SEC. 809. INCREASE IN DOLLAR THRESHOLD FOR CERTAIN AUTHORITIES RELATING TO UNSPECIFIED MINOR CONSTRUCTION PROJECTS.

Section 2805(a)(2) of title 10, United States Code, is amended by striking "$3,000,000" in the second sentence and inserting "$4,000,000".

Section-by-Section Analysis

This proposal would increase the dollar threshold for unspecified military construction (UMC) projects intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening (LHS). UMC projects are military construction projects below a specified dollar threshold that the Department may undertake without specific project authorization from Congress.

In the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. 110-181; enacted January 28, 2008), Congress adjusted the basic UMC threshold from $1.5 to $2.0 million in apparent recognition of construction market escalation since the previous adjustment in 1991. The following table reflects all of the UMC dollar thresholds, the year each was last amended, and the subsequent change in construction market cost as represented by the Engineering News-Record Building Cost Index (BCI), as of July 2010 and GDP inflator.

	Current Statute (10 U.S.C. 2805)	Year last Amended	Proposed Limit	Adjusted for 2010 (BCI)	Adjusted for 2010 (% GDP)
MILCON	2,000,000	2008	2,000,000	2,154,926	2,042,026
MILCON (LHS)	3,000,000	1996	4,000,000	4,485,384	4,001,558

Without an associated amendment to the threshold for UMC, cost escalation significantly degrades the Department's ability to correct life/health/safety-threatening deficiencies.

Budget Implications: An increase to the remaining UMC thresholds does not generate cost implications, but rather recognizes the implications of construction market costs on DoD construction. Increasing the remaining UMC thresholds would allow the Secretary to more effectively respond to urgent mission requirements and critical life/health/safety deficiencies with properly sized and scoped facilities, using available appropriations.

Changes to Existing Law: This proposal would make the following change to section 2805(a) of title 10, United States Code:

§ 2805. Unspecified minor construction

(a) AUTHORITY TO CARRY OUT UNSPECIFIED MINOR MILITARY CONSTRUCTION PROJECTS.—(1) Within an amount equal to 125 percent of the amount authorized by law for such

purpose, the Secretary concerned may carry out unspecified minor military construction projects not otherwise authorized by law.

(2) An unspecified minor military construction project is a military construction project that has an approved cost equal to or less than $2,000,000. However, if the military construction project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, an unspecified minor military construction project may have an approved cost equal to or less than ~~$3,000,000~~ **$4,000,000**.

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