defense Business Operations Fund (DBOF). Under *Provide Hope*, \$100 million in excess cash was taken from DBOF to fund these operations to the former Soviet Union. Excess cash in a revolving fund like DBOF can either be used to lower the rates charged to its customers or diverted for other uses while customer rates remain at artificially high levels. Although this is a nice accounting gimmick, it hides the true bill payer for these humanitarian operations, the operation and maintenance customers.

In addition, the Department of Defense is providing resources for U.N. peacekeeping operations without reimbursement. This is another area that is expected to grow in the future, and it is important that the Congress know what these operations cost.

Finally, the department is incurring many costs that are not being accounted for. An example would be the supplies and materials provided from DOD stocks for disaster relief operations.

It is time that the department itemizes all these costs in a single budget exhibit that will reflect actual humanitarian assistance requests. Future budget submissions should expand the humanitarian assistance line item explanation to include all of the above mentioned items.

ON-SITE INSPECTION AGENCY

The On-Site Inspection Agency (OSIA) is an integral component of the Department of Defense, and its funding is part of the national defense budget function. As with other DOD agencies and programs, the Congress provides authorizations and appropriations through the four congressional defense committees.

The OSIA was established to carry out inspection functions under the Intermediate-range Nuclear Forces Treaty. It has been assigned responsibilities for similar functions under new agreements, including the Strategic Arms Reductions Treaty, the Treaty on Conventional Forces in Europe, the U.S.-Soviet Nuclear Testing Treaties, and the U.S.-Soviet Agreement on Chemical Weapons. The Department of Defense prepared and submitted the fiscal year 1993 budget request for OSIA based on assumptions regarding the dates on which such treaties would likely enter into force. Because it is now clear that the entries into force of several of these treaties will be delayed well beyond the assumed dates, the OSIA requirements for fiscal year 1993 will be diminished, and the committee finds that the funding requested for OSIA can be reduced accordingly. The committee recommends a \$14.3 million reduction to the budget request. In the event that OSIA requirements increase appreciably, the Department of Defense may request additional funding as appropriate.

In recommending a reduction in the authorization for OSIA for fiscal year 1993 the committee notes that every effort should be made by the United States and other signatories of the pending arms control agreements to bring the agreements into force promptly.

EXCHANGE CONSOLIDATION

Military exchanges provide items of necessity and convenience at prices for military personnel and their families 20 percent below commercial prices. In doing so, the system provides an important non-pay compensation benefit. Earnings from these sales provide a valuable source of income to support military community morale, welfare and recreation (MWR) programs.

This privilege and the earnings potential of this system are being threatened. The military resale system and military exchanges are facing major challenges. Military forces are undergoing major reductions, and remaining forces are being shifted due to strategic considerations and base realignment and closure. This demographic shift is having a tremendous effect upon the market base and purchasing power of these systems. Three separate exchange systems work to accomplish the same basic mission, often within the same geographical area. The result is major duplication and redundancy in both overhead and operating costs. Reduced economies of scale tied with fixed overhead will drastically impede the ability of the exchange to provide community contributions at a time when appropriations for this purpose are being threatened.

The commercial retail industry is being reshaped through more sophisticated communications, distribution, and management technology. Experts predict that each retail category will have no more than six, and perhaps as few as two, merchants, accounting for 60

percent of retail sales. This mass merchant reconfiguration is finding its way into the military marketplace.

The Navy Exchange Service Command (NEXCOM) is about to invest heavily in data system upgrades that will lay the groundwork for the future. Meanwhile, the Army and Air Force Exchange Service (AAFES) possesses state of the art data systems technology with excess capacity. Additionally, AAFES has invested heavily in a network of modern distribution centers. Although NEXCOM faces a major facility modernization backlog, it continues to provide a disproportionate amount of its earnings to community programs instead of reinvesting earnings in facility improvements. AAFES is experiencing a major financial effect in the accelerated reduction of forces in Europe, where one-fourth of the earnings are generated.

The committee has received a report from the Department of Defense on exchange consolidation. The study recommended consolidation and identified \$180-\$385 million that could be saved over the next five years. A follow-on study by the Logistics Management Institute concluded that consolidation would offset the effects on the exchange systems of force structure reductions. Money saved would therefore be available to finance military MWR programs. Additionally, increased economies of scale and reduced overhead from consolidation of functions would enable these systems to continue to modernize stores and systems and avoid price increases to patrons.

The committee originally intended to reduce the morale, welfare, and recreation account to effect the savings to be realized through more efficient exchange operations. However, it now believes that a reduction would only serve to detract from the quality of life of military personnel and their families. The committee recommends a legislative provision (sec. 339) that would direct the department to standardize certain functions by October 1, 1993. Also, until such time as an acceptable standard data system is identified and in place, the department will submit to the committee for approval all plans for procurement of data systems over \$1 million. There may be advantages to further standardization or consolidation of programs. Other areas of significant potential benefits include: distribution, purchasing, procurement, personnel management, payroll, construction, and common services and programs. In order to expedite efficiency, the best of existing systems should be employed to the greatest extent practicable. The committee will monitor implementation and review the need for MWR reductions to effect this transfer based upon the department's progress in this regard. This action will allow continued distribution of earnings to community MWR programs and allow the exchange operations of the armed services to continue a high level of service to armed services personnel during the force structure reduction and defense build down.

EFFICIENCY IN COMMISSARY OPERATIONS

Over the years, the Congress has authorized funding to provide for the establishment of inventory in commissaries that, in turn, would be replenished as sales occurred. The Department of Defense

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consolidated commissaries on October 1, 1991 under the Defense Commissary Agency (DeCA). This consolidation was the result of a committee-directed review of commissaries. The Jones Commission report cited substantial savings in stock fund levels required in commissaries through more efficient distribution practices, including more frequent delivery by commercial suppliers and manufacturers. Contributing to this reduced inventory requirement is the closure of stores overseas and projected closures in the United States.

Additionally, the Jones Commission study projected substantial savings in the operations of commissaries from overhead reductions. Thus far, the committee has seen no evidence of these savings. The committee recommends a reduction of \$55.5 million to realize the savings from the consolidation of commissaries. Of this amount, \$500,000 would be reduced to terminate operations of the Defense Personnel Support Center's purchasing office in Alaska. This function is redundant with the existing purchasing structure of the Defense Commissary Agency. Moreover, it is unjustifiable that one state should be singled out for special treatment regarding commissary procurement.

The committee is concerned about the increasing problem regarding development of data systems needed to support the commissary consolidation. Systems problems have resulted in significant difficulties in making payments for products received from industry. The Department of Defense Inspector General has cited the commissary system for difficulty in preparing accurate financial information to account for vendor payments. The Inspector General also cited the agency for inadequate data processing controls and uncontrolled invoices. Also, there have been major and recurring violations of the Prompt Payment Act that have resulted in significant penalties to commissaries that must be passed on to patrons.

The commissary agency has failed to take advantage of funding authority to execute construction of stores. Commissaries are eligible for funding from the base closure account, but the Department of Defense has not provided this full authority. Also, the department is reluctant to provide contract authority in the construction of stores. This has resulted in a number of rescissions and delays in construction.

The committee requests a report from the Secretary of Defense by March 31, 1993 on:

- (1) Plans to realize the economies projected from consolidation.
- (2) Solutions to the problems in meeting commitments to suppliers.
- (3) Plans to realize fully construction potential; minimize costs to patrons through the use of contract authority, base closure funding, reduced requirements for warehousing; and the amount of funds projected to be realized from sale of assets at closed bases.

Additionally, the commissary and exchange systems will suffer in their attempt to maintain mission support to declining sales bases as forces are reduced overseas. To minimize such losses, the commissary and exchange systems should merge operations under

exchange system management wherever such action is prudent. In such cases, the Secretary of Defense may authorize the transfer of goods and supplies of, and funds made available to, the Defense Commissary Agency to the exchange systems.

RECREATION AND REPAIR PROJECTS

The committee has been, and remains, concerned that adequate quality-of-life improvements continue, and that the services continue to include these improvements in their budget requests. Recreational and repair projects are key elements to a successful quality-of-life program, and the committee supports and encourages this type of projects.

The committee notes that in the Department of the Navy, Base Operations subaccount of the Training, Medical and Other Purpose Activities account, there appears an increase of \$5.612 million for recreation facility projects deferred in prior years. The committee also notes that in this same account there is an increase of \$7.258 million for real property maintenance funding at the Naval Post Graduate School, the Naval Academy, and the Naval War College. The committee further notes that in this same account there appears a decrease of \$12.761 million in real property maintenance funds at various training activities.

It appears to the committee the Navy has shifted repair funds from various training facilities to fund repair projects at the senior service schools and the Naval Academy. Although the committee supports funding repair projects at these schools, they should not be at the expense of other training activities that lean heavily toward the lower enlisted ranks and historically do not get the same level of attention or funding.

The committee directs the Secretary of the Navy to restore the entire \$12.761 million to the various training activities and to program needed recreational and repair projects in future budget requests.

EXCESS FORCE STRUCTURE SUPPORT

The committee recommends a reduction of \$253 million to the Navy budget request to reduce excess force structure support. Between 1991 and 1992, the Navy deactivated over 50 ships; and between 1992 and 1993, the Navy will deactivate 12 more ships and one tactical air wing. These reductions should result in savings to the fiscal year 1993 budget of approximately \$1.4 billion.

In analyzing the Navy's budget request the committee could only identify about \$700 million that has been removed from the budget as a result of force structure cuts. The committee expects the Navy may have underestimated the effects of full-year savings resulting from fiscal 1991 to 1992, and there should be a half year savings from the deactivations programmed between fiscal year 1992 and 1993.

The undistributed reduction of \$253 million includes direct and indirect mission savings of varying degrees in depot maintenance, training, administration, and base operating support. The committee believes this reduction is conservative but fully justified given

amounts charged to each of the users of the Pentagon, and that there would not be a specific request for renovation funds.

The committee notes that the department proposes to increase the rates of all the users of the Pentagon by an average of 141 percent. The committee suspects this rate increase is to accumulate cash for the renovation fund. The fiscal year 1993 budget request shows further that the department estimates collections of \$195 million from all users of the Pentagon and that the cost to operate the Pentagon in fiscal year 1993 is \$84.5 million, which includes cleaning, maintenance, utilities, fuels, protection, administrative services, and other services needed for the health and safety of the employees of the Pentagon.

The committee recommends a total reduction of \$110 million to the operation and maintenance accounts of the military services and the defense agencies. This amount represents the amount above the day-to-day needs to operate the Pentagon that would have been used exclusively for renovation. The committee also recommends a legislative provision (sec. 312) that would prohibit the transfer of any funds into the renovation fund.

PROJECT 80X PHASE II

The committee has been informed of the contributions made by the Army's Project 80X Phase II as a key personnel management system during Operations Desert Shield and Desert Storm. This program served as the Army's cornerstone personnel system for supporting soldiers during recruiting, training, mobilization, demobilization and transition back into their civilian lives.

Military personnel became a Corporate Information Management (CIM) functional area in January 1992, and the analysis of potential operational systems to become the CIM standard is scheduled for this summer. The committee has been informed that Project 80X will be included in the CIM analysis. The committee requests the Secretary of Defense to report on the review of the operational systems, including Project 80X, and the final selection of a CIM military personnel system.

LEGISLATIVE PROVISIONS

SECTION 304—HUMANITARIAN ASSISTANCE

This section would extend to September 30, 1993 the authority contained in prior authorization acts for the provision of humanitarian assistance to Cambodian, Afghan and other refugees.

SECTION 311—PROHIBITION ON THE USE OF FUNDS TO PAY FOR CERTAIN PATRON SERVICES AT DEFENSE COMMISSARIES

This section would prohibit the Department of Defense from using its funds to pay for bagger or similar patron services at a commissary store.

SECTION 312—PROHIBITION OF THE USE OF CERTAIN FUNDS FOR PENTAGON RESERVATION

This section would prohibit the Department of Defense or any of the military departments from contributing to the Pentagon Reservation Maintenance Fund for any purpose other than for the actual and necessary day-to-day operation of the Pentagon. The provision would also require a report by the Secretary of Defense outlining a revised Pentagon renovation plan.

SECTION 313—PROHIBITION ON THE USE OF FUNDS FOR CERTAIN SERVICE CONTRACTS PERFORMED BY CONTRACTOR PERSONNEL

This section would prohibit the Department of Defense from conducting further cost comparison studies for service functions as described under OMB budget circular A-76, known as contracting out.

SECTION 321—EXTENSION OF REIMBURSEMENT REQUIREMENT FOR CONTRACTORS HANDLING HAZARDOUS WASTES FOR DEFENSE FACILITIES

This section would extend to fiscal year 1993 the requirement contained in section 331 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) that all Department of Defense contracts for the off-site treatment and disposal of hazardous wastes require the contractor to reimburse the government for all liabilities incurred by the government by the contractor's or subcontractor's breach of any term or provision of the contract or any negligent or willful act of omission.

SECTION 322—EXTENSION OF PROHIBITION ON USE OF ENVIRONMENTAL RESTORATION FUNDS FOR PAYMENT OF FINES AND PENALTIES

This section would extend to fiscal year 1993 the prohibition contained in section 333 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) against the use of defense environmental restoration account (DERA) funds for the payment of environmental fines and penalties unless they arose out of the defense environmental restoration program.

SECTION 331—LIMITATIONS ON THE USE OF THE DEFENSE BUSINESS OPERATIONS FUND

This section would extend the limitation on the period of management by the Department of Defense of the Defense Business Operations Fund until April 15, 1994 and would add a requirement for separate accounting, reporting, and auditing of funds and activities. The provision would further establish milestones the department must achieve for the implementation of the fund that are to be monitored and evaluated by the Comptroller General.

SECTION 332—CAPITAL ASSET SUBACCOUNT

This section would provide limitations for the use of the capital asset subaccount within the Defense Business Operations Fund and would also require a report by the Secretary of Defense on this account.

SECTION 333—PROHIBITION ON MANAGEMENT OF COMMISSARY FUNDS THROUGH DEFENSE BUSINESS OPERATIONS FUND

This section would prohibit the inclusion of the Defense Commissary Agency in the Defense Business Operations Fund.

SECTION 341—COMPETITIVE BIDDING AMONG CERTAIN DEPOT-LEVEL ACTIVITIES FOR TACTICAL MISSILE MAINTENANCE

This section would require the Secretary of Defense to use competitive procedures if the Secretary decides to consolidate tactical missile maintenance.

SECTION 342—LIMITATIONS ON THE PERFORMANCE OF DEPOT-LEVEL MAINTENANCE OF MATERIEL

This section would establish a limit of no more than 40 percent of a depot-level maintenance workload by each type of equipment and materiel that may be offered for contract by non-governmental personnel.

SECTION 343—REQUIREMENT OF COMPETITION FOR SELECTION OF PRIVATE CONTRACTORS TO PERFORM WORKLOADS PREVIOUSLY PERFORMED BY DEPOT-LEVEL ACTIVITIES OF THE DEPARTMENT OF DEFENSE

This section would require the Department of Defense to use competitive procedures for awarding any workload currently being performed in a military depot.

SECTION 344—REQUIREMENT OF COMPARABLE OFFERING FROM PRIVATE CONTRACTOR CONTRACTS AND DEPARTMENT OF DEFENSE CONTRACTS FOR CONTRACTS OFFERED FOR COMPETITION

This section would require the Secretary of Defense, in offering for competition contracts for the performance of depot-level maintenance workloads, to offer contracts for the performance of workloads that are being performed by private contractors at least to the same extent as offers for contracts performed by depot-level activities of the Department of Defense.

SECTION 345—EXPANSION OF COMPETITION PILOT PROGRAM

This section would increase the limit of non-core workload that can be competed among depots or with private industry from 10 percent to 20 percent.

SECTION 351—STANDARDIZATION OF CERTAIN PROGRAMS AND ACTIVITIES OF MILITARY EXCHANGES

This section would require the Secretary of Defense to provide a single agency of the Department of Defense for the operation and management of all military exchange stores.

SECTION 352—ACCOUNTABILITY REGARDING THE FINANCIAL MANAGEMENT AND USE OF NONAPPROPRIATED FUNDS

This section would require the Secretary of Defense to establish regulations for governing the regulation of management and use of nonappropriated funds. The provision would also establish penalties for violations of these regulations.

SECTION 353—DEMONSTRATION PROGRAM FOR THE OPERATION OF CERTAIN COMMISSARY STORES BY NONAPPROPRIATED FUND INSTRUMENTALITIES

This section would establish a demonstration program to determine the feasibility of the operation of commissary stores by non-appropriated fund instrumentalities at selected locations. The period of the demonstration program would be one year. A report by the Secretary of Defense would be required at the end of the demonstration period concerning recommendations as to whether similar programs should be carried out at other military installations.

SECTION 354—REPEAL OF LIMITATIONS ON RELEASE OF INFORMATION REGARDING SALES AT MILITARY COMMISSARIES

This section would repeal section 2487 of title 10, United States Code, that contains restrictions on releasing information concerning commissary sales.

SECTION 355—USE OF COMMISSARY STORES BY MEMBERS OF THE READY RESERVE

This section would extend commissary benefits to members of the Ready Reserve who have satisfactorily completed 50 or more reserve points in a year without regard to whether the reservist was paid for duty.

SECTION 361—EXTENSION OF CERTAIN GUIDELINES FOR REDUCTIONS IN THE NUMBER OF CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE

This section would expand the requirements contained in section 322 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) and would establish guidelines for civilian personnel reductions. The provision would also require that a civilian master plan containing specific data be provided in each year's budget submission.

SECTION 362—ANNUAL INVENTORY REPORT

This section would provide for the continuation of the requirement for an annual supply inventory report. In addition, the provision would expand the areas to be included in the report.

SECTION 363—TRANSPORTATION OF DONATED MILITARY ARTIFACTS

This section would allow the Department of Defense to use military assets to demilitarize and transport excess or donated military items in the United States.

mittee also encourages the department to accelerate efforts to establish appropriate course equivalencies to designated mandatory courses.

With respect to experience requirements the committee recommends only one change. Currently deputy program managers are required to have the same number of years experience in acquisition as the program manager—eight years experience for major programs and six for significant non-major program. Requiring the same standard does not recognize the different levels of responsibility of the program manager and deputy. Accordingly, the committee recommends that the experience requirement for deputy program managers of major programs be reduced to six years, and for deputies of significant non-major programs to four years.

DAWIA also mandated certain education requirements—one of which is the requirement that those personnel who hold college degrees in a non-business related discipline, such as engineering or science, must complete at least 12 semester hours of business-related courses. The intent of Congress in mandating this requirement was to ensure that those with a scientific or technical background have some business management expertise prior to their assuming acquisition responsibilities.

Upon further consideration, the committee believes that this goal can also be achieved by allowing an individual to substitute appropriate training courses (taught by either a government or other accredited institution in business management related skills for the 12 semester credit hours. The committee recommends an amendment to section 1732 of title 10, United States Code, that would specify that individuals whose degree is in a non-business related field be required, as a condition of becoming an acquisition corps member, to have completed 12 semester credit hours or an equivalent amount of training in the business related disciplines outlined in the statute.

The committee is also disappointed with the slow progress in implementing education and training incentive programs authorized by DAWIA for career, entry level, and prospective acquisition personnel. Those programs have not received sufficient emphasis. Tuition assistance—enabling personnel to seek degrees during non-work hours, should have been a priority dating from enactment of DAWIA. Although some organizations have experienced an increase in availability of funds there are apparently still a number of administrative problems associated with making the funds generally available. Other programs seem to be in a state of suspended animation.

Finally, the committee recommends a change in the reporting date for GAO's review of DAWIA implementation in order to allow GAO to provide one report encompassing the requirements of both subsections (a) and (b) of section 1208 of Public Law 101-510. That report must be submitted on February 1, 1993.

SECTION 816—CERTIFICATION OF CONTRACT CLAIMS

In the 1970's there were serious cost overruns in shipbuilding programs resulting in many claims by shipbuilders that they were owed money by the government. Admiral Rickover testified that

the claims submitted by Navy shipbuilders were often grossly exaggerated. Because contractors did not always substantiate the claims, and submitted great numbers of claims they were unlikely to recover, Government representatives were swamped trying to evaluate and winnow out the legitimate claims—resulting in delayed settlements and waste of government effort and money. To rectify the situation Rickover recommended that the contractor submit with its claim a certificate signed by a "senior responsible contracting official, which states that the claim and its supporting data are current, complete, and accurate"—just like a taxpayer does when certifying a tax return.

The committee concluded at that time that only if the claim was accurate, complete, and current could there be a sound basis for evaluation, negotiation, or settlement. It first supported a provision in 1976 that was subsequently enacted in 1978 as section 813 of the 1979 Department of Defense Appropriation Authorization Act (Public Law 95-485) to prohibit the payment of any claim or similar request for relief that exceeds \$100,000 unless a "senior official of the contractor in charge at the plant or location involved" certified the claim at the time the claim was submitted.

About the same time, as part of an effort to simplify the claims process Congress adopted the Contract Disputes Act of 1978. It included a requirement that for claims in excess of \$50,000 contractors certify that the claim was made in good faith, that the supporting data were accurate and complete to the best of the certifiers' knowledge and belief, and that the amount requested accurately reflects the contract adjustment for which the contractor believed the government was liable (41 U.S.C. 605(c)(1)).

The certification language in the Contract Disputes Act did not state who in the company was required to sign the certification, nor does it require that the claim be certified when first submitted.

The law was implemented in an Office of Federal Procurement Policy Directive and then a Federal Acquisition Regulation (FAR 33.207(c)(2)), that was intended to allow one certification to meet both laws. However, the regulation, in authorizing a certification to be signed by: (1) a senior company official in charge at the contractor's plant or location involved; or (2) an officer or general partner having overall responsibility for the conduct of the contractor's affairs, may not comply with the requirement of section 2410 of title 10, United States Code. Although the courts have not focused on the issue a certification made by the president of a company, for example, who clearly has overall responsibility for the corporation arguably does not satisfy the requirement of section 2410, that the claim be certified by an official at the plant or location involved.

For many years disputes regarding who signed the certification centered around whether project managers were "senior company officials." The Boards of Contract Appeals and courts were fairly liberal in their interpretation of the language, allowing anyone who was a senior company official (including project managers), an officer, or general partner to certify.

This situation changed in 1989 when the Federal Circuit held in *Ball, Ball & Brosamer, Inc. v. United States*, 878 F.2d 1426 (Fed. Cir. 1989), that the company's Chief Cost Engineer responsible for supervising and administering all cost and claim aspects of the

for required courses that they have not previously had an opportunity to attend, and for newly created courses in career fields that did not previously have acquisition training requirements. The services have given priority for training to those who need to fill critical acquisition positions. Thus training is being made available primarily to the most senior personnel in the acquisition career field. They are being sent for training irrespective of whether their prior work experience made such training superfluous at this point.

The committee understands the purpose in attempting to ensure that those who must meet the requirement by October 1, 1993 or not be able to retain their positions until they have completed the required courses. But the result has been that the senior personnel have absorbed most of the available classroom seats. Consequently, less senior personnel are not getting into training courses they want and need. Middle level and junior personnel believe it will impact them adversely with respect to potential reductions in force and promotion potential. In addition, the shortage of classroom seats has made any crossover training (e.g., a Procurement Contracting Officer wanting to become an Administrative Contracting Officer or engineers wanting to transition into acquisition) difficult if not impossible to receive.

The committee also found that the waiver process is not working. DAWIA authorizes acquisition career program boards of the military departments to waive training requirements, and establishes a waiver process for the program management course requirement. Apparently because of a stigma attached to waivers, the department has declined to allow all but a few waivers of training requirements. Even if waivers were being approved, several acquisition personnel indicated they would not want a waiver because they believed it necessary to get this "ticket punched" to be competitive.

The committee stresses that the waiver provisions included in DAWIA were provided in the law to accommodate unique individual circumstances or where transition to the new requirements creates a temporary but wide-spread problem. The committee expects that the department will utilize its waiver authority judiciously, and will bring to the committee's attention any problems it encounters in the implementation of DAWIA.

A related concern raised by acquisition personnel with respect to training relates to being required to attend courses in a different geographic area than where the individual works. Many civilians expressed a reluctance or inability to attend training that required them to be away from their home for an extended period of time. Particularly troublesome is the five-and-one half month program management course.

In adopting the training requirements, Congress was attempting to ensure that personnel receive appropriate training before stepping into a job whose responsibilities necessitate the training. Marginal benefits, at best, accrue to individuals who are forced to attend training now determined to be necessary for their jobs after having performed well in their positions for an extended period. And whatever the benefits, they are offset by the lost opportunity

to fill the classroom seats with other personnel who as yet have neither experience nor training.

Accordingly, the committee recommends a provision that would direct that the Secretary of Defense establish criteria, and institute a program, within 90 days of the enactment of this act, to determine whether individuals, through experience, have fulfilled the requirements for mandatory training (including the program management course). The standards may be based on a test to measure the individual's skills and knowledge in the subject matter to be taught in the training courses, or they may take some other form the Secretary determines appropriate (e.g., years of experience in a particular job).

The authority and direction to determine that an individual has met training requirements (or, where appropriate, part of a requirement) through past experience is intended to be a transition tool only—to ensure that those already in the workforce are not sent back for training simply to "fill the square." The committee believes that providing this authority until October 1, 1997 will provide an adequate transition period. This provision should not be viewed as sanctioning in any manner the failure of individuals to receive training prior to entering an acquisition position in the future.

In addition, the committee notes that the department authorized an "equivalency" and "fulfillment" process in DODM 5000.52M—allowing an individual's supervisor to certify that the individual had obtained the skills and knowledge provided by the mandatory course through experience, education, an equivalency test, or alternate training. The department apparently believes that having been directed to establish the specific training requirements, it also has the authority to determine equivalencies to that training. Although establishing functional training course equivalents is within the intent of the statute, the committee believes the department has exceeded its authority in establishing experience and testing standards as alternates to training. Finally, it is difficult to imagine how one obtains skills and knowledge through a test—as opposed to a test simply measuring an individual's already acquired skills and knowledge.

The committee believes that allowing a determination that an individual has fulfilled a training requirement through experience, will resolve much of the projected backlog of training requirements and allow the department to do a better job of planning for future requirements. In addition, the committee endorses the efforts of the department to develop procedures that will allow courses to be taught on location rather than at a distant training facility, and techniques that provide a multiplier effect by allowing one instructor to reach more students. The latter include live TV hook-ups (one-way video; two-way audio), tutored video (delayed broadcast of a classroom session with classroom monitor who halts the video to allow discussions and questions), and "training the trainer" programs.

While endorsing these and other efforts to expand the availability of training, the committee also stresses that the department must maintain strict control over the curriculum and quality of instruction to ensure that quality does not suffer in process. The com-

will not be changing jobs as frequently, so they may not have the variety of job assignments that people in other career fields may have.

The department must continue to emphasize the work of the functional career boards. Although some career fields, such as contracting, have had a fairly well defined career program for years, other functional communities, such as systems planning, research, development, engineering and testing, have had little experience in developing career programs for their personnel. The department should move more quickly to establish career paths, determine standards for education and training for positions in the functional communities, and communicate information on career paths and standards to acquisition personnel.

The committee is also concerned about the emerging structure of the current civilian career force. The hiring freeze that has been imposed for the last few years has resulted in a significant gap. Individuals entering the job market in those year groups have not entered the acquisition workforce. In addition, the workforce has become even more top heavy with people at the highest pay levels because of the lack of attrition. The department clearly needs authority to offer selective early retirement and incentives for those eligible to retire.

A final issue with respect to civilian workforce policies relates to the requirement in DAWIA that the Secretary of Defense provide for the use of centralized referral lists for selection of individuals to critical acquisition positions to ensure that persons are selected without regard to geographic location. There is some concern that the centralized lists will result in a limited number of persons being referred to an activity for consideration. That limited list, it is feared, may not include all of those eligible for consideration at the location of the job opening. The provision in DAWIA is intended to ensure that individuals are considered for job openings if they are interested, even though they are not in the same geographic location. Too often in the past, individuals did not have a genuine opportunity to compete for jobs in organizations in distant geographic locations. The provision was not intended, however, to be used to preclude the consideration of any individual.

With respect to the civilian/military mix, the committee is concerned with the implementation of the DAWIA mandate that department policies provide for the selection of the most qualified individual for a position, and preclude the reservation of positions for military personnel unless such reservation is required by law, essential for the performance of the position, or necessary for some other compelling reason. The department has authorized in the regulations, utilizing the "necessary for some other compelling reason" exception, reservation of positions for military personnel. The committee believes that this policy conflicts with the statute. The law does not preclude the department from setting aside, for example, a certain number of positions at each level to be filled by military personnel to ensure a viable career path. It does not, however, allow the designation of specific positions reserved only for military personnel.

It has been suggested by some that the department may be incapable of managing the workforce in a manner that would allow

for the selection of the best individual for the job—either military or civilian—due to personnel policies and the need to maintain career opportunities for both civilians and military. These people maintain that a more manageable policy would be to set aside a certain number of positions as either civilian or military, provided there are sufficient numbers of each to ensure career opportunities at the highest levels. The department has not made the case for a change in the statutory requirement, however. Unless and until the department does so, and Congress adopts a change in the statute, the committee expects the department to revise its policy to bring it in line with the statutory intent.

The committee has also been made aware of a problem with the statutory requirement that program managers and deputy program managers of major programs be assigned to their positions until the completion of the program milestone closest to the date on which the person has been in the position for four years. In many cases, this requirement would result in the transfer of the program manager and the deputy program manager at the same time—resulting in a lack of continuity in the program office. In addition, requiring a deputy program manager to be in the position for four years has created a disincentive for the services to place military personnel into deputy positions for a period of time before elevating the individual to program manager. In reviewing the goals of the tenure requirement—to provide both stability and accountability—the committee concludes that although the department should consider the tenure of individuals in deputy program manager assignments, mandating a level in the statute is too inflexible. Accordingly, the committee recommends an amendment providing that the minimum assignment period requirements in section 1734 of title 10, United States Code, be waived for deputy program managers who receive a subsequent acquisition assignment.

To further ensure continuity in the program office, the committee encourages the department to make every effort not to rotate the program manager and deputy program manager within a year of each other. Similarly, every effort should be made not to rotate division chiefs at the same time as the program manager.

The committee became aware of several problems relating to the education, experience and training requirements and programs to be established pursuant to DAWIA.

With respect to the standards for certification, the committee is concerned that in adopting qualification standards for certain functional communities, the new standards adopted by the department are less stringent than the previous Air Force standards. In attempting to professionalize the acquisition workforce and to increase the level of expertise of the workforce as a whole, Congress adopted certain minimum qualification standards, and allowed the department to establish necessary additional standards. It is the committee's belief that although the standards established by the regulations at this time are sufficient, and probably the most practical given the breadth of change required, the department should continuously reexamine these standards with a view towards increasing them as time and circumstances permit.

The largest problem facing the department is addressing the huge backlog of training requirements as people attempt to sign up

geographic reassignments are the least preferred alternatives, it is clear to the committee that no statement of policy has been disseminated to the workforce. Acquisition personnel fear that joining the acquisition corps will subject them to an involuntary reassignment, which if refused, could result in the loss of their jobs. The committee directs that the department establish a policy with respect to rotation of personnel in acquisition positions, with specific guidelines on the criteria to be employed in making reassignment decisions, and that the policy be distributed to all individuals likely to be included in the acquisition workforce.

The committee also understands that there is some question whether the statute requires a review, beginning immediately after the transition deadline for establishment of critical acquisition positions, October 1, 1992, of individuals who have been in critical acquisition positions for five years as of that date. The committee believes, in view of the downsizing of the acquisition workforce, and the turmoil associated with implementing the new legislation, that the first review should be deferred until October 1, 1995. On that date, those individuals who have been in their positions for over five years would be subject to review and possible reassignment.

Another implementation problem appears to be unique to the Army. Prior to the adoption of (DAWIA) each of the services had defined an acquisition corps consisting of mid and senior level personnel involved in program management in response to Secretary of Defense direction stemming from the Defense Management Review. Unlike the other services, however, the Army did not immediately reorient its acquisition corps concept to comply with the DAWIA legislative mandate for a broader acquisition corps at the pinnacle of the entire acquisition workforce, not just program management. Instead, the Army continued to process people into its more restricted acquisition corps. The current perception of Army personnel in the field, one and one-half years after DAWIA enactment, is that there is an inordinate emphasis on program management personnel to the exclusion even of matrix organizations that support the program office.

The result has been total confusion at the working level. Individuals who are clearly in acquisition positions that will require corps membership on October 1, 1993, but who are not in program management offices, have been advised as recently as February 1992 that they are not being admitted to the Army Acquisition Corps. The committee believes that in order to allay the fears of those in such positions the Army should cease accessions into its acquisition corps until it develops standards for admission consistent with DAWIA, and publishes those standards in a form that will reach all segments of the acquisition workforce. The committee directs that the Secretary of the Army take immediate action to eliminate all vestiges of the prior, more limited acquisition corps, and inform all concerned personnel about the Army Acquisition Corps established under DAWIA.

With respect to the career development of military officers in the acquisition workforce, the committee was advised of numerous concerns that line or rated officers were being forced out of the acquisition career field because of the mandatory training and experience requirements of DAWIA. Some officers feared that if they

transitioned into acquisition after several years in operational assignments they would not be competitive with personnel who had been in acquisition rather than operations during that time. Some were also concerned about acquisition assignments prior to their final decision to transition to an acquisition career between 8 and 12 years of service. If they indicated an interest in acquisition by taking their non-operational assignments in acquisition, as opposed to operations-related staff assignments, they were concerned that their operational units would not rate them objectively on officer proficiency reports. Instead, the highest ratings would be given to officers who remain in operations and would have a chance for higher operational commands. Aviators were also concerned about the difficulty of meeting the requirements ("gates") to remain on flying status and transition to acquisition. They believed that once the gates were met they would be at such a high rank that they could not take normal developmental jobs; they would need to be in supervisory positions at that point in their careers in order to be competitive for promotion.

The committee reaffirms its belief that the acquisition process within the department is best served by maintaining a mix of civilian and military personnel, including military personnel with operational experience, in the acquisition workforce. The committee is equally committed, however, to the DAWIA requirement that operational personnel have an adequate level of training and experience in acquisition before being placed in critical acquisition positions. A balance must be achieved that allows operational personnel to transition into acquisition positions without sacrificing either the needed expertise in acquisition or the individual's ability to be competitive for promotion with his or her peers.

The committee also believes that it is in the services' best interest to maintain the operational component in the acquisition workforce. If so, it is in the services' interest to make some changes to accommodate the standards enunciated in DAWIA, such as: revising standards for promotions; revising rating systems to ensure operational personnel pursuing acquisition as a secondary career field are protected; targeting operational personnel early in their career to ensure they have developmental assignments in acquisition so they can move into a more senior acquisition position after having had operational experience at more senior levels.

At some point the committee may be willing to review the minimum qualification requirements established in DAWIA if provided adequate information by the department justifying the need for change. To be valid, the justification could only come after the department had implemented significant internal changes in attempting to meet the DAWIA standards, without success.

Another aspect of military acquisition personnel career development the committee will closely monitor is the promotion rate of acquisition personnel. Although the rates of promotion for acquisition personnel have traditionally been above the norm, the majority of military officers in acquisition also had operational command experience and a variety of assignments. To maintain an above-average rate in the future, promotion boards will have to reassess some of the typical standards for assessing performance with respect to acquisition personnel. For example, acquisition personnel

Unfortunately, the department's Inspector General concluded that the program's effect during the first three years was minimal because contracting officers failed to implement it.

An additional three year extension would provide a boost to the bearing industry and to our defense industrial base, as well.

SECTION 813—RESTRICTION ON PURCHASE OF FUEL CELLS

This section would restrict to domestic manufacturers or suppliers the Department of Defense purchases of fuel cells containing synthetic fabric or coated synthetic fabric.

The committee understands that the General Accounting Office currently is reviewing whether purchases by the Air Force of synthetic fabric fuel tanks for installation in aircraft violate Berry Amendment provisions of Department of Defense appropriations acts and implementing regulations, and the Antideficiency Act. This provision would provide the General Accounting Office adequate time to complete the review and for the Department of Defense to implement any GAO recommendations.

SECTION 814—DEFENSE ACQUISITION PILOT PROGRAM

Section 809 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) authorizes the Department of Defense to nominate six major acquisition programs for participation in a pilot program intended to determine the potential for "increasing the efficiency and effectiveness of the acquisition process" by waiving or limiting the application of certain specified statutory requirements. Although the department has yet to submit formally for consideration a list of candidate programs, the committee understands that such an initial list is forthcoming. However, the department may not act in time to avert the expiration of the pilot program's statutory authority on September 30, 1992.

Therefore, the committee recommends a provision that would extend the authorization for the defense acquisition pilot program through September 30, 1995. This provision would also expand eligibility under this program to non-major acquisition programs.

SECTION 815—ACQUISITION WORKFORCE IMPROVEMENT

In 1990 Congress adopted the Defense Acquisition Workforce Improvement Act (DAWIA) (Public Law 101-510, Title XII) (sections 1701-64 of title 10, United States Code). The act is intended to improve the quality and professionalism of the Department of Defense acquisition workforce by, among other things: recognizing acquisition as a professional career field, capped by admission into a professional Acquisition Corps; improving the education, training, and experience levels of the workforce; establishing a career development program for acquisition professionals; establishing a career management structure in the department of defense; establishing a Defense Acquisition University structure; and establishing programs to assist acquisition personnel in their professional development.

In accordance with its transition provisions, the law is phased in over a three year period ending in October 1993 in order to allow

the foundation to be laid before specific standards must be met by individuals in acquisition positions. In the exercise of its oversight responsibilities, the committee this year examined the status of implementation within the department.

The committee found that as a whole, the reaction of the workforce to the changes mandated by the act was extremely positive. Workforce personnel are encouraged by the recognition that they are professionals; there is renewed interest in obtaining college degrees and additional training; they like the assurance that acquisition positions will not be open to unqualified people; and the fact that career programs will be developed for civilians.

It is safe to say, however, that there is a significant amount of concern about how the law is to be implemented, and what that means to individual members of the workforce. The great majority of the concern can be related to this uncertainty and lack of information.

The committee understands the magnitude of the tasks confronting the department: developing the regulations, instructions, and manuals to provide the overall guidance for the department; identifying acquisition positions; documenting the personnel records of civilians who in the past were not required to maintain files relating to the education and training they had received; and other tasks associated with managing the acquisition workforce, such as identifying education and training requirements for each of the functional career fields. The department would not have made the progress it has without the conscientious efforts of many people who are diligently working to implement the law.

The committee is concerned, however, about several aspects of the implementation process. The committee found in general that there is a paucity of information being disseminated to the rank and file. Although the responsible officials in some functional career fields and organizations have done an excellent job of advising their personnel about what is being done to implement the law, others have done little to advise their personnel. The committee believes that every effort should be made to provide individuals who will be subject to the provisions of the act with as much information as possible about activities to implement the law and what they should expect. This could take the form of a policy memorandum, a newsletter or even a temporary "hotline" to a centralized office that can answer questions about the impact of the law on an individual. In any case, the committee believes that the department should take immediate action to improve communications with the acquisition workforce about DAWIA implementation.

An important example of information that should receive widespread circulation is the department's policy regarding mobility of civilian personnel. The law requires the department to establish a policy encouraging the rotation of personnel in critical acquisition positions, and requires a review of such personnel not later than five years after they entered the position. In addition, DAWIA authorizes the Secretary of Defense to require that civilians in the Acquisition Corps be required to sign mobility statements.

The department chose to require the signing of mobility statements for all acquisition corps members (DODI 5000.58). Although we understand it is the policy of the department that involuntary

PHILADELPHIA MILITARY HEALTH CARE PLAN

The statement of managers (H. Rept. 102-311) accompanying section 733 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) expressed concern over the effect of base closures on the capability of the military services to provide accessible and adequate health care to beneficiaries, and noted that the Department might be "behind the power curve" in dealing with this matter. The statement of managers language directed the Department of Defense to develop detailed military health care plans for each base-closure location and to include those plans in written statements provided for medical hearings on the amended defense authorization request for fiscal year 1993. The committee has received no such plans.

The concerns expressed by the managers last year appear well-founded, given the current health care situation in the Philadelphia area with the closure of the Philadelphia Naval Hospital and the scheduled closure of the Philadelphia Naval Shipyard and its medical facilities. Although the Delaware Valley Health Services System (DV-HSS) is in place, there appears to be no comprehensive plan to provide accessible, affordable medical care to the Philadelphia beneficiary population for the short term.

Section 712 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 authorized the modification of existing fiscal intermediary contracts in order to require the fiscal intermediary to organize and operate a managed health care network. The committee directs the Secretary of Defense to use this authority or other available methods, such as Partnership Program agreements, to augment the residual military medical treatment facilities in the Philadelphia area.

NATIONAL CLAIMS PROCESSING SYSTEM

In recent testimony before the committee, Assistant Secretary of Defense for Health Affairs Enrique Mendez, Jr. indicated that the Department of Defense has begun work on a CHAMPUS national claims processing system designed to support Coordinated Care and to ensure consistent benefit administration of the CHAMPUS program. The committee supports the department's efforts to acquire and implement a CHAMPUS national claims processing system to support eligibility management and program oversight for the entire military health care system to include military treatment facilities, standard CHAMPUS, Coordinated Care, the CHAMPUS Reform Initiative and other demonstration projects.

The program should be structured to provide incentives to the national claims processing system contractor or contractors and the fiscal intermediaries to promote cost-effective use of technology in order to facilitate the rapid and accurate payment of claims, to enhance coordination of benefits, to reduce administrative costs and to control benefit cost growth, without reducing the quality of care available to beneficiaries.

The committee expects the Secretary of Defense, as a part of the fiscal year 1994 budget submission for military health care programs, to provide the Committees on Armed Services of the Senate and House of Representatives with an update on the status of the

department's efforts to implement a national claims processing system.

INFORMATION SYSTEM SUPPORT FOR RELOCATION ASSISTANCE PROGRAM

Section 661 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189) created the Military Relocation Assistance Program. This program was created to provide destination area information for members of the military who were ordered to make change of permanent station moves. Section 661(c)(2) required that by September 30, 1991 "information available through each military relocation assistance program shall be managed through a computerized information system that can interact with all other military relocation assistance programs of the military departments, including programs located outside the continental United States."

The committee understands that the services have created separate, unique computer systems to provide relocation assistance information, and that these systems cannot interact with each other. For example, the Army cannot communicate or access the Navy's system, and vice versa.

The committee notes its intent that the computerized information system be able to interact with all military relocation assistance programs, including a capability for one service to have direct access to the data base of another service, and to transfer and exchange information between computers. This interaction may also include the ability of a service member to directly access the database and to actively query it until the needed information was obtained. The committee intends that information from the computer database be in a format that is useful to the service member.

TITLE VII—ARMY NATIONAL GUARD COMBAT REFORM INITIATIVE

OVERVIEW

INTRODUCTION

The collapse of the Warsaw Pact, the disintegration of the Soviet Union and the Gulf War have radically changed this country's national security requirements. As the nation grapples with the implications these changes pose for the defense establishment, two things are already clear:

- (1) Our nation faces a number of potential threats around the globe, instead of one monolithic threat from the Soviet Bloc;
- (2) There will be a smaller military than we have today to counter those threats.

One of the key decisions to make for our future defense is what balance to strike between the full-time professional military and the part-time citizen soldiers in the reserve component.

In re-thinking the requirements for the reserve components in the new force structure, the committee has come to two key conclusions: (1) that forces in the future will continue to need reserve component combat power; and (2) that reforms will be needed both

contract, to keep pace with increases in medical prices and the intensity of medical services since the award of the current CRI contract in 1987.

The committee expects the Secretary of Defense to take expeditious action to effect this contract modification in order to ensure that the new CRI contract is implemented by August 1, 1993, as currently scheduled.

SECTION 634—CONDITIONS ON EXPANSION OF CHAMPUS REFORM INITIATIVE TO OTHER LOCATIONS

This section would prohibit the expansion of the CHAMPUS Reform Initiative beyond its current boundaries of California and Hawaii, except in base closure areas, until not less than 90 days after the Secretary of Defense certifies that such expansion is the most cost-effective option to providing care in the expansion areas. This section would require that, not later than 30 days after the Secretary submits his certification, the General Accounting Office and the Congressional Budget Office shall jointly submit a report evaluating such certification.

SECTION 635—MANAGED HEALTH CARE NETWORK FOR TIDEWATER REGION OF VIRGINIA

Section 712(b) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) directed the Secretary of Defense, utilizing the authority to amend existing fiscal intermediary contracts provided by section 712(a), to undertake a managed health care program in the Tidewater region of Virginia based on the Catchment Area Management (CAM) demonstration projects underway in a number of locations, including Charleston, South Carolina. Section 712(b) directed that the delivery of health care services begin not later than September 30, 1992.

This section would reaffirm the committee's previous direction on the conduct of this program.

In addition, this section would direct the Secretary of Defense to modify the "Policy Guidelines on the Department of Defense Coordinated Care Program," dated January 8, 1992, to provide for the operation of the Tidewater managed health care program, now designated as TRICARE, consistent with the principal features of the Charleston CAM project. The TRICARE program should include the following features: (1) a reduction of copayment and deductible for beneficiaries who enroll in the program; (2) the opportunity for nonenrollees to utilize the network of preferred health care providers; and (3) continued access to military treatment facilities, subject to the availability of space and any enrollment-based priority system, for all beneficiaries regardless of enrolled or nonenrolled status.

SECTION 636—POSITIVE INCENTIVES FOR COORDINATED CARE PROGRAM

This section would direct the Secretary of Defense to modify the "Policy Guidelines on the Department of Defense Coordinated Care Program," issued by the Assistant Secretary of Defense for Health Affairs on January 8, 1992, to provide positive incentives, or "car-

rots," to beneficiaries of the military health care system who enroll in the Coordinated Care Program. Examples of positive incentives would include a reduction in CHAMPUS deductible and copayment, as currently provided in the Navy Catchment Area Management (CAM) demonstration project in Charleston, South Carolina; reduced cost-sharing requirements for primary care, as currently provided in the Air Force CAM project in Arizona; and the expansion of benefits current authorized under the CHAMPUS program, as provided in several CAM projects.

The committee believes that Coordinated Care should retain a preferred provider network option, as contained in a number of current demonstration projects, as an intermediate step between full enrollment in Coordinated Care and the continued use of the standard CHAMPUS program. This section would permit the Secretary of Defense to offer differing levels of incentives, depending on the degree of choice available to beneficiaries in the selection of health care providers. This section would, subject to the availability of resourcing and space, prohibit the "lock-out" of beneficiaries from the use of military treatment facilities, as proposed in the current Coordinated Care guidance. As an additional incentive for enrollment, the Secretary of Defense could, however, establish priorities for access to military treatment facilities.

SUBTITLE E—MONTGOMERY G.I. BILL AMENDMENTS

SECTION 641—OPPORTUNITY FOR CERTAIN PERSONS TO ENROLL IN ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

This section would amend title 38, United States Code; and section 1174, of title 10, United States Code, to permit recipients of the Special Separation Benefits (SSB) program and the Voluntary Separation Incentive (VSI), to pay a \$1200 contribution and elect to participate in the Montgomery G.I. Bill, subject to available appropriations. This section would provide VSI and SSB participants the same opportunity to participate in the Montgomery G.I. Bill as involuntarily separated individuals.

SECTION 642—EDUCATIONAL ASSISTANCE FOR GRADUATE PROGRAMS FOR MEMBERS OF THE SELECTED RESERVE

This section would amend title 10, United States code, to permit selected reserve participants in the Montgomery G.I. Bill to pursue graduate level course work, subject to available appropriations.

SUBTITLE F—MISCELLANEOUS

SECTION 651—PROVISION OF TEMPORARY FOSTER CARE SERVICES OUTSIDE THE UNITED STATES FOR CHILDREN OF MEMBERS OF THE ARMED FORCES

This section would amend chapter 53 of title 10, United States Code, to authorize the service Secretaries involved to expend appropriated funds for expenses related to providing necessary foster care in overseas areas where public tax supported services are not available for children of members of the armed forces. The committee understands that the absence of critical family support services

Cost-sharing alternatives

Over the next three years, as Coordinated Care evolves into a nationwide program, the Department of Defense should regularly evaluate cost-sharing options and, if necessary, consider other provisions. One alternative, raised in testimony before the committee by the General Accounting Office, might be for the Department of Defense to introduce a system of beneficiary premiums in lieu of the present system of deductibles and coinsurance. As demonstrated in the private sector, premiums can be designed not only to encourage enrollment in a managed care plan, but also to shield lower-income beneficiaries from the financial hardship of cost-sharing. Indeed, the concept of premiums has received support from such disparate sources as the Rand Corporation and the National Military Family Association. Eight years ago, in a congressionally-directed study of the feasibility of a health care enrollment, the Rand Corporation urged the Department of Defense to consider a premium for nonactive-duty personnel. And just last year, the National Military Family Association recommended that if beneficiaries must share the cost of their health care, they do so through regularly collected premiums.

Section 733 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) directed the Department of Defense to conduct a comprehensive study of the military medical care system. The committee hopes that this study will fully consider the use of premiums as a cost-sharing option.

Relationship to CRI

Earlier this year, the Department of Defense issued a Request for Proposals to establish a follow-on program to CRI, the Coordinated Care Support (CCS) program. While keeping the fixed-price at-risk contract that epitomizes CRI, the CCS program would modify CRI by increasing local military medical commander responsibility and expanding their coordination with the private contractor. Such a change addresses a dimension of health care that is omitted under CRI: management of direct care. The Department of Defense can only contain total health care costs, CHAMPUS costs and direct care costs, when it holds military commanders as well as private providers to the tenets of managed care. In this respect, the CCS program builds positively on CRI.

The design of benefits under CCS, however, raises concern. Like Coordinated Care generally, CCS substitutes sticks for carrots. Under the current RFP, CCS would do away with the CHAMPUS Extra option. It would increase the amount of cost-sharing for beneficiaries enrolled in CHAMPUS Prime. Enrolled beneficiaries would have to pay the standard CHAMPUS deductible and coinsurance (or some actuarially equivalent amount) for outpatient visits, rather than the current \$5 fee.

Therefore, the committee recommends that the Department of Defense modify the RFP to allow for more positive inducements. The committee expects the Department of Defense to take this opportunity to continue CRI's present benefits structure to as great extent as possible. Although the committee appreciates the need for consistency in cost-sharing—and hopes someday to see uniform

standards nationwide—it fears that too abrupt a transition from one structure of benefits to another might have ill effects on those beneficiaries already enrolled in CHAMPUS Prime or using CHAMPUS Extra. At most, the contractor should be allowed to raise CRI's copayments to keep pace with increases in medical prices and in the intensity of medical services.

Expanding the CRI

The Department of Defense expects to phase in Coordinated Care over the next three years. This measured pace should allow ample opportunity to apply the lessons learned from the Rand Corporation's evaluation of CRI. In the meantime, the committee cautions against prematurely expanding the CRI approach to other areas of the country. Just as in 1991, when the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) placed limits on expanding CRI until the Secretary of Defense could provide convincing evidence that CRI was cost-effective, the committee believes it would be prudent to wait for the completion of the Rand Corporation analysis before expanding CRI to other areas of the country.

To date, the Rand Corporation has issued only preliminary results on the CRI program. Focusing on a six-month period in 1989, Rand found that CHAMPUS costs rose at a much slower rate in California and Hawaii than in the rest of the country, although how much of that difference was due to CRI and how much to other factors (such as the start of CHAMPUS's prospective payment system in 1988) was indeterminate. Rand also took a preliminary look at the total costs of health care in California and Hawaii, direct care as well as CHAMPUS, in order to provide a more complete accounting of the complex changes experienced under CRI. Unfortunately, the findings are as yet inconclusive—one method of comparison suggested that total costs increased more modestly under CRI than in other areas of the country, while another suggested no difference in the rate of increase. As for CRI's relative cost experience beyond 1989, budget figures provided by the Department of Defense show that between 1989 and 1991 CHAMPUS expenditures increased at roughly the same rate under CRI as under the rest of CHAMPUS.

The committee, therefore, recommends a series of legislative provisions to ensure the measured implementation of the department's Coordinated Care program, consistent with protecting the financial interests of both the beneficiary population and the Department of Defense.

SECTION 633—MODIFICATION OF CHAMPUS REFORM INITIATIVE CONTRACT

This section would direct the Secretary of Defense to issue a modification to the Request for Proposals (RFP) for the new CHAMPUS Reform Initiative (CRI) contract in California and Hawaii, issued January 22, 1992, to more closely reflect the beneficiary cost-sharing requirements included in the current CRI contract in operation in those two states. The committee recognizes the need for periodic increases in cost-sharing over the life of the

the minimum COBRA and FEHBP continuation of coverage requirements. This section further provides that if the Secretary of Defense is unable to find a private sector insurance carrier to offer a renewable conversion health plan meeting these minimum requirements, the department offer such a program, including coverage of pre-existing conditions, on a premium basis under CHAMPUS, at an actuarially determined charge covering the cost of the program for both the individual and the government. As prescribed by COBRA, the premium may be established at 102 percent of the actuarial cost of the program but should not exceed the premiums for similar coverage offered under FEHBP. In order to make the premiums affordable, the Secretary may offer a plan with less comprehensive coverage for mental health services than the current CHAMPUS program. Coverage under this section would terminate if the qualified beneficiary becomes covered under a group health plan that does not exclude coverage for preexisting conditions.

SECTION 632—CORRECTION OF OMISSION IN DELAY OF INCREASE OF CHAMPUS DEDUCTIBLES RELATED TO OPERATION DESERT STORM

Section 712 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) authorized an increase in the CHAMPUS outpatient deductible for CHAMPUS beneficiaries, effective with care provided on or after April 1, 1991. Section 312 of the Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991 (Public Law 102-25) delayed the implementation of that increase until October 1, 1991, in the case of dependents of active duty personnel who were serving or who had served in the Persian Gulf theater in connection with the Persian Gulf conflict. The language authorizing the delay inadvertently excluded the dependents of members who served and were killed in the Persian Gulf, members who served in the Persian Gulf and subsequently died, or members who served in the Persian Gulf and subsequently retired.

This section would correct that inadvertent omission, and would provide the Secretary of Defense the discretionary authority to provide reimbursement or credit against future deductible requirements for the affected beneficiaries, subject to the availability of appropriations during the fiscal year in which the reimbursement or credit is to be received.

REFORMING HEALTH CARE SERVICES

The committee has long believed that the future well-being of military health care lies in managed care. As the General Accounting Office observed in recent testimony before the committee, managed care offers the potential for gaining more control over costs, improving beneficiary access and offering high-quality care. Since 1987, the committee has supported, and on occasion mandated, several tests of managed care, chief among them the CHAMPUS Reform Initiative (CRI) and the Catchment Area Management (CAM) demonstrations. And last year the committee applauded the commitment of the Department of Defense to forging a nationwide system of managed care through the Coordinated Care Program.

Enrollment incentives under Coordinated Care

Nonetheless, the committee is concerned about the structure of benefits under Coordinated Care. Like its experimental precursors, the CHAMPUS Reform Initiative (CRI) and the Catchment Area Management Demonstrations (CAM), Coordinated Care limits beneficiary freedom to choose a provider; it instead will channel enrolled patients to a military treatment facility or to a civilian physician who is a member of a special network. But unlike CRI and CAM, Coordinated Care relies heavily on negative inducements to encourage enrollment. Although beneficiaries who enroll are promised improved access and reduced paperwork, they must pay the current CHAMPUS deductible and coinsurance even if they use an in-network provider. Beneficiaries who fail to enroll face a "big stick" of increased deductibles under CHAMPUS and a "lock-out" from military treatment facilities.

Last year the committee expressed hope that Coordinated Care would strike a balance between positive and negative inducements, or to put it more simply, between carrots and sticks. The committee feels that the failure of the Department of Defense to add positive inducements puts Coordinated Care at jeopardy. A health care plan that charges potentially high fees for using network providers and that does not reimburse for any out-of-plan use may simply not be attractive to large numbers of beneficiaries. Moreover, the potentially large difference in cost-sharing between beneficiaries assigned to military gatekeepers and those assigned to civilians might erode beneficiary confidence in the equity of reform. Without the support and participation of the beneficiary population, Coordinated Care cannot succeed.

The committee, therefore, recommends in section 636 that the Assistant Secretary of Defense for Health Affairs give beneficiaries stronger positive inducements to enroll under Coordinated Care. As in CRI and the various CAM demonstrations, positive inducements could include reduced deductibles or lowered copayments for care received from members of a civilian network. Positive inducements might also include limited reimbursement for care outside the network, as in the Navy managed CAM demonstration in Charleston. In this mode, the enrolled beneficiaries may at any point choose to go outside the network in return for paying an increased deductible and higher coinsurance. This safety valve feature (commonly called a point-of-service option in the civilian sector) provides a useful transition from traditional military medicine to tightly managed coordinated care. In fact, an increasing number of private sector employers are offering point-of-service plans to employees.

The committee recognizes that in offering added inducements the Department of Defense walks a fine line between encouraging enrollment and unnecessarily raising costs. Too generous a package of inducements might encourage increased use of health care services and thus trigger tremendous cost increases. The committee trusts that the Assistant Secretary of Defense for Health Affairs will exercise the necessary prudence in designing new enrollment incentives, including reduced cost-sharing.

Extension of special pay for enlisted members of the selected reserve assigned to high priority units

Current law authorizes a special pay for enlisted members of high priority selected reserve units that have, or might reasonably be expected to have, critical personnel shortages. The current authorization expires September 30, 1992. The committee recommends an extension to September 30, 1993.

Education loans for certain health care professionals who serve in the selected reserve

Current law authorizes a selected reserve health professionals loan repayment program in which health professionals serving in wartime critical skills can receive up to \$20,000 in higher education loan repayments in exchange for satisfactory service in the selected reserve. The current authorization expires September 30, 1992. The committee recommends an extension to September 30, 1993.

Accession bonus for registered nurses

Current law authorizes a nurse officer accession bonus to assist the military services in recruiting qualified registered nurses. The current authorization expires September 30, 1992. The committee recommends an extension to September 30, 1993.

Nurse candidate accession program

Current law authorizes the payment of accession bonuses and monthly stipends for junior and senior Bachelor of Science nursing students to assist in recruiting qualified registered nurses into the uniformed services. The current authorization expires September 30, 1992. The committee recommends an extension to September 30, 1993.

Special pay for nurse anesthetists

Current law authorizes the payment of incentive pay for certified registered nurse anesthetists (CRNAs) to assist in the recruitment and retention of qualified CRNAs. The current authorization expires September 30, 1992. The committee recommends an extension to September 30, 1993.

SUBTITLE C—TRAVEL AND TRANSPORTATION ALLOWANCES

SECTION 621—TEMPORARY INCREASE IN THE NUMBER OF DAYS A MEMBER MAY BE REIMBURSED FOR TEMPORARY LODGING EXPENSE

Current law authorizes the reimbursement of temporary lodging expense (TLE) for a period not to exceed four days, for any permanent change of station move from any duty station to a duty station in the United States. The committee believes that the present four day entitlement is not sufficient to prevent members from incurring high out-of-pocket costs when moving to geographic areas heavily affected by force reductions, base realignments and closures, and unit restructuring or deactivation. In particular, as thousands of troops relocate from Europe, communities near receiving bases are struggling to absorb the surge of troops and their families. This rapid influx of troops on the heels of a steep domes-

tic downturn in housing construction, has pushed housing prices up and made it difficult to find decent, safe, and affordable housing.

This section would authorize the secretary concerned to extend the period of time from four to ten days for which subsistence expenses may be paid or reimbursed for a change of permanent station to a geographical area determined by that secretary to be affected by the withdrawal of U.S. forces from overseas, base realignments and closures, or the restructuring or deactivation of units. The committee recommends this expanded authority extend through September 30, 1997.

SUBTITLE D—HEALTH CARE MATTERS

SECTION 631—IMPROVED CONVERSION HEALTH POLICIES AS A PART OF TRANSITIONAL MEDICAL CARE

Section 502 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) established a comprehensive package of transition medical care benefits for military personnel separated involuntarily during the force drawdown. Involuntary separatees were offered either 60 or 120 days of coverage, depending on years of service, plus the opportunity to purchase a conversion health policy from a private insurance carrier. In addition to negotiating the details of this health care policy, for the period of 12 months the Department of Defense would also provide payment for pre-existing conditions, including pregnancy, that were incurred prior to release or discharge from active duty. At the end of that one-year period, the separating service member would be eligible to renew coverage under the private carrier's policy.

Subsequently, the Department of Defense notified the Congress that the private insurer offering conversion health policies to both involuntary separatees and to certain long-term former spouses had indicated an intention to terminate that coverage in the future. After further negotiations with the department, the insurer agreed to offer a one-year, non-renewable policy with Department of Defense coverage of pre-existing conditions during the one-year period.

The Federal government imposes a more stringent requirement on private sector employers through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and on insurance carriers participating in the Federal Employees' Health Benefits Program (FEHBP). In both cases, the minimum period of required coverage is 18 months.

The statement of managers (H. Rept. 102-311) accompanying the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) noted, if the department does not succeed in negotiating a more satisfactory conversion option plan, that the managers would seek other options, including expansion of benefits within the military health care system or modifications to the current CHAMPUS program to ensure the availability of adequate conversion health insurance coverage.

This section, therefore, recommends changes to the current conversion health care program, both for certain separating service members and long-term former spouses, in order to comply with