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FEB 7 2003

The Honorable J. Dennis Hastert  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

The Department of Defense proposes the enclosed legislative initiatives for inclusion in the National Defense Authorization Act for Fiscal Year 2004. The purpose of each proposal is stated in its accompanying section-by-section analysis.

In the coming weeks, the Department will propose additional legislative initiatives for inclusion in the same Act.

The Office of Management and Budget advises that there is no objection, from the standpoint of the Administration's program, to the presentation of these initiatives for your consideration and the consideration of the Congress.

Sincerely,

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William J. Haynes II

Enclosure  
As Stated







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The Honorable Richard B. Cheney  
President of the Senate  
Washington, D.C. 20510

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**SEC. \_\_\_\_ . INCREASE IN BASIC PAY FOR FISCAL YEAR 2004.**

(a) WAIVER OF SECTION 1009 ADJUSTMENT.—The adjustment to become effective during fiscal year 2004 required by section 1009 of title 37, United States Code, in the rates of monthly basic pay authorized members of the uniformed services shall not be made.

(b) INCREASE IN BASIC PAY FOR MEMBERS OF THE ARMED FORCES.—Effective on January 1, 2004, the rates of monthly basic pay for members of the armed forces within each pay grade are as follows:

COMMISSIONED OFFICERS <sup>1</sup>					
Years of service computed under section 205 of title 37, United States Code					
Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O-10 <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
O-9	0.00	0.00	0.00	0.00	0.00
O-8	7,751.10	8,004.90	8,173.20	8,220.60	8,430.30
O-7	6,440.70	6,739.80	6,878.40	6,988.50	7,187.40
O-6	4,773.60	5,244.30	5,588.40	5,588.40	5,609.70
O-5	3,979.50	4,482.90	4,793.40	4,851.60	5,044.80
O-4	3,433.50	3,974.70	4,239.90	4,299.00	4,545.30
O-3 <sup>3</sup>	3,018.90	3,422.40	3,693.90	4,027.20	4,220.10
O-2 <sup>3</sup>	2,595.60	2,956.50	3,405.00	3,519.90	3,592.50
O-1 <sup>3</sup>	2,253.60	2,345.10	2,834.70	2,834.70	2,834.70

<sup>1</sup> Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for commissioned officers in pay grades O-7 through O-10 may not exceed the rate of pay for level III of the Executive Schedule and the actual rate of basic pay for all other officers may not exceed the rate of pay for level V of the Executive Schedule.

<sup>2</sup> Subject to the preceding footnote, while serving as Chairman or Vice Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, the rate of basic pay for this grade is \$14,679.30, regardless of cumulative years of service computed under section 205 of title 37, United States Code.

<sup>3</sup> This table does not apply to commissioned officers in pay grade O-1, O-2, or O-3 who have been credited with over 4 years of active duty service as an enlisted member or warrant officer.

Over 8	Over 10	Over 12	Over 14	Over 16
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O-10 <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
O-9	0.00	0.00	0.00	0.00	0.00
O-8	8,781.90	8,863.50	9,197.10	9,292.80	9,579.90
O-7	7,384.20	7,611.90	7,839.00	8,066.70	8,781.90
O-6	5,850.00	5,882.10	5,882.10	6,216.30	6,807.30
O-5	5,161.20	5,415.90	5,602.80	5,844.00	6,213.60
O-4	4,809.30	5,137.80	5,394.00	5,571.60	5,673.60
O-3 <sup>3</sup>	4,431.60	4,568.70	4,794.30	4,911.30	4,911.30
O-2 <sup>3</sup>	3,592.50	3,592.50	3,592.50	3,592.50	3,592.50
O-1 <sup>3</sup>	2,834.70	2,834.70	2,834.70	2,834.70	2,834.70

	Over 18	Over 20	Over 22	Over 24	Over 26
O-10 <sup>2</sup>	\$0.00	\$12,524.70	\$12,586.20	\$12,847.80	\$13,303.80
O-9	0.00	10,954.50	11,112.30	11,340.30	11,738.40
O-8	9,995.70	10,379.10	10,635.30	10,635.30	10,635.30
O-7	9,386.10	9,386.10	9,386.10	9,386.10	9,433.50
O-6	7,154.10	7,500.90	7,698.30	7,897.80	8,285.40
O-5	6,389.70	6,563.40	6,760.80	6,760.80	6,760.80
O-4	5,733.00	5,733.00	5,733.00	5,733.00	5,733.00
O-3 <sup>3</sup>	4,911.30	4,911.30	4,911.30	4,911.30	4,911.30
O-2 <sup>3</sup>	3,592.50	3,592.50	3,592.50	3,592.50	3,592.50
O-1 <sup>3</sup>	2,834.70	2,834.70	2,834.70	2,834.70	2,834.70

COMMISSIONED OFFICERS WITH OVER 4 YEARS OF ACTIVE DUTY SERVICE AS AN  
ENLISTED MEMBER OR WARRANT OFFICER

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O-3E	\$0.00	\$0.00	\$0.00	\$4,027.20	\$4,220.10
O-2E	0.00	0.00	0.00	3,537.00	3,609.90
O-1E	0.00	0.00	0.00	2,848.50	3,042.30

Over 8	Over 10	Over 12	Over 14	Over 16
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O-3E	\$4,431.60	\$4,568.70	\$4,794.30	\$4,984.20	\$5,092.80
O-2E	3,724.80	3,918.60	4,068.60	4,180.20	4,180.20
O-1E	3,154.50	3,269.40	3,382.20	3,537.00	3,537.00

	Over 18	Over 20	Over 22	Over 24	Over 26
O-3E	\$5,241.30	\$5,241.30	\$5,241.30	\$5,241.30	\$5,241.30
O-2E	4,180.20	4,180.20	4,180.20	4,180.20	4,180.20
O-1E	3,537.00	3,537.00	3,537.00	3,537.00	3,537.00

### WARRANT OFFICERS<sup>11</sup>

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
W-5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W-4	3,119.40	3,355.80	3,452.40	3,547.20	3,710.40
W-3	2,848.80	2,967.90	3,089.40	3,129.30	3,257.10
W-2	2,505.90	2,649.00	2,774.10	2,865.30	2,943.30
W-1	2,212.80	2,394.00	2,515.20	2,593.50	2,802.30

	Over 8	Over 10	Over 12	Over 14	Over 16
W-5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W-4	3,871.50	4,035.00	4,194.30	4,359.00	4,617.30
W-3	3,403.20	3,595.80	3,786.30	3,988.80	4,140.60
W-2	3,157.80	3,321.60	3,443.40	3,562.20	3,643.80
W-1	2,928.30	3,039.90	3,164.70	3,247.20	3,321.90

	Over 18	Over 20	Over 22	Over 24	Over 26
W-5	\$0.00	\$5,360.70	\$5,544.30	\$5,728.80	\$5,914.20
W-4	4,782.60	4,944.30	5,112.00	5,277.00	5,445.90
W-3	4,291.80	4,356.90	4,424.10	4,570.20	4,716.30
W-2	3,712.50	3,843.00	3,972.60	4,103.70	4,103.70
W-1	3,443.70	3,535.80	3,535.80	3,535.80	3,535.80

<sup>11</sup> Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for warrant officers may not exceed the rate of pay for level V of the Executive Schedule.



# ENLISTED MEMBERS<sup>11</sup>

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
E-9 <sup>11</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
E-8	0.00	0.00	0.00	0.00	0.00
E-7	2,145.00	2,341.20	2,430.60	2,549.70	2,642.10
E-6	1,855.50	2,041.20	2,131.20	2,218.80	2,310.00
E-5	1,700.10	1,813.50	1,901.10	1,991.10	2,130.60
E-4	1,558.20	1,638.30	1,726.80	1,814.10	1,891.50
E-3	1,407.00	1,495.50	1,585.50	1,585.50	1,585.50
E-2	1,331.40	1,331.40	1,331.40	1,331.40	1,331.40
E-1 >4 <sup>11</sup>	1,173.90	1,173.90	1,173.90	1,173.90	1,173.90
E-1 <4 <sup>11</sup>	1,086.00	0.00	0.00	0.00	0.00

	Over 8	Over 10	Over 12	Over 14	Over 16
E-9 <sup>11</sup>	\$0.00	\$3,769.20	\$3,854.70	\$3,962.40	\$4,089.30
E-8	3,085.50	3,222.00	3,306.30	3,407.70	3,517.50
E-7	2,801.40	2,891.10	2,980.20	3,139.80	3,219.60
E-6	2,516.10	2,596.20	2,685.30	2,763.30	2,790.90
E-5	2,250.90	2,339.70	2,367.90	2,367.90	2,367.90
E-4	1,891.50	1,891.50	1,891.50	1,891.50	1,891.50
E-3	1,585.50	1,585.50	1,585.50	1,585.50	1,585.50
E-2	1,331.40	1,331.40	1,331.40	1,331.40	1,331.40
E-1 >4 <sup>11</sup>	1,173.90	1,173.90	1,173.90	1,173.90	1,173.90
E-1 <4 <sup>11</sup>	0.00	0.00	0.00	0.00	0.00

	Over 18	Over 20	Over 22	Over 24	Over 26
E-9 <sup>11</sup>	\$4,216.50	\$4,421.10	\$4,594.20	\$4,776.60	\$5,054.70
E-8	3,715.50	3,815.70	3,986.40	4,081.20	4,314.30
E-7	3,295.50	3,341.70	3,498.00	3,599.10	3,855.00
E-6	2,809.80	2,809.80	2,809.80	2,809.80	2,809.80
E-5	2,367.90	2,367.90	2,367.90	2,367.90	2,367.90
E-4	1,891.50	1,891.50	1,891.50	1,891.50	1,891.50
E-3	1,585.50	1,585.50	1,585.50	1,585.50	1,585.50
E-2	1,331.40	1,331.40	1,331.40	1,331.40	1,331.40
E-1 >4 <sup>11</sup>	1,173.90	1,173.90	1,173.90	1,173.90	1,173.90
E-1 <4 <sup>11</sup>	0.00	0.00	0.00	0.00	0.00

<sup>11</sup> Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for



enlisted members may not exceed the rate of pay for level V of the Executive Schedule.

<sup>12)</sup> Subject to the preceding footnote, while serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy, Chief Master Sergeant of the Air Force, Sergeant Major of the Marine Corps, or Master Chief Petty Officer of the Coast Guard, basic pay for this grade is \$6,090.90, regardless of cumulative years of service computed under section 205 of title 37, United States Code.

<sup>13)</sup> In the case of members in pay grade E-1 who have served less than 4 months on active duty, the rate of basic pay is \$1,086.00.

- 1           (c) INCREASE IN BASIC PAY FOR MEMBERS OF THE UNIFORMED SERVICES NOT IN THE  
2 ARMED FORCES.—Effective on January 1, 2004, the monthly basic pay for members of the  
3 uniformed services not in the armed forces is increased by 2.0 percent.

### **Section-by-Section Analysis**

This proposal would amend section 1009 of title 37, United States Code, and restructure the pay tables to provide a pay raise ranging from 2.0 percent to 6.25 percent with most members receiving the by-law pay raise of Employment Cost Index (ECI) + 0.5 percent. This initiative provides additional funding for targeted pay raises for mid-career and senior noncommissioned officers and warrant officers. The targeted pay raises build upon the gains made in FY 2002 and FY 2003 towards eliminating the pay shortfall for enlisted noncommissioned officers.

The impetus for establishing targeted pay raises was provided by the Congressionally-mandated Ninth Quadrennial Review of Military Compensation (9<sup>th</sup> QRMC), which completed a comprehensive analysis of the earnings of military members compared with their civilian counterparts. The 9<sup>th</sup> QRMC determined that, without significant adjustments to both the level and structure of basic pay, the military would face a decline in recruit quality along with a decrease in retention rates, particularly among the mid-grade noncommissioned officers who are absolutely crucial to unit performance. The 9<sup>th</sup> QRMC studies concluded that the appropriate benchmark for military compensation should approximate the 70<sup>th</sup> percentile of earnings of civilians with comparable education and years of experience.

The Department of Defense's most junior enlisted grades are above the targeted 70<sup>th</sup> percentile and the FY 2003 targeted raise brings all commissioned officers up to the 70<sup>th</sup> percentile. The FY 2004 pay raise addresses pay rate shortages for the mid-grade and senior noncommissioned officers as well as warrant officers, who remain below the benchmark. Specifically, the FY 2004 pay raise equals the ECI for the E-2 and O-1/O-2 grades, since these grades are above the benchmark (85<sup>th</sup> percentile for E-2; 90<sup>th</sup> percentile for O-1/O-2). The E-1 pay grade would receive a pay raise of 2.0 percent since that grade is above the 85<sup>th</sup> percentile. Other grades would receive ECI +.5 percent. Personnel in the grades E-5 through E-9 would receive raises of 4.60 to 6.25 percent. The 6.25 percent increase would be for E-9s with over 26 years of service to prolong retention of our best and most experienced senior noncommissioned



officers and recognize the greater responsibility they shoulder. Likewise, pay raises of 5.25 to 6.00 percent for warrant officers (W-1 to W-4) are included to maintain a premium on their compensation in relation to mid-grade and senior noncommissioned officers and to attract sufficient numbers of highly qualified applicants from those ranks.

Retaining talented personnel is especially important in current times as the Nation wages the War on Terrorism. Mid-grade noncommissioned officers (6 to 12 years of service) make up the majority of those deploying in support of the war effort and are the primary trainers of junior personnel. Although reenlistment rates are improving, these year groups are the most profoundly short-handed. Additionally, pay targeting, when applied to senior noncommissioned officers and warrant officers, avoids pay compression, recognizes the significant responsibilities and technical competencies they possess, and serves as an incentive for junior personnel to compete for advancement. Boosting retention of these individuals is a vital component in the transformation of the Department of Defense to meet future challenges.

Members of the Public Health Service and the National Oceanic and Atmospheric Administration would receive a 2 percent pay raise.



**SEC. \_\_\_\_ . HOUSING ALLOWANCE FOR EACH MARRIED PARTNER WHEN BOTH  
ARE ON SEA DUTY AND THERE ARE NO OTHER DEPENDENTS.**

1 Subparagraph (C) of subsection 403(f)(2) of title 37, United States Code, is amended to  
2 read as follows:

3 "(C) Notwithstanding section 421 of this title, two members of the uniformed services in  
4 a pay grade below pay grade E-6 who are married to each other, have no other dependents, and  
5 are simultaneously assigned to sea duty are each entitled to a basic allowance for housing during  
6 the period of such simultaneous sea duty. The amount of each member's allowance shall be  
7 based on the without dependents rate for the pay grade of the member."

**Section-by-Section Analysis**

This proposal would modify section 403(f)(2)(C) of title 37, United States Code, to allow two members of the uniformed services in a pay grade below E-6 who are married to each other, have no other dependents, and are simultaneously assigned to sea duty, to each receive a Basic Allowance for Housing at the without dependents rate for the pay grade of the member.

Section 403(a) establishes that, except as otherwise provided by law, a member of a uniformed service who is entitled to basic pay is entitled to a basic allowance for housing at the monthly rates prescribed under that section or another provision of law with regard to the applicable component of the basic allowance for housing. Section 403(f)(2)(A) provides that, in general, a member of a uniformed service without dependents who is in a pay grade "below pay grade E-6 is not entitled to a basic allowance for housing while the member is on sea duty." However, under section 403(f)(2)(B), the Secretary concerned may authorize members of a uniformed service without dependents who are serving in pay grade E-4 or E-5 and are assigned to sea duty, to receive a basic allowance for housing.

In addition, two members of the uniformed services in a pay grade below pay grade E-6 who are married to each other, have no other dependents, and are simultaneously assigned to sea duty, are jointly entitled to one basic allowance for housing during the period of such simultaneous sea duty at the without dependents rate for the pay grade of the senior member of the couple. However, this limitation does not apply to a member who receives a basic allowance for housing under section 403(f)(2)(B). As a result, the limitation only applies to military couples in which both are members serving in pay grades below E-4.

This proposal would establish equity between our most junior and often most financially challenged personnel – those in pay grades below E-4 -- and the rest of the force. The current



statute reflects a hold-over from the days of the draft when the majority of our junior sailors were considered "one-termers," with little or no military career aspirations. Enactment of this proposal would reflect an understanding that all sailors are potential careerists, and would reinforce the concept that military service is a profession deserving of a compensation system designed for professionals.

**NUMBER OF PERSONNEL AFFECTED:**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Navy	901	901	901	901	901

**RESOURCES REQUIREMENTS (\$M):**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Navy	\$10.8	\$11.6	\$12.1	\$12.6	\$13.0

**Cost Implications:** Subject to appropriation, this proposal would cost a total of \$60.1 million from Fiscal Year 2004 through Fiscal Year 2008. To calculate this figure, the Department used the available Fiscal Year 2001 data and determined the number of married sailors under pay grade E-4 on sea duty in the Navy who would become eligible for Basic Allowance for Housing upon enactment of this proposal. The estimated dollar amounts are in Fiscal Year 2004 dollars.



**SEC. \_\_\_\_ . PROVIDING MEMBERS SERVING IN A CONTINGENCY OPERATION  
THE SAME TAX FILING DELAY PROVIDED TO MEMBERS SERVING  
IN A COMBAT ZONE OR IN A QUALIFIED HAZARDOUS DUTY AREA.**

(a) IN GENERAL.—Section 7508(a) of the Internal Revenue Code of 1986 (relating to deadlines postponed by reason of service in a combat zone) is amended—

(1) by inserting "or when deployed outside the United States away from the individual's permanent duty station while participating in an operation designated by the Secretary of Defense as a contingency operation, or which became a contingency operation by operation of law, pursuant to section 101 of title 10" after "section 112"; and

(2) by inserting "or at any time during the period of a contingency operation" after "for purposes of such section".

(b) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

**"SEC. 7508. TIME FOR PERFORMING CERTAIN ACTS BY REASON OF SERVICE  
IN COMBAT ZONE OR CONTINGENCY OPERATION."**

(2) The item relating to such section in the table of sections at the beginning of chapter 77 of the Internal Revenue Code of 1986 is amended to read as follows:

"Sec. 7508. Time for performing certain acts postponed by reason of service in combat zone or contingency operation."

**Section-by-Section Analysis**

This proposal would amend section 7508 of the Internal Revenue Code of 1986 ("Code"), to allow members of the Armed Forces serving in a "contingency operation," as designated by the Secretary of Defense or by operation of law, to qualify for the automatic extension of time provided by section 7508 for performing certain acts required by the Code.



Section 7508 suspends for individuals serving in a "combat zone," a "qualified hazardous duty area," or deployed overseas away from their regular duty station in support of Operation Joint Endeavor or Operation Allied Force, the requirement to file taxes for at least 180 days after such service ends. Section 7508 includes not only members of the Armed Forces of the United States, as defined in section 7701(a)(15) of the Code, but also Red Cross workers, accredited correspondents, and civilian employees of the Federal Government serving in a combat zone. These taxpayers would also receive filing delays under this proposal while serving in support of contingency operations.

Like other tax matters that involve the Armed Forces, the Department of Defense would provide information to the Internal Revenue Service to assist in the administration of tax issues involving contingency operations.

The President, by Executive order, declares the existence of a combat zone. Public Laws 104-117 and 106-21 created qualified hazardous duty areas that are treated as if combat zones for purposes of section 7508 (among other provisions). As a result, the provisions of section 7508 are applicable to all individuals of the Armed Forces deployed overseas, away from their regular duty station, in support of Operation Joint Endeavor and Operation Allied Force. Individuals serving in support of these operations were provided filing delays (and other tax relief) because Congress recognized the arduous nature of the missions and the difficulties members would have filing tax returns while deployed overseas.

Individuals deployed overseas, away from their regular duty station, in support of contingency operations also need the protections and benefits of section 7508. Otherwise, they will face the same unnecessary administrative burdens and difficulty in filing a timely Federal tax return and taking other related actions as individuals serving in combat zones or qualified hazardous duty areas, especially considering that contingency operations involve long-term deployments. In addition, the Department of Defense, with ever-increasing frequency, is called upon to deploy its members on contingency operations that present the same difficulties in timely filing tax returns and performing other acts under the Code that are subject to deadlines as those faced by members serving in a combat zone or qualified hazardous duty area.

By enacting this proposal, the President will no longer have to declare that U.S. Armed Forces are engaged in "combat" for members to use the provisions in section 7508. Moreover, the Congress will no longer have to declare individuals to be serving in a qualified hazardous duty area for them to qualify for the provisions of section 7508. Instead, section 7508 would apply to those military operations that meet the definition of contingency operations pursuant to section 101(13) of title 10, United States Code.

Requiring individuals to serve in a designated contingency operation to qualify for relief under section 7508 of the Code makes its threshold requirement similar to serving in a qualified hazardous duty area or a combat zone. This clear prerequisite would also prevent the amended section 7508 from being either overly broad or applicable to any military exercise or operation.

Making the automatic extension provisions of section 7508 applicable to members of the



Armed Forces serving in contingency operations will minimize the distractions from the operational focus of future contingency operations. To maximize the effectiveness of members serving in contingency operations, the provisions of section 7508 of the Code should be applicable to returns due on and after the effective date of the contingency operation.

The proposal has no effect on the budget of the Department of Defense and a negligible effect, if any, on Treasury receipts and tax expenditures. It does not excuse the payment of taxes. Instead, it merely allows for filing delays and waivers of interest and penalties with respect to taxpayers who are under withheld.



**SEC. \_\_\_\_ . INCREASE MAXIMUM AMOUNT OF SELECTIVE REENLISTMENT  
BONUS.**

1           Section 308(a)(2)(B) of title 37, United States Code, is amended by striking "\$60,000"  
2           and inserting "\$90,000".

**Section-by-Section Analysis**

This proposal would increase the legislative limit for the Selective Reenlistment Bonus (SRB) from \$60,000 to \$90,000.

This proposal is necessary to ensure that the military departments have the ability to increase reenlistment incentives for targeted critical skills, if required, to retain sufficient numbers of personnel. In 1999, the statutory limit of the SRB was increased from \$45,000 to \$60,000 to address retention shortfalls in critical areas such as Nuclear Power Supervisors. Despite the improvement in retention overall, the Navy still is experiencing retention deficiencies of as much as 50 percent below requirements for nuclear-trained personnel in Zones B (7-10 years of service) and C (11-14 years of service) serving aboard nuclear-powered aircraft carriers and submarines. Measured increases in SRB awards towards the current \$60,000 limit for these senior nuclear-trained personnel has significantly improved retention. In 1999, senior nuclear retention varied from 20-55 percent depending on rating; by Fiscal Year 2002, nuclear retention varied from 34-71 percent. Retention, however, still remains significantly below senior nuclear retention requirements of 70-90 percent. The ability to further improve retention through further SRB increases is constrained by the \$60,000 legislative limit. For example, 13 of 16 senior nuclear categories are now at the \$60,000 SRB limit, while retention, though improved, remains substantially below requirements.

Stagnant retention trends for Fiscal Year 2002 indicate that the job market for nuclear-trained individuals in civilian industry remains strong. The screening requirements, advanced education, and high standards of personal performance and integrity required for the Naval Nuclear Power Program produce some of the most highly trained enlisted personnel in the military – an invaluable and irreplaceable national resource. Due to the strength and capabilities of the personnel in the program, the Navy's nuclear-trained Sailors are highly sought after by industries in the electronic and computer fields, manufacturing, and in nuclear and traditional power generation.

The Navy Nuclear Propulsion Program has achieved an unparalleled safety record in support of national security. Continuing this record of safe and reliable reactor operation demands that sufficient numbers of high quality nuclear enlisted personnel be retained in the program. This is an operational readiness issue as well, since improving the retention of nuclear trained personnel is critical to ensuring all nuclear-powered carriers and submarines will be adequately manned and able to deploy as required in the future. SRB has proven to be the surest



and most-cost effective means of achieving this goal. An increase in the retention incentive above the current statutory limit of \$60,000 is required to ensure that sufficient senior nuclear-trained personnel are retained in the future. The alternative would be to expand the accession and training base for nuclear-trained personnel, with a cost for training in excess of \$100,000. This would be far more costly than using an increased SRB to influence those who already have the training and experience in the Navy to stay. Additionally, the Navy's retention challenge is primarily for those senior Sailors eligible for reenlistment in Zones B and C whose experience, if lost, must be regrown over the next ten to fourteen years.

The magnitude of this increase is intended to negate the need to request more frequent, smaller increases from Congress. While this request raises the legislative authority for SRB to \$90,000, actual SRB award levels will remain at the discretion of Secretaries of the military departments to establish within existing SRB budgets. It is projected that SRB levels up to \$70,000 may be required in Fiscal Year 2004 to adequately influence senior nuclear retention.



**SEC. \_\_\_\_ . AUTHORITY TO TRANSPORT REMAINS OF RETIREES WHO DIE IN  
MILITARY TREATMENT FACILITIES OUTSIDE THE UNITED  
STATES.**

(a) AUTHORIZE TRANSPORT OUTSIDE THE UNITED STATES.—Section 1490 of title 10,  
United States Code, is amended—

(1) in subsection (a), by striking "located in the United States"; and

(2) in subsection (b)(1), by striking "outside the United States or to a place".

(b) CONFORMING AMENDMENT.—Subsection (c) of such section is amended to read as  
follows:

"(c) In this section, the term 'dependent' has the meaning given such term in section  
1072(2) of this title."

**Section-by-Section Analysis**

This proposal would authorize a Secretary of a military department to transport the remains, or pay the cost of transporting the remains, of certain military retirees and their dependents who die while properly admitted to an armed forces medical facility inside or outside the United States to a place of burial inside or outside the United States.

Currently, section 1490 only authorizes a Secretary concerned to transport the remains, or pay the cost of transporting the remains, of certain military retirees and their dependents who die while properly admitted to an armed forces medical facility in the United States to a place of burial in the United States. Puerto Rico and the territories and possessions of the United States are included. This proposal would expand the authorization to cover places outside the United States.

Under this proposal, when a retired member or the dependent of such a member who permanently resides outside the United States dies in a medical facility of the armed forces located in the United States, the Secretary would be authorized to transport the remains to an overseas point of entry in the vicinity of the permanent residence of the deceased member or dependent. This authority would most often apply when a retiree residing overseas is admitted to an overseas military medical facility and is subsequently transported for special care to a facility in the United States at which location he or she dies.



This proposal would cost an estimated \$28,000 per year for all of the military departments, subject to appropriation. It does not cover costs of the Coast Guard, but those cases are not considered to be significant because the Coast Guard's overseas presence is not high. DoD derived this cost by multiplying the estimated number of currently ineligible retirees and dependents (total eight; two each for the Army, Navy, Air Force, and Marine Corps) who were medically evacuated to an armed forces medical facility and who subsequently died, times all associated transportation costs (\$7,000 per individual). Transportation costs include the transfer from the medical facility to a funeral home and from the funeral home to the airport as well as the cost of air transportation using an average weight of 400 pounds. DoD calculated the cost of air transportation by multiplying the total average weight, including the remains and all shipping containers, by the cost per pound.

The recovery, care and disposition of the remains of retirees who die in overseas locations will continue to be governed by sections 1481 and 1482 of title 10.



## **SEC. \_\_\_\_ . MAKING ALL WARRANT OFFICERS ELIGIBLE FOR ACCESSION**

### **BONUS FOR NEW OFFICERS IN CRITICAL SKILLS.**

1 Section 324 of title 37, United States Code, is amended—

2 (1) in subsection (a), by inserting "or an appointment" after "commission"; and

3 (2) in subsection (f), by inserting "or an appointment" after "commission".

#### **Section-by-Section Analysis**

This proposal would allow individuals appointed in the grade of Warrant Officer (W1) to receive the accession bonus for new officers in critical skills. Section 324 currently allows only service members who accept a commission as an officer to receive the bonus. This language inadvertently excludes Army warrant officers, who are not commissioned until Chief Warrant Officer 2 (CWO2). Making Army warrant officers eligible for the accession pay bonus would enable the Army to exercise this tool for other warrant officer critical skills.

The Army has experienced a marked decline in warrant officer applications in the last five years due to a significant pay compression between enlisted and warrant officer pay scales. In addition, the majority of Army warrant officers with critical skills are accessed from critical skill enlisted members who earn special pays and bonuses that must stop upon their appointment to W1. These military occupational specialties include some Military Intelligence and communication/computer fields, as well as Special Forces. Once enlisted members in such specialties accept appointments as Warrant Officers, their bonuses are stopped and any unserved portion of the bonus that has been received is recouped from the service member. The recoupment directly impacts the number of applicants the Army receives for the warrant officer programs. Service members feel that the immediate financial loss outweighs the benefit of joining the warrant officer corps. This proposal would enable the Army to offer an enlisted member in a critical specialty an Officer Accession Bonus in an amount equal to the reenlistment bonus he would have received if the member had remained enlisted. As a result, this proposal would eliminate the financial disincentive for such enlisted members to accept appointments as warrant officers.

Since the other military departments access their warrant officers as W2s, only the Army needs this change to section 324 to enable their warrant officers to receive an accession bonus. At this time, the Army is merely seeking the authority to pay its warrant officers an accession bonus.



**SEC. \_\_\_\_ . PERMIT NON-SCHOLARSHIP SENIOR ROTC SOPHOMORES TO  
VOLUNTARILY CONTRACT AND RECEIVE SUBSISTENCE  
ALLOWANCE.**

Section 209 of title 37, United States Code, is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following new subsection (c):

**"(c) PILOT PROGRAM FOR CONTRACT OF NON-SCHOLARSHIP SENIOR ROTC**

**MEMBERS.—**(1) An eligible member of the Selected Reserve Officers' Training Corps is entitled to a monthly subsistence allowance at a rate prescribed under subsection (a) for a maximum of twenty months.

"(2) To be eligible to receive a subsistence allowance under this subsection, a person must—

"(A) be a citizen of the United States;

"(B) enlist in an armed force under the jurisdiction of the Secretary of the military department concerned for the period prescribed by the Secretary;

"(C) contract, with the consent of his parent or guardian if he is a minor, with the Secretary of the military department concerned, or his designated representative, to serve for the period required by the program;

"(D) agree in writing that he will accept an appointment, if offered, as a commissioned officer in the Army, Navy, Air Force, or Marine Corps, as the case may be, and that he will serve in the armed forces for the period prescribed by the Secretary;

"(E) complete successfully the first year of a four-year Senior Reserve Officers' Training Corps course;



1                   "(F) not be eligible for advanced training under section 2104 of title 10;

2                   "(G) not be appointed under section 2107 of title 10; and

3                   "(H) execute a certificate of loyalty in such form as the Secretary of Defense  
4           prescribes or take a loyalty oath as prescribed by the Secretary.

5           "(3) This program will run as a pilot program for the period of three years beginning in  
6   January 2004. The Secretary of Defense will report to the Office of Management and Budget  
7   annually on the participation rates for the program with a cost evaluation of the program's  
8   effectiveness. Such annual reports will be due by December 31 for each of the three years."

### **Section-by-Section Analysis**

        This proposal would allow cadets who have completed the first year of the Senior ROTC program, but are not on scholarship, to voluntarily contract and receive a subsistence allowance at the same level as scholarship cadets in the second year of training.

        Currently, cadets at the sophomore level do not receive a stipend unless they are on scholarship. The military departments historically have interpreted section 209 to mean that there are only two cases in which cadets can receive a stipend: (1) when they are selected for advanced training pursuant to section 2104 of title 10; or (2) when they are contracted for scholarship under section 2107 of title 10. In those cases, cadets may receive stipends; under all other cases, they may not.

        Under this proposal, non-scholarship cadets who desire/intend to stay in ROTC and receive a commission would be allowed to enter the same contract that is currently available at the beginning of the *junior* year in conjunction with advanced training (*i.e.*, they receive no scholarship monies, but are paid a monthly stipend). Allowing second-year students to contract would create an earlier psychological commitment to completing ROTC and the monthly stipend would provide financial relief for those who must work part-time.

        Army ROTC has a low retention rate for non-scholarship cadets in the basic course. Providing a subsistence allowance would provide an additional tool to target and retain quality cadets. It is estimated that this proposal would increase the number of returning juniors by 15 percent or more, with an additional 150-200 commissions annually (Army only) resulting from early contracting. Currently, only the Army intends to utilize this new authority. The other military departments are not planning to implement this particular program at the present time.

**RESOURCE REQUIREMENT:** (\$M)



FY04  
\$1.9

FY05  
\$2.1

FY06  
\$2.2

FY07  
\$2.4



**SEC. \_\_\_\_ . INCENTIVE BONUS: LATERAL CONVERSION BONUS FOR  
CONVERTING TO UNDERMANNED MILITARY OCCUPATIONAL  
SPECIALTIES.**

1 (a) BONUS AUTHORIZED.—Chapter 5 of title 37, United States Code, is amended by  
2 adding at the end the following new section:

3 **"§ 326. Incentive bonus: lateral conversion bonus for converting to undermanned military**  
4 **occupational specialties**

5 "(a) AUTHORITY AND ELIGIBILITY REQUIREMENTS.—(1) The Secretary concerned may  
6 pay a bonus to a member of the armed forces who agrees to serve in a military occupational  
7 specialty, rating or other military specialty defined by the member's armed force, that is  
8 designated by the Secretary concerned as undermanned for purposes of this bonus.

9 "(2) A bonus may only be paid under this section to a member who:

10 "(A) is entitled to basic pay;

11 "(B) is serving in pay grade E-6 (with less than 10 years of service) or E-5  
12 and below (regardless of years of service); and

13 "(C) agrees to serve for a period of not less than two years in a military  
14 occupational specialty, rating or other military specialty designated by the  
15 Secretary concerned as undermanned for the purposes of this bonus.

16 "(b) AMOUNT AND PAYMENT OF BONUS.—(1) A bonus under this section may not exceed  
17 \$4,000.

18 "(2) Any bonus payable under this section shall be disbursed in one lump sum  
19 payment when the member's conversion to the new military specialty is approved by the  
20 personnel chief of the member's armed force, or his designee.



1           "(c) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—A bonus paid to a member  
2 under this section is in addition to any other pay and allowances to which the member is entitled.

3           "(d) REPAYMENT OF BONUS.—(1) A member who receives a bonus payment under this  
4 section and who voluntarily or through misconduct, fails to serve for the required period in the  
5 undermanned military occupational specialty, rating or other military specialty defined by the  
6 armed force for which the bonus was paid, shall refund to the United States an amount that bears  
7 the same ratio to the amount of the bonus paid to the member as the period that the member  
8 failed to serve bears to the total period for which the bonus was paid.

9           "(2) An obligation to reimburse the United States imposed under paragraph (1) is,  
10 for all purposes, a debt owed to the United States.

11           "(3) A discharge in bankruptcy under title 11 that is entered less than five years  
12 after the termination of service for which a bonus was paid under this section shall not  
13 discharge the person receiving such bonus payment from the debt arising under  
14 paragraph (1).

15           "(4) Under regulations prescribed pursuant to subsection (e), the Secretary  
16 concerned may waive, in whole or in part, an obligation to reimburse the United States  
17 imposed under paragraph (1) when the Secretary determines that recovery would be  
18 against equity and good conscience or would be contrary to the best interests of the  
19 United States.

20           "(e) REGULATIONS.—The Secretaries concerned shall prescribe regulations to carry out  
21 this section. Regulations prescribed by the Secretary of a military department shall be subject to  
22 the approval of the Secretary of Defense.

23           "(f) TERMINATION OF BONUS AUTHORITY.—No bonus may be paid under this section



1 with respect to any lateral conversion approved after September 30 of the third fiscal year that  
2 began after the date of enactment of this section."

3 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is  
4 amended by adding at the end the following new item:  
5 "326. Incentive bonus: lateral conversion bonus for converting to undermanned military occupational specialties."

### Section-by-Section Analysis

This proposal would authorize the Secretary concerned to offer a lump sum bonus of up to \$4,000 to eligible enlisted members in pay grade E-6 (with less than 10 years of service) or pay grade E-5 and below (regardless of years of service), who successfully convert from ratings/occupational specialties designated by the Service concerned as adequately-manned or over-manned to one designated as undermanned. A specialty is considered over-manned if its inventory-to-Enlisted Program Authorized ratio is greater than 102 percent; an adequately-manned specialty has a ratio between 95 and 102 percent. For example, there currently exists within the Navy a significant imbalance between specialties that are over- or adequately-manned and those that are undermanned (specialties with a ratio of less than 95 percent). Balancing the force structure will better position the Navy to enhance fleet readiness.

This proposal would help alleviate manning imbalances between specialties by offering members a financial incentive to change career fields. Current Navy policy permits members serving in pay grades E-6 and below to convert laterally to specialties for which they have the greatest aptitude or interest; however, the Secretary of the Navy is not authorized to pay them a bonus for converting. The amount of the bonus would be determined by the ratio of the undermanned specialty:

- \$2,000 for specialties manned at 90 to 94 percent
- \$3,000 for specialties manned at 85 to 89.9 percent
- up to \$4,000 for specialties manned at less than 84.9 percent

In return, the member would be required to incur a minimum obligated service of 2 years in his new specialty. If the member fails to complete the prescribed requirements, the bonus would be subject to recoupment on a pro-rata basis.

Normally, a member would be offered a conversion bonus only one time. Once a member has converted into a critical rating/skill area, it is extremely unlikely that manning within that rating/critical skill would improve so dramatically so as to render the member eligible to convert out of that rating/skill area and into another. Additionally, the development of expertise in a given skill is directly linked to the time a member serves in a rating/skill area. Therefore, more than one such conversion would severely inhibit a member's opportunity for upward mobility since the key to advancement is successfully passing a competitive test into limited vacancies. However, the Department does not want to preclude the possibility of ever



offering the bonus more than once.

The Department of the Navy currently has approximately 30 skills areas from which it would seek volunteers to convert into about a dozen undermanned ratings. Skills areas currently over-manned include Disbursing Clerk, Illustrator-Draftsman, and Submarine-Qualified Storekeeper. Currently undermanned ratings include Explosive Ordnance Disposal, Cryptologic Technician, and Aviation Ordnanceman. Based on 3,720 conversions completed in Fiscal Year 2001 and the current personnel shortages in those undermanned specialties, Navy estimates this proposal would cost \$7.5 million (encompassing 2,500 conversions) in the first year of implementation. The other Services have no near-term intent to use this authority. Since the lateral conversion bonus would be a relatively small bonus to attract experienced sailors from over-manned ratings, the Department's return on investment would be favorable. If enacted, this bonus would be more cost-effective -- even taking into consideration retraining costs -- than either increasing accessions or paying a larger Selective Reenlistment Bonus to personnel currently in these undermanned career fields/skills.

In addition to the obvious benefits of balancing the force, this proposal would enhance members' choices for new career opportunities. Although a conversion program currently exists, the financial incentives associated with this program will entice individuals to consider converting to ratings that they might not otherwise consider. Not only will conversion potentially offer members new career opportunities, increased advancement opportunity and favorable Selective Reenlistment Bonus rates, the increased manning levels will provide the Navy with increased assets in fulfilling fleet requirements.

Under this proposal, no bonus may be paid with respect to any lateral conversion approved after September 30 of the third fiscal year that began after the date of enactment of this proposal.

#### **NUMBER OF PERSONNEL AFFECTED:**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Navy	2,500	3,000	3,250	3,300	3,300

#### **RESOURCES REQUIREMENTS (\$M):**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Navy	\$7.5	\$9.0	\$9.76	\$9.9	\$9.9



**SEC. \_\_\_\_ . EXTENSION OF VOLUNTARY SEPARATION INCENTIVE PAY**

**AUTHORITY.**

1           Section 5597(e) of title 5, United States Code, is amended by striking "September 30,  
2           2003" and inserting "September 30, 2006".

**Section-by-Section Analysis**

Section 5597 of title 5, United States Code, authorizes the Secretary of Defense to pay separation incentives to an employee as an inducement to separate from service voluntarily. The Department of Defense has used separation incentives to reduce significantly the number of involuntary separations during extensive and prolonged downsizing. This authority expires on September 30, 2003.

This proposal would extend the authority for three additional years, a period that coincides with the Department's ongoing downsizing and restructuring efforts.

The estimated cost of this proposal in Fiscal Year 2004 is \$37.5 million.



**SEC. \_\_\_\_ . ENHANCEMENTS TO PERSONNEL TEMPO PROGRAM.**

**(a) REVISIONS TO DEPLOYMENT LIMITS AND AUTHORITY TO AUTHORIZE**

**EXEMPTIONS.**—Section 991(a) of title 10, United States Code, is amended to read as follows:

**"(a) SERVICE AND GENERAL OR FLAG OFFICER RESPONSIBILITIES.**—The deployment (or potential deployment) of a member of the armed forces shall be managed to ensure the member is not deployed, or continued in a deployment, on any day on which the total number of days on which the member has been deployed out of the preceding 730 days would exceed 400, or a lower threshold as approved by the Under Secretary of Defense for Personnel and Readiness. The member may be deployed, or continued in a deployment, without regard to the preceding sentence if such deployment, or continued deployment, is approved by a member of the Senior Executive Service or the first general or flag officer (including officers in the grade of O-6 in such positions already selected for general or flag rank) in the member's chain of command."

**(b) CHANGES TO HIGH-DEPLOYMENT ALLOWANCE.**—Section 436 of title 37, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

**"(a) MONTHLY ALLOWANCE REQUIRED.**—The Secretary of the military department concerned shall pay a high-deployment allowance to a member of the armed forces under the Secretary's jurisdiction for each month during which the member—

"(1) is deployed; and

"(2) has, as of that day, been deployed for either or both of the following periods:

"(A) 401 or more days out of the preceding 730 days (or at a lower threshold as approved by the Under Secretary of Defense for Personnel and Readiness); or



1                   "(B) 191 or more consecutive days (or for a lower threshold as approved  
2                   by the Under Secretary of Defense for Personnel and Readiness).";

3                   (2) by amending subsection (c) to read as follows:

4                   "(c) MAXIMUM RATE.—The maximum monthly rate of the allowance payable to a  
5                   member under this section is \$1,000.";

6                   (3) in subsection (e), by striking "per diem" and inserting "allowance";

7                   (4) in subsection (f)—

8                               (A) by striking "per diem" and inserting "allowance"; and

9                               (B) by striking "day on" and inserting "month during"; and

10                  (5) by adding at the end the following new subsection:

11                  "(g) EXCLUDED BILLETS.—The Secretary concerned may exclude selected billets from  
12                  eligibility for the high-deployment allowance upon approval by the Under Secretary of Defense  
13                  for Personnel and Readiness. A billet may only be excluded on a prospective basis once the  
14                  current incumbent has vacated that billet."

15                  (c) CHANGES TO REPORTING REQUIREMENT.—Section 487(b)(5) of title 10, United States  
16                  Code, is amended to read as follows:

17                  "(5) For each of the armed forces, the description shall indicate the number of members  
18                  who received the high-deployment allowance, the total number of months for which the  
19                  allowance was paid to members, and the total amount spent on the allowance."

20                  (d) CLERICAL AMENDMENTS.—(1) The heading of section 436 of title 37, United States  
21                  Code, is amended to read as follows:

22                  "**§436. Monthly high-deployment allowance for lengthy or numerous deployments**"; and

23                  (2) The item relating to that section in the table of sections at the beginning of chapter 7



- 1 of such title is amended to read as follows:
- 2 "436. Monthly high-deployment allowance for lengthy or numerous deployments."

### Section-by Section Analysis

This proposal would streamline the current management thresholds and required actions for high deployments, improve the structure, level, and flexibility of high-deployment compensation to members, and improve the high-deployment information provided to Congress in the Annual Defense Report without increasing the requirements imposed on the military departments.

Subsection (a) of this proposal would amend section 991 of title 10, United States Code, to eliminate the current 182-day and 220-day thresholds while retaining the current 401-day threshold as the single criteria for high deployment pay. Doing so would reduce significantly the administrative burden of the current program. As a result, the military departments could better focus attention on those members who are truly excessively deployed. In addition, the proposal would reduce the level of oversight required at the payment threshold to the first general or flag officer (including O-6 "promotables" to these grades) or Senior Executive Service (SES) civilians in the member's chain of command. This reduction in approval authority would push down the deployment decision to the officials with direct oversight of deployment operations. In particular, granting Senior Executive Service civilians approval authority reflects the Department's transition to a "total force" in which civilians play an ever-increasing role in supporting commanders and operations.

Subsection (b) of this proposal would amend section 436 of title 37, United States Code, to replace the current high deployment per diem amount of \$100 with a progressive, monthly high deployment allowance of up to \$1,000. The revised payment schedule would expand the authority of the Military departments to compensate members for both excessively *long* and excessively *frequent* deployments. In some cases the revised schedule would provide concurrent payment, within the \$1,000 maximum, for surpassing both thresholds. Although the dollar amount a member would receive under this plan would be lower than under the current system, this change would more closely align the payment scheme for high deployment allowance with that of other special pays, such as hostile fire pay. This approach would provide members with additional compensation for excessive deployments or time deployed while affording the Military departments sufficient latitude to require members to exceed the payment thresholds when necessary to meet mission requirements. In addition, the progressive scale increases compensation as the burden associated with more and longer deployments increases. We believe this is more reflective of the hardship imposed on our members. The Military departments envision initially setting monthly payments for the high deployment allowance in the \$200-to-\$600 range, depending on the frequency and/or duration of a member's deployment. However, setting the statutory limit for the high deployment allowance at \$1,000 per month allows the Under Secretary of Defense for Personnel and Readiness to periodically review and adjust the monthly payment without the need for additional legislation.



Subsection (b) also would allow the Military departments, with Under Secretary of Defense for Personnel and Readiness approval, to exempt certain billets from deployment pay and reporting requirements. This authority would be used to exclude individuals on sports teams or in senior officer billets, e.g., Service Chiefs of Staff, from eligibility for the high deployment allowance. Although members in these billets travel frequently as part of their official duties, we don't believe that Congress viewed these trips as "excessive deployments" that need to be monitored or curtailed.

Subsection (c) of this proposal would amend the requirements in section 487 of title 10 to improve the reporting in the Annual Defense Report. Proposed modifications to the Annual Defense Report would increase the value of the information provided to Congress without increasing the reporting requirements imposed on the Military departments. This revision also would bring the information reported to Congress more in line with the information used by the Military departments to manage their Personnel Tempo (PERSTEMPO) programs.

PAYGO Concerns: This proposal is subject to the pay-as-you-go (PAYGO) requirement of the Budget Enforcement Act of 1993. The estimated annual cost of this proposal is \$34 million.

#### NUMBER OF PERSONNEL AFFECTED:

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Army	9,200	9,200	8,280	7,452	6,707
Navy	24,500	24,500	24,500	24,500	24,500
Marine Corps	12,194	12,194	12,194	12,194	12,194
Air Force	<u>392</u>	<u>392</u>	<u>392</u>	<u>392</u>	<u>392</u>
Total	46,286	46,286	45,366	44,538	43,793

#### RESOURCE REQUIREMENTS (\$M):

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Army	\$ 1.7	\$ 1.7	\$ 1.5	\$ 1.4	\$ 1.2
Navy	\$22.9	\$22.9	\$22.9	\$22.9	\$22.9
Marine Corps	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Air Force	<u>\$ 0.0522</u>	<u>\$ 0.0522</u>	<u>\$ 0.0522</u>	<u>\$ 0.052</u>	<u>\$ 0.0522</u>
Total	\$34.6522	\$34.6522	\$34.4522	\$34.3522	\$34.1522

The Military departments assume a "steady state" execution of Personnel Tempo and also that the increased deployment requirements of the existing contingencies have subsided. Although this proposal contemplates authorizing the Military departments (with Under Secretary of Defense for Personnel and Readiness approval) to compensate members for excessive deployments based upon the *duration* as well as the frequency of their deployments, in some cases concurrently, the proposed payment schedule will be considerably less costly for the Military departments to implement.



**SEC. \_\_\_\_ . EXTEND USE OF THE DEFENSE MODERNIZATION ACCOUNT  
FOR LIFE CYCLE COST REDUCTION INITIATIVES.**

(a) TITLE 10 AMENDMENTS.—Section 2216 of title 10, United States Code, is amended—

(1) by striking the catchline in subsection (c);

(2) by redesignating subsection (c) as paragraph (b)(5);

(3) by inserting after subsection (b) the following new subsection (c):

"(c) APPROPRIATIONS FOR LIFE CYCLE COST REDUCTION.—(1) Funds are authorized to be appropriated for fiscal years 2004-2006 in the amount of \$25,000,000 annually to the Defense Modernization Account for the purpose of providing start-up funds for projects undertaken by a military department, Defense Agency, or other element of the Department of Defense to reduce the life cycle cost of new or existing systems in accordance with criteria established by the Secretary of Defense.

"(2) A military department, Defense Agency, or other element of the Department of Defense that receives funds appropriated pursuant to paragraph (1) shall, upon achieving savings from such a project, reimburse the Account for the funds previously received. Funds transferred back to the Account pursuant to this paragraph shall be available for funding new projects under paragraph (1)."

(4) in subsection (d) by striking "AUTHORIZED USE OF FUNDS.—Funds available from the Defense Modernization Account pursuant to subsection (f) or (g) may be used for the following purposes:" and inserting "AUTHORIZED USE OF TRANSFERRED FUNDS.—Funds transferred to the Defense Modernization Account pursuant to subsection (b) may be used for the following purposes:"; and



1 (5) in paragraph (f)(1), by striking the sentence beginning with “The Secretary”  
2 and inserting “The Secretary of Defense may transfer funds in the Defense Modernization  
3 Account to appropriations available to the Department of Defense for the purposes set  
4 forth in subsections (c) and (d).”; and

5 (b) EXTENSION OF AUTHORITY.—Subsection (c) of section 912 of the National Defense  
6 Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 410) is amended to read  
7 as follows:

8 “(c) EXPIRATION OF AUTHORITY AND ACCOUNT.—(1) The authority under section  
9 2216(b) of title 10, United States Code, to transfer funds into the Defense Modernization  
10 Account and the authorization under section 2216(c) of such title to appropriate funds to the  
11 Defense Modernization Account shall terminate on September 30, 2006.; and

12 “(2) The Defense Modernization Account shall be closed on September 30, 2011, and any  
13 remaining balance in the Account shall be cancelled and thereafter shall not be available for any  
14 purpose.”.

### **Section-by-Section Analysis**

This proposal would amend the existing authority for the Defense Modernization Account (DMA) to provide a direct authorization of funds into this account specifically for projects to improve the life cycle cost of new or existing systems. This would provide a source of start-up funds for ownership cost reduction initiatives. The term “life cycle cost” represents the total cost of a system, including development, procurement, and testing, as well as subsequent operations, maintenance, and disposal costs. It is a more meaningful indicator of a system’s true cost than simply measuring development and acquisition costs.

The DMA was established by the FY1996 Defense Authorization Act to provide flexibility in addressing acquisition funding issues. Defense Components may transfer funds that were originally appropriated for procurement or support of installations and facilities into the Account to use for a variety of matters, including: 1) improving the operational capability or technical performance or procuring an upgraded version of an existing system, 2) reducing life-



cycle costs of new or existing systems, and 3) increasing production rates to achieve a more efficient production or delivery rate.

The first two authorities track very closely with the purposes of the Reduction of Total Ownership Costs (R-TOC) program and the Value Engineering initiative, which is an advantage of using the DMA as a source of funding.

The enabling legislation for the DMA provides that funds can only be used by the Defense Component transferring the funds into the Account. This amendment would allow any DoD agency to use newly appropriated funds, subject to criteria established by OSD. Appropriations into the account are capped at \$25 million per year through Fiscal Year 2006. This account will, thereafter, become self-sustaining.

Recipients of funding under this provision will be expected to reimburse the Account out of savings achieved from the investments, so that these initiatives ultimately will be self-financing. Savings in excess of the original funding will be retained by the Defense Component sponsoring the project for other life cycle cost reduction initiatives.

Finally, the current legislation also sunsets on 30 September 2003 (for receiving funds) and 30 September 2006 (for expenditures). This amendment extends the sunset date for receiving funds by three years and extends the expenditure date by five years.



**SEC. \_\_\_\_ . PAYMENT OF FULL REPLACEMENT VALUE FOR PERSONAL  
PROPERTY CLAIMS.**

1           Section 2636 of title 10, United States Code, is amended by adding at the end the  
2 following new subsection—

3           “(c). The Secretary of Defense or the Secretary of a Military Department may procure  
4 from commercial transportation service providers full replacement value coverage for household  
5 goods shipments provided at government expense without regard to the dollar limitations  
6 contained in title 31, United States Code, Section 3721(b)(1), relative to claims for loss or  
7 damages. Under such contracts, service members will be reimbursed full replacement value, if  
8 warranted, by the carriers, and such amounts may be deducted from the amounts due the carriers  
9 if settlement is not reached between the service member and the carrier.”.

**Section-by-Section Analysis**

This provision would allow the head of an agency to use either full replacement value through a contract with the transportation provider or fair market value through the Service claims offices for compensating personnel for loss or damage to their personal property shipments incident to service. Because of the budgetary impact, each head of agency would be provided the discretion to determine what program the agency would use in settling claims for damages to employee household goods shipments.

Most agencies do not pay their employees or military members for loss and damage beyond a depreciated amount as set forth in the various agencies claims service implementing regulations. Items less than 6 months old are not depreciated; however, older items can depreciate rapidly with residual values as little as 25 percent, regardless of condition prior to shipment. The claims service regulations generally apply common law damage principles to claims filed by employees and members for personal property losses. The Department of Defense settles service member claims for household goods shipment loss or damage directly with the service member. Service members generally receive full depreciated value or repair cost, whichever is less, for all approved claims up to a maximum of \$40,000 per shipment for both domestic and international movements of their personal property. The Department of Defense, through the military claims services, then attempts recovery from the carrier up to the extent of the carrier's liability. The carrier's liability is established pursuant to a negotiated agreement between the Department and the carrier industry.

Use of full replacement value instead of fair market value may be a more appropriate



method for compensating personnel for loss or damage to their personal property. Increasing carrier liability for lost or damaged personal property is an effective means of improving carrier performance and, thereby, reducing government claims costs. Up to, and through the 1980s, carriers handling household goods movements were liable for damage or loss at a rate of .60 cents per pound per article for both domestic and international shipments. The amount of carrier liability was adjusted for Department of Defense domestic shipments in 1987 to \$1.25 per pound multiplied by the net shipment weight. In 1993, the Department of Defense increased carrier liability on international household goods shipments to \$1.80 per pound per article. In 1995, the General Accounting Office (GAO) reviewed the changes to carrier liability for loss and damage on Department of Defense household goods shipments. The GAO concluded that by increasing carrier liability, program cost and damage levels declined and carrier performance improved (DOD HOUSEHOLD GOODS – Increased Carrier Liability for Loss and Damage Warranted, GAO/NSIAD-95-48, May 1995).

From approximately 1995 to 2001, the Department of Defense initiated several pilot programs to test modifications to the Department's overall service requirements as well as test new processes and procedures for procuring basic household goods moving and storage service. Most promising for both improving the service provided to the employee/military member and reducing claims costs to the government is the use of full replacement value protection for the government employee shipper and having the carrier settle directly with the employee. Although the ability to settle directly with the carrier was cited favorably by military members during the study, the option for the member to file with the Service and have the Service pursue the member's claim through the contract will be preserved. The last sentence of the proposal would allow the Services to offset under the contract for the full replacement value of any items destroyed if the carriers attempted to abuse the settlement process to make it difficult for the service member to obtain compensation for loss or damages. The Secretary concerned may elect to use the Service claims office for both processes or establish a separate office for FRV contract claims. If a carrier files for bankruptcy protection or for any reason does not pay, use of the Service claims offices with reimbursement being made at fair market value is always available as a backup.

In the private sector, the Department of Transportation's Surface Transportation Board (STB) has reviewed use of full replacement value coverage in household goods transportation tariffs. The Household Goods Carriers' Bureau Committee requested elimination of a depreciated value option commonly made available to the general shipping public. The request sought to substitute the depreciated value provision with an option whereby the shipper could obtain "full value protection" for the shipped goods, meaning the carrier would be liable either for the replacement value of the lost or damaged goods (up to a pre-declared value of the shipment) or for restoring damaged goods to their prior condition (at the carrier's option). The STB authorized inclusion in the tariff of a provision substantially similar to the provision being considered by the Department of Defense. The STB noted that "...few shippers of household goods chose depreciated value option." The STB further concluded that in view of the lack of shipper support for the depreciated value option, and the fact that it is often ineffective in providing depreciated value coverage, they did not believe it was necessary for carriers to continue to offer this option. (Released Rates of Motor Common Carriers of Household Goods, 2001 STB Lexis 1003, December 18, 2001).



Full replacement value protection will have a positive impact on morale. Increased liability will cause carriers to use more caution and care in handling household goods with less damage to the members' personal property. Most claims settlements pursuant to full value protection provisions will be made directly with carriers resulting in reduced claims administration costs for the Department. The ultimate consequence of increasing the carriers potential liability, consistent with full replacement value coverage, will be an enhancement of overall service member satisfaction and decrease the claims filed with the government for carrier caused loss and damage. The proposal will also place the government employee/military member on par with private sector employees. In the competition with the private sector for skilled employees, the federal sector needs the flexibility to eliminate obvious impediments to the recruitment and retention of talented personnel.

**COST IMPLICATIONS:** The actual cost of this discretionary spending program is unknown at present. The current private sector cost for full replacement value protection as set forth in the commercial tariff, whereby carrier liability is capped at \$40,000 per shipment, is \$338.00 per shipment. On a DOD-wide basis, that could cost as much as \$202.8 million annually for the approximately 600,000 shipments. Informal estimates obtained from commercial household goods carriers have indicated 2 percent to 4 percent per shipment cost increase might be more reasonable on such a large contract. DOD-wide, that could cost between \$44M and \$88M annually. Initial application of the proposed authority will likely be a regional or local effort to demonstrate cost effectiveness and develop claims procedures with carriers prior to any Service wide or large-scale effort. It is anticipated that cost increases of the proposal would be offset, in part, by fewer claims being made against the Government under the Personnel Claims Act, 31 USC 3721, with fewer payments being made under that law.



## **SEC. \_\_\_\_ . COMBATANT COMMANDS INITIATIVES FUND.**

1           (a) SUBSTITUTION OF THE TERM "CINC".—Section 166a of title 10, United States Code,  
2 is amended by striking "CINC" wherever it appears and inserting Combatant Commander; and

3           (b) FUNDS AUTHORIZED.—Subsection (e)(1) of this title is amended—

4                   (1) in subparagraph (A), by striking "\$7,000,000" and inserting "\$15,000,000";

5                   (2) in subparagraph (B), by striking "\$1,000,000" and inserting "\$10,000,000";

6                   and

7                   (3) in subparagraph (C), by striking "\$2,000,000" and inserting "\$10,000,000".

### **Section-by-Section Analysis**

The primary focus of the CINC Initiatives Fund (CIF), which would be renamed the combatant commanders initiatives fund, is to support unforeseen contingency requirements critical to the combatant commanders' joint warfighting readiness and national security interests. The fund provides a means for the combatant commanders to react to unexpected contingencies and opportunities by seeking funding authority from the Chairman. It is not intended to subsidize ongoing projects, supplement budget shortfalls, or support Service component expenses that are normally the responsibility of the parent Service.

In two of the last three fiscal years the \$7M cap on funds used for procuring items with unit costs in excess of \$15K was reached and during FY02 the \$2M ceiling on authority to provide military education and training was reached. This resulted in legitimate combatant commanders' initiatives being denied. Specifically, a SOUTHCOM initiative focused on counter-terrorism efforts in Colombia could not be supported and additional CENTCOM needs related to the rebuilding/retraining of the Afghan National Army could not be considered due to the statutory limitation.

The environment in which today's combatant commanders operate is vastly different from that which existed when the statutory limitations were established. The pace and type of operations post 11 September are such that the current limitations could result in adverse consequences by tying the hands of the Chairman in his ability to effectively and efficiently support the combatant commanders. The execution of the CIF authority is unnecessarily constrained and by adjusting the statutory limitations, the Chairman can be more responsive to the requirements of the warfighters.



**SEC. \_\_\_\_ . TREATMENT OF REIMBURSEMENTS FOR SUBPOENA AND  
LITIGATION COSTS; RECOVERY TO AGENCY FUNDS.**

1           Section 3730(b) of title 31, United States Code, is amended by adding at the end the  
2 following new paragraph:

3           "(6) An agency responding to a subpoena or request for information relating to a matter in  
4 litigation to which neither the United States or any agency thereof is a party (including any suit  
5 brought under this section of this title in which the United States has not intervened) may assess  
6 reasonable fees for responding to the subpoena or request. Payments received for such  
7 assessments shall be deposited into the agency's current year appropriation from which the  
8 expenditure was originally made, to merge with and become available for the same purposes and  
9 period as the accounts to which they are credited."

**Section-by-Section Analysis**

This proposal would enable an agency that furnishes information for use in litigation to which the United States is not a party to deposit the fees they receive into the agency's current year appropriation.

Government agencies must furnish information to parties in litigation to which the United States is not a party. Under the authority of United States ex rel. Touhy v. Ragen, 340 U.S. 462 (1951), however, agencies have some control over the manner of responding, and most have issued regulations to govern the process. These regulations typically provide that persons seeking such information may file formal requests without having to seek subpoenas from the court. The regulations also provide for the receipt of service and for responding to subpoenas when served. They also typically allow the agency to impose fees to reimburse the cost of responding.

In practice, reimbursement is of little use to the agencies because the reimbursed funds are deposited into the Department of the Treasury's miscellaneous receipts account. Agency personnel do the work -- frequently on overtime -- and increase their use of agency supplies and materials, but the agency receives no reimbursement for its work because the funds go to the miscellaneous receipts instead of to the agency's appropriation. In qui tam cases involving major contractors, the situation is exacerbated because the contractor is permitted to include the costs of defending such suits (including fees paid to agencies for furnishing information) in its overhead



unless it loses the case. Frequently, some or all of these costs are allocated to overhead and charged in whole or in part to cost-reimbursement contracts. As a result, the agency responding with information not only is not paid for its efforts, but it also has to reimburse the contractor for some or all of the contractor's payment that has gone to miscellaneous receipts. The agency's efforts have the side effect of transferring money from the agency's appropriations into miscellaneous receipts, making the money unavailable to the agency.

The solution to this problem is to allow the agencies to keep the money they receive for their efforts. Specifically, this proposal would direct certain receipts to an agency appropriation rather than to miscellaneous receipts. The agencies incur costs that have no direct relation to their mission, and they should be reimbursed directly by the parties who cause the costs to be incurred. This proposal would eliminate the financial disincentive agencies have in responding to litigation requests. It also would provide resources to comply with litigation requests.

This proposal would increase government outlays by \$2 million annually. Currently, the Federal government spends \$2 million answering the requests, and \$2 million in reimbursements goes to the general fund of the Treasury. If this proposal is enacted, the government still would spend \$2 million answering the requests. The \$2 million in reimbursements would be spent on program items, with none going to the Treasury. However, this proposal would assure that agencies do not expend funds appropriated for program execution in responding to third-party litigation requests.

By its terms this proposal applies only to matters in litigation and does not apply to requests under the Freedom of Information Act.

DoD expects that agencies will implement procedures to ensure they charge prices that are based on actual costs and are not excessive, and that they grant waivers where appropriate.

Cost implications: The annual budget impact is difficult to gauge because it is dependent on the volume of litigation requests. However, the overall impact is expected to be less than \$2 million for the entire Federal Government.



**SEC. \_\_\_\_ . REIMBURSEMENT TO THE NAVY FOR ASSISTANCE PROVIDED IN  
SUPPORT OF CERTAIN SHIP AND SHIPBOARD EQUIPMENT  
TRANSFERS.**

(a) IN GENERAL.—Chapter 633 of title 10, United States Code, is amended by adding at the end the following new section:

**"§7316. Reimbursement for assistance provided in support of certain ship and shipboard equipment transfers**

"(a) AUTHORITY TO PERFORM WORK.—The Secretary of the Navy may provide assistance in support of any ship or shipboard equipment transfer under sections 2572, 7306, 7307, and 7545 of this title, or under any other authority, in connection with inactive decommissioned Navy-owned vessels maintained and located at Navy facilities.

"(b) REIMBURSEMENT.—The Secretary may require the entities receiving assistance under subsection (a) to reimburse the Navy for amounts expended in providing such assistance.

"(c) DEPOSIT OF FUNDS RECEIVED.—Funds received under subsection (b) shall be credited to the appropriations supporting the maintenance and operation of the Navy Inactive Ships Management Office for the fiscal year in which the funds are received, to merge with and become available for the same purposes and period as the accounts to which they are credited."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"7316. Reimbursement for assistance provided in support of certain ship and shipboard equipment transfers."

**Section-by-Section Analysis**

This proposal would enable the Navy to provide assistance to governments and private parties in support of certain ship and shipboard equipment transfers. It also would authorize the Navy to be reimbursed for such assistance.



The U.S. Navy maintains decommissioned naval vessels at Government facilities operated by the NAVSEA Inactive Ships On-Site Maintenance Offices (NISMOs), a part of the Navy Inactive Ships Management Office. These ships include those designated as Mobilization assets; ships which may be donated for use as museums; ships which may be transferred to foreign allies of the United States; and ships pending disposal. The NISMOs are government-owned, contractor-operated sites. Periodically, the Navy is asked to provide services to governments and private parties incidental to the transfer of inactive ships by donation or by other authority, the donation of materials from inactive ships, transfers of Government property pursuant to 40 U.S.C. 481(c), or the temporary use of inactive ships by the motion picture industry or other industries.

Under present law, when such services are provided, any reimbursement received by the Navy must be deposited into the United States Treasury. For example, a drydock located in a nested mooring at the NISMO Pearl Harbor was transferred to the Government of Guam. Guam paid the \$70,000 it cost to remove the vessel, but those funds were required to be deposited into the Treasury. In addition, Lockheed Martin was authorized to remove Vertical Launch System components from a decommissioned destroyer pursuant to 40 U.S.C. 481(c). Lockheed Martin used their own personnel to remove the equipment, but required support services from NISMO Philadelphia where the ship was located. Lockheed Martin paid the \$18,000 in charges for the support services, but the payment had to be deposited into the Treasury, not provided to the Navy. A similar situation sometimes arises when the Navy donates either a vessel under the authority of 10 U.S.C. 7306, or shipboard material under 10 U.S.C. 2572 or 10 U.S.C. 7545. By statute, transfers or donations made pursuant to these statutes must be at no cost to the United States.

Because these payments for services must be deposited into the Treasury, the NISMOs must absorb the cost of these services out of their Operating Budget. This diminishes the appropriated funds they have available to properly maintain inactive ships. This proposal would allow the NISMOs to perform such required services in connection with the transfer to governments and private parties of inactive ships or their equipment, such as rigging for tow and ship departure support, or rigging and crane services for removal of equipment. This work must be performed at the NISMO facility because the ship or the material is physically located at that facility. The NISMOs, however, then would deposit funds received for such work into the appropriation responsible for financing the work.

The NISMOs directly work with non-Federal entities and private parties, *e.g.*, states, veterans' groups, non-profit organizations, the motion picture or commercial industry, etc., pursuant to separate statutes or other lawful activities. For the reasons stated above, the Navy should be allowed, under limited circumstances, to receive and retain in Navy accounts reimbursement for the performance of services related to the temporary or permanent transfer of not only vessels under the cognizance of the Navy Inactive Ships Management Office, but also material or equipment aboard such vessels.

This proposal would result in proceeds being credited to Department of Navy appropriations that were previously deposited with the General Fund of the Treasury. These



proceeds are estimated at \$50,000 to \$100,000 per year.

Cost Implications: Presently, the Navy Inactive Ships Management Office provides periodic services to governments and private parties costing approximately \$50,000 to \$100,000 annually in connection with ship and equipment transfers. Because any reimbursement received for this work must be deposited into the Treasury's general fund, there is a negative impact on the Navy budget. This proposal would enable such transfers to be made at no cost to the Navy.



**SEC. \_\_\_\_ . VESSELS STRICKEN FROM NAVAL VESSEL REGISTER: USE FOR  
EXPERIMENTAL PURPOSES.**

1 Section 7306a of title 10, United States Code, is amended—

2 (1) in subsection (b)—

3 (A) in paragraph (1), by adding at the end the following new sentence:

4 "Material and equipment stripped from the vessel may be sold by a contractor or a  
5 designated sales agent on behalf of the Navy."; and

6 (B) in paragraph (2), by striking "scrapping services" and all that follows through  
7 the end of the paragraph and inserting "services needed for such stripping and for  
8 environmental remediation required for the use of a vessel for experimental purposes.

9 Amounts received which are in excess of amounts needed for reimbursement of those  
10 costs shall be deposited into the account from which the stripping and environmental  
11 remediation expenses were incurred and shall be available for stripping and  
12 environmental remediation of other vessels used for experimental purposes."; and

13 (2) by adding at the end the following new subsection:

14 "(c) EXPERIMENTAL PURPOSES DEFINED.—For purposes of this section, the term  
15 'experimental purposes' includes vessels used in Navy sink exercises and for target use."

**Section-by-Section Analysis**

This proposal would increase the Navy's incentives to maximize stripping for commercial sale of vessels to be used for experimental purposes.

Currently, section 7306a permits Navy to conduct stripping for commercial sale when the proceeds from the sale of such material and equipment exceed the cost of removal. Such commercial stripping is in addition to the stripping already performed to meet Navy and other Federal government agency requirements. However, section 7306a only permits such proceeds to be applied to the cost of procuring the stripping. Because any excess proceeds must be



deposited into the general fund of the Treasury, rather than being used to help pay for the environmental remediation of Navy vessels designated for experimental purposes, Navy has no incentive to maximize such stripping. This proposal would increase the incentive to maximize stripping of experimental use vessels by applying the excess of amounts needed for procuring such stripping services toward the environmental preparation costs of vessels designated for experimental use.

This proposal also would permit contractors or designated sales agents to sell the stripped material and equipment on behalf of the Navy, resulting in increased efficiency and reduced costs. Absent such a provision, stripped materials and equipment would have to be removed from the vessel, stored and then transported to the Defense Reutilization and Marketing Service for potential sale, reducing the likelihood that such stripping efforts will in fact be cost-effective. The ability to utilize on-site contractors will increase the Department's ability to maximize proceeds and to capitalize on the efficiencies of an integrated stripping and remediation process without having to segregate the costs associated with each function.

This proposal also would clarify that "experimental use," previously undefined, includes the use of Navy vessels for target practice during fleet training exercises (SINKEX) in addition to vessels used for RDT&E purposes. This definition would avoid a potential future conflict over the applicability of the revised section 7306a to ships designed for SINKEX.

This proposal would result in proceeds being credited to Department of Navy appropriations that were previously required to be deposited into the general fund of the Treasury. The resultant proceeds from the increased incentive to maximize stripping are estimated at \$50,000 to \$200,000 per year.

Cost Implications: This proposal would result in the proceeds, which were previously required to be deposited into the general fund of the Treasury, to be credited to Department of the Navy appropriations. Currently, commercial stripping above and beyond Navy and other Federal government agency stripping requirements is not performed and no proceeds are deposited to the general fund of the Treasury. While difficult to estimate, this proposal is estimated to increase both direct spending and the proceeds by approximately \$50,000 to \$200,000 per year.



**SEC. \_\_\_\_ . INCREASE ANNUAL STUDENT LOAN REPAYMENT AUTHORITY.**

1           Section 5379(b)(2)(A) of title 5, United States Code, is amended by striking "\$6,000" and  
2           inserting "\$10,000".

**Section-by-Section Analysis**

This proposal would increase the annual amount that an agency can repay a highly qualified employee for a student loan, without increasing the overall limit of \$40,000.

Section 5379 of title 5, United States Code, authorizes the head of an agency to repay student loans for highly qualified personnel. The current repayment amount for an employee is limited to \$6,000 per year and \$40,000 total. This proposal would raise the \$6,000 amount to \$10,000 per year, reflecting an increase in annual college tuition costs since the enactment of the original statute. Repayment of student loans, as a recruitment and retention incentive, offsets the higher starting salaries offered by private industry and is a tool for restructuring the Federal civilian workforce to meet changing mission needs. Without this additional authority, the rising cost of tuition would lessen the competitive value of this recruitment and retention tool.

Cost Implications: The estimated cost of this proposal in Fiscal Year 2004 is \$3.1 million, subject to the appropriation.



**SEC. \_\_\_\_ . MODIFY THE OVERTIME PAY CAP.**

1           Section 5542(a)(2) of title 5, United States Code, is amended by striking "the overtime  
2   hourly rate of pay is an amount equal to one and one-half times the hourly rate of the minimum  
3   rate of basic pay for GS-10 (including any applicable locality-based comparability payment under  
4   section 5304 or similar provision of law and any applicable special rate of pay under section  
5   5305 or similar provision of law)" and inserting "the overtime hourly rate of pay is an amount  
6   equal to the greater of one and one-half times the minimum hourly rate of basic pay for GS-10  
7   (including any applicable locality-based comparability payment under section 5304 or similar  
8   provision of law and any applicable special rate of pay under section 5305 or similar provision of  
9   law) or the employee's hourly rate of basic pay".

**Section-by-Section Analysis**

This proposal would ensure that employees across the government who are exempt from the Fair Labor Standards Act, and are paid above step five of grade 12, do not suffer a pay cut when they work overtime. Under current law, employees who are exempt from the Fair Labor Standards Act are limited in overtime to an hourly rate that is one and one-half times the step one, grade 10 rate. In 2003, this works out to be just under the hourly rate for those in step six of grade 12. Thus, those paid at or above step six of grade 12, lose money if they are granted overtime. For example, a grade 13, step one supervisor in the Washington-Baltimore area earning \$32.10 an hour would receive \$31.34 per hour (at 2003 rates) for working overtime, or 76 cents less than his or her basic pay rate. For those in higher steps and grades, the shortfall only increases

The prospect of earning less than their basic rate of pay in overtime makes it difficult to attract people into supervisory positions. This inequity also means that some supervisors may earn less than their employees who work overtime.

Alternative overtime pay provisions already apply to a growing number of General Schedule employees. For example, law enforcement officers earn at least their hourly rate of basic pay for all overtime work (5 U.S.C. 5542(a)(4)(B)). Firefighters, compensated under 5 U.S.C. 5545b, also earn at least their firefighter hourly rate of pay for all overtime work (5 U.S.C. 5542(f)(2)). Department of the Interior and Department of Agriculture employees engaged in wildland fire suppression activities receive 150 percent of their hourly rate of pay for overtime hours, regardless of their hourly pay rate (5 U.S.C. 5542(a)(5)). Department of



Transportation non-managerial employees in positions at GS-14 or lower, who the Secretary determines are critical to the operation of the air traffic control system, also receive 150 percent of their hourly rate of pay for overtime work (5 U.S.C. 5542(a)(3)).

Extending the firefighter and law enforcement officer overtime pay provisions to employees who are exempt from the Fair Labor Standards Act would restore equity to the pay system. These earnings still would be subject to the limitations on premium pay established under 5 U.S.C. 5547. Additionally, overtime hours for affected employees must be ordered and approved (5 C.F.R. § 550.111(a)(1)). Thus, management would retain control of costs associated with overtime work.

Cost Implications: The estimated cost of this proposal in Fiscal Year 2004 is \$18.77 million, subject to appropriation.



**SEC. \_\_\_\_ . REPEAL OF VARIOUS REPORTS REQUIRED OF THE DEPARTMENT OF  
DEFENSE.**

The Department of Defense seeks to repeal various recurring reports required by the Congress. This proposal would allow the Department to employ its finite resources more efficiently, particularly during this time of war, and would improve Congress's ability to conduct effective oversight by focusing that effort on reports of substantial importance and utility.

To facilitate review, this proposal lists each report that the Department seeks to repeal by the order it appears in title 10 of the United States Code. Subsection (a) provides the specific reference to title 10. The Section-by-Section Analysis appears immediately following each amended section and indicates the title of each report or reports, the stated purpose of the report, and the Department's rationale for seeking repeal.

(a) PROVISIONS OF TITLE 10.—Title 10, United States Code, is amended—

(1) in section 113—

(A) by striking subsection (j);

(B) by striking subsection (m); and

(C) by redesignating subsections (k) and (l) as (j) and (k), respectively;

**Section-by-Section Analysis**

**Report Title:** **Report on the Cost of Stationing United States Armed Forces Outside the United States**

**Report Purpose:** The provision in subsection (j) requires the Secretary of Defense, in consultation with the Secretary of Commerce, to provide Congress, no later than April 8 of each year, with a report on the cost of stationing United States armed forces outside of the United States. The report requires a detailed accounting of the costs incurred in the U.S. for such stationing, the costs incurred outside the U.S. for such stationing, and the effect of such expenditures outside the U.S. on the current U.S. balance of payments.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. The General Accounting Office requested the information in this report only once for a specific study. The Congressional Budget Office no longer requests the information. Instead of an annual, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

**Report Title:** **Information to Accompany Funding Request for Contingency Operation**



**Report Purpose:** The provision in subsection (m) requires the Secretary of Defense to provide Congress with a report on the objectives of each contingency operation involving a Presidential request for appropriations to support any deployment of 500 or more members of the armed forces. The report must include a discussion on the date or set of conditions the President identifies as defining the end of the mission.

**Reason the Report Should be Repealed:** This report is redundant. Requests for appropriations by the Department of Defense would include all relevant information regarding any new contingency operations.

1 (2) in section 116—

2 (A) by repealing this entire section in chapter 2; and

3 (B) by amending the table of sections at the beginning of such chapter 2 by

4 striking the item relating to section 116;

#### **Section-by-Section Analysis**

**Report Title:** Annual Operations and Maintenance Budget

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, no later than February 15 of each year, on the operations and maintenance of the armed forces. The report requires detailed information on numerous subjects, including the number of flying hours for military aircraft, training days for combat-arms units in the Army and Marine Corps, major repair work on Navy ships, and major vehicle overhauls. The report also requires DoD to make recommendations relating to the operations and maintenance budget for the upcoming fiscal year.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides the requested information in the Operation and Maintenance OP-5 Budget Exhibit.

1 (3) in section 117—

2 (A) by striking subsection (e); and

3 (B) by redesignating subsection (f) as subsection (e);

#### **Section-by-Section Analysis**

**Report Title:** Joint Readiness Reviews

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress



with a monthly report containing the results of the most recent joint readiness review, including the current information derived from the readiness reporting system.

**Reason the Report Should be Repealed:** This report is obsolete. DoD would prefer to eliminate the existing inefficient monthly report in favor of more timely, constantly-updated information delivered to interested members of Congress through a classified DoD internet site dedicated to readiness issues.

1 (4) in section 127—

2 (A) by striking subsection (d);

### Section-by-Section Analysis

#### **Report Title:** Emergency and Extraordinary Expenses

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a quarterly report on any funds spent pursuant to subsections (a) and (b) of Section 127, which authorize the expenditure of funds on an emergency or extraordinary basis.

**Reason the Report Should be Repealed:** This report is unnecessary. Congress already sets the annual limit for DoD emergency and extraordinary expenses in the annual DoD appropriations bill, so there is very little utility in tracking these items on a quarterly basis. Large expenditures (more than \$500,000) would remain reportable pursuant to Section 127(c) of Title 10.

1 (5) in section 127a—

2 (A) by striking subparagraph (a)(3);

3 (B) by redesignating subparagraph (a)(4) as subparagraph (a)(3);

4 (C) by striking subsection (d); and

5 (D) by redesignating subsections (e) through (i) as subsections (d) through

6 (h), respectively;

### Section-by-Section Analysis

#### **Report Title:** Report of Designation of an Operation as a Contingency Operation

**Report Purpose:** The provision in subsection (a)(3) requires the Secretary of Defense to provide Congress with a report whenever DoD changes a routine operation, such as a normal training exercise, into a contingency operation.



**Reason the Report Should be Repealed:** This report is redundant. DoD already provides such information to Congress whenever it requests funds to support a contingency operation.

**Report Title: Report Upon Designation of an Operation for Which Funds Are Not Provided in Advance: Funding Mechanisms**

**Report Purpose:** The provision in subsection (d) requires the Secretary of Defense to provide Congress with a burdensome report regarding contingency operations that sets forth: (1) the manner by which DoD proposes to obtain funds for the cost to the United States of the operation; (2) a justification why the budgetary resources of another department or agency of the Federal government, instead of DoD resources, are not being used; (3) the objectives of the operation; (4) the estimated duration of the operation; (5) the estimated incremental cost of the operation to the U.S.; and (6) the exit criteria for the operation. The report is due within 45 days after the Secretary of Defense identifies an operation pursuant to subsection (a)(2) of Section 127.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides appropriate and relevant information to Congress whenever it requests funds to support a contingency operation.

1 (6) in section 129—

2 (A) by striking subsection (f);

**Section-by-Section Analysis**

**Report Title: Prohibition of Certain Civilian Personnel Management Constraints**

**Report Purpose:** This provision requires the Secretary of each military department and the head of each defense agency to provide Congress with a report, no later than February 1 of each year, describing how these officials manage the civilian workforce under their jurisdiction. The report also requires these officials to certify that the civilian workforce is not subject to any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees during the 12 months preceding the date on which the report is due.

**Reason the Report Should be Repealed:** This report is overly burdensome and unnecessary. The Secretaries of the military departments and the heads of the defense agencies manage according to a working capital fund concept where workforce levels are contingent upon workload. They do not manage on the basis of civilian end strength constraints, so the information requested by Congress serves no discernable purpose.

1 (7) in section 153—

2 (A) by striking subsection (d);



## Section-by-Section Analysis

### **Report Title: Annual Report on Combatant Command Activities**

**Report Purpose:** The provision requires the Chairman of the Joint Chiefs of Staff to provide Congress with a report, no later than August 15 of each year, on the requirements of the combatant commands. The report requires discussion of the following: (a) a consolidation of the integrated priority lists of requirements of the combatant commands; (b) the Chairman's views on the consolidated lists; (c) a description of the funding proposed in the President's budget for the next fiscal year, and for the subsequent fiscal years covered by the most recent future-years defense program, to address each deficiency in readiness identified during the joint readiness review conducted under section 117 of title 10, United States Code, for the first quarter of the current fiscal year.

**Reason the Report Should be Repealed:** The report is overly burdensome and seeks pre-decisional information of extremely limited utility. The President's budget sets forth the requirements of the combatant commands.

1 (8) in section 184—

2 (A) by amending subsection (a) to read as follows:

3 "(a) AUTHORITY TO ESTABLISH REGIONAL CENTER FOR SECURITY STUDIES.—The  
4 Secretary of Defense may establish such regional centers for security studies as he deems  
5 necessary and appropriate.";

6 (B) by striking subsection (b); and

7 (C) by redesignating subsection (c) as subsection (b);

## Section-by-Section Analysis

### **Report Title: Advance Notification to Congress of the Establishment of New Regional Centers for Security Studies**

**Report Purpose:** The provision in subsection (a) requires the Secretary of Defense to provide Congress prior notification of his intent to establish a regional center for security studies. The notification must include a description of the mission and functions of the proposed center and an appropriate justification.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides such information to Congress pursuant to section 184(d) of title 10.



**Report Title: Operation of DoD Regional Centers for Security Studies**

**Report Purpose:** The provision in subsection (b) requires the Secretary of Defense to provide Congress with a report, no later than February 1 of each year, on the operation of DoD regional centers for security studies during the preceding fiscal year.

**Reason the Report Should be Repealed:** This report is overly burdensome and the information provided is of limited value. Since most Regional Centers issue periodic public reports on their activities, Congressional members and their staff could be added to the distribution list, or DoD would provide Congress with more relevant information in response to specific requests.

1 (9) in section 226,

2 (A) by repealing this entire section in chapter 9; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 226;

**Section-by-Section Analysis**

**Report Title: Scoring of Outlays**

**Report Purpose:** This provision requires the Director of the Office of Management and Budget (OMB) and the Director of the Congressional Budget Office (CBO) to provide Congress with a joint report, no later than December 15 of each year, containing an agreed resolution of all differences between the technical assumptions used by OMB and CBO in preparing the estimates with respect to all accounts in function 050 (national defense) for the budget to be submitted to Congress in the following year. If the two Directors are unable to agree upon any technical assumption, the report reflects the use of averages of the relevant account rates used by the two offices.

**Reason the Report Should be Repealed:** This report is unnecessary because it largely duplicates information already provided in the President's Budget. OMB and CBO already work together to achieve common outlay estimates. Further, the report provides information of extremely limited utility in that it seeks decisions on final budget estimates that are not complete on December 15, the report due date.

1 (10) for section 228—

2 (A) by repealing this entire section in chapter 9; and

3 (B) by amending the table of sections at the beginning of such chapter by



1 striking the items relating to section 228;

### Section-by-Section Analysis

**Report Title: Monthly Reports on Allocation of Funds Within O&M Budget Sub-Activities**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a monthly report on the allocation of appropriations to Operation and Maintenance (O&M) budget activities and the sub-activities of those budget activities. Each report must be submitted no later than 60 days after the end of the month to which the report pertains, and must set forth the following for each sub-activity of the O&M budget activities: (1) the amount of budget authority appropriated for that sub-activity in the most recent regular DoD appropriations act; (2) the amount of budget authority actually made available for that sub-activity, taking into consideration supplemental appropriations, rescissions, and other adjustments required by law or made pursuant to law; and (3) the amount programmed to be expended from such sub-activity.

**Reason the Report Should be Repealed:** The report is overly burdensome and redundant. DoD already provides such information to Congress through other reports, such as the rebaseline report, which provides the execution track requested by the Congress; the DD 1415 reprogramming request, which provides detailed movement of funds prior to execution; and the DD 1002 execution status report, which provides detailed execution on a monthly basis. DoD has tailored these reports to provide useful and meaningful data to Congress, eliminating the requirement for the additional report required by this section.

1 (11) in section 401—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsection (e) as subsection (d);

### Section-by-Section Analysis

**Report Title: Humanitarian and Civic Assistance Provided in Conjunction with Military Operations**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress, no later than March 1 of each year, a report on humanitarian and civic assistance activities carried out during the preceding fiscal year. The report requires the identities of the countries involved, a description of the activities, and the amount expended on each such activity.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. The Defense Security Cooperation Agency (DSCA) typically requires 48 workdays and \$38,400 to prepare the report, which appears to generate very little interest from Congress. During the last 5 years, DSCA has



received only one question from Congressional staff relating to this report, a request for a brief on the DoD Health Affairs program. Instead of an annual, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (12) in section 437—

2 (A) by striking subsections (b) and (c);

3 (B) by redesignating subsection (d) as subsection (b);

### **Section-by-Section Analysis**

#### **Report Title: Establishment of Defense Intelligence Commercial Activities**

**Report Purpose:** The provision in subsection (b) requires the Secretary of Defense to provide Congress with notification whenever DoD engages in commercial activities necessary to provide security for authorized intelligence collection activities abroad undertaken by DoD.

**Reason the Report Should be Repealed:** This report is obsolete. In the eleven years since Congress authorized DoD to conduct commercial activities in connection with intelligence activities, DoD has issued directives and developed well-established practices and internal oversight in this area that are fully consistent with Congressional intent.

#### **Report Title: Annual Report on Defense Intelligence Commercial Activities**

**Report Purpose:** The provision in subsection (c) requires the Secretary of Defense to provide Congress with an annual report on all commercial activities authorized that were undertaken during the previous year, including expenditures for such activities and actions taken with respect to audits conducted to implement recommendations or correct deficiencies identified in such audits.

**Reason the Report Should be Repealed:** This report is obsolete. In the eleven years since Congress authorized DoD to conduct commercial activities in connection with intelligence activities, DoD has issued directives and developed well-established practices and internal oversight in this area that are fully consistent with Congressional intent.

1 (13) in section 482—

2 (A) by repealing this entire section in chapter 23; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 482;

### **Section-by-Section Analysis**



**Report Title: Personnel and Unit Readiness Quarterly Reports**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, no later than 45 days after the end of each calendar-year quarter, on military readiness.

**Reason the Report Should be Repealed:** This report is obsolete. DoD would prefer to eliminate the existing inefficient quarterly report in favor of more timely, constantly-updated information delivered to interested members of Congress through a classified DoD internet site dedicated to readiness issues.

1 (14) in section 483—

2 (A) by repealing this entire section in chapter 23; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 483;

**Section-by-Section Analysis**

**Report Title: Reports on Transfers from High-Priority Readiness Appropriations**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than the date on which the President submits the budget for the fiscal year to Congress, on transfers during the preceding fiscal year from funds available for each covered budget activity. This section also requires the Secretary of Defense to provide Congress with a report, not later than June of each fiscal year, on transfers during the first six months of the fiscal year, from funds available for each covered budget activity.

**Reason the Report Should be Repealed:** The report is overly burdensome and redundant. DoD already provides such information to Congress through other reports, such as the rebaseline report, which provides the execution track requested by the Congress; the DD 1415 reprogramming request, which provides detailed movement of funds prior to execution; and the DD 1002 execution status report, which provides detailed execution on a monthly basis. DoD has tailored these reports to provide useful and meaningful data to Congress, eliminating the requirement for the additional report required by this section.

1 (15) in section 484—

2 (A) by repealing this entire section in chapter 23; and

3 (B) by amending the table of sections for such chapter by striking the



1 items relating to section 484;

### **Section-by-Section Analysis**

#### **Report Title: Annual Report on Aircraft Inventory**

**Report Purpose:** This provision requires the Under Secretary of Defense (Comptroller) to provide Congress with an annual report on DoD's aircraft inventory. The report is required when the President submits the fiscal year budget to Congress. It must specify the inventory for the active and reserve components and categorize the aircraft in four major areas each with multiple subcategories.

**Reason the Report Should be Repealed:** This report is overly burdensome and unnecessary. Congress already has access to this data from multiple sources.

1 (16) in section 487—

2 (A) by repealing this entire section in chapter 23; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 487;

### **Section-by-Section Analysis**

#### **Report Title: Unit Operations Tempo and Personnel Tempo: Annual Report**

**Report Purpose:** This provision requires the Secretary of Defense to provide an annual report describing the operations tempo and personnel tempo of the armed forces.

**Reason the Report Should be Repealed:** This report is obsolete and overly burdensome. DoD has implemented a new, uniform approach to personnel tempo management. In addition, DoD would prefer to eliminate the existing inefficient report in favor of more timely, constantly-updated information delivered to interested members of Congress through a classified DoD internet site dedicated to readiness issues.

1 (17) in section 520c—

2 (A) by striking subsections (b) and (c); and

3 (B) by striking the designator and the catchline in the preceding matter;

4 (C) by amending the section title to read: "§ 520c. Provision of meals and

5 refreshments for recruiting purposes"; and



1 (D) by amending the table of sections at the beginning of chapter 31 by  
2 replacing the item relating to section 520c with the following new item:

3 "520c. Provision of meals and refreshments for recruiting purposes.";

#### **Section-by-Section Analysis**

##### **Report Title: Recruiting Functions – Use of Funds**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than February 1 of each of the years 1998 through 2002, on the extent to which DoD used funds to pay for small meals and refreshments during recruitment functions.

**Reason the Report Should be Repealed:** This report is obsolete.

1 (18) in section 664—

2 (A) in subsection (i), clause (4)(F)(ii), by striking "and notifies Congress  
3 upon each approval, providing the criteria that led to that approval";

#### **Section-by-Section Analysis**

##### **Report Title: Joint Duty Credit Notification to Congress**

**Report Purpose:** This provision requires the Secretary of Defense to report to Congress when he designates a specific temporary joint task force for joint-duty credit.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides Congress with the requested information in the DoD Annual Report.

1 (19) in section 983(e)(1)—

2 (A) by striking "and to Congress";

#### **Section-by-Section Analysis**

##### **Report Title: Institutions of Higher Education That Prevent ROTC Access/Military Recruiting on Campus – Denial of Grants and Contracts**

**Report Purpose:** This provision requires the Secretary of Defense to transmit separate notices to Congress and the Secretary of Education whenever he makes a determination to deny grants or contracts to institutions of higher education that prevent ROTC access or military recruiting on campus.



**Reason the Report Should be Repealed:** This report is unnecessary. Congress already requires DoD to provide such information to the Department and Education and to publish semi-annual reports in the Federal Register.

1 (20) in section 986—

2 (A) by striking subsection (e);

### **Section-by-Section Analysis**

#### **Report Title: Security Clearances: Limitations**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than February 1 of each year, identifying every security clearance waiver granted during the preceding year, with an accompanying explanation supporting each individual waiver.

**Reason the Report Should be Repealed:** The report provides information of limited utility that does not warrant DoD's cost in terms of human resources. Instead of an annual, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (21) in section 1060—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsections (e), through (g) as (d) through (f)

4 respectively;

### **Section-by-Section Analysis**

#### **Report Title: Military Service of Retired Members With Newly Democratic Nations: Consent of Congress**

**Report Purpose:** This provision requires the Secretary of the military department concerned and the Secretary of State jointly to notify Congress whenever a retired military member accepts employment by the military forces of a newly democratized nation.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. DoD does not track the employment decisions of all military retirees and lacks the capability to gather the data requested. Because the situation that concerns Congress occurs so rarely, DoD would prefer to provide Congress with more relevant information in response to specific requests.



1 (22) in section 1130—

2 (A) by striking subsection (b); and

3 (B) by redesignating subsections (c) and (d) as subsection (b) and (c),

4 respectively;

#### Section-by-Section Analysis

**Report Title: Consideration of Proposals for Decorations Not Previously Submitted in Timely Fashion: Procedures for Review and Recommendation**

**Report Purpose:** This provision requires the Secretaries of the military departments to provide Congress with written notice upon authorizing an award or presentation of a decoration, either for an individual or a unit, that is not otherwise authorized due to limitations of law or policy.

**Reason the Report Should be Repealed:** The report is unnecessary. DoD already consults Congress regarding such matters, and would prefer to provide Congress with more relevant information in response to specific requests.

1 (23) in section 1557—

2 (A) by striking subsection (e); and

3 (B) by redesignating subsection (f) as subsection (e);

#### Section-by-Section Analysis

**Report Title: Timeliness Standards for Disposition of Applications Before Correction Boards**

**Report Purpose:** This provision requires the Secretaries of the military departments to provide Congress with a report, not later than June 1, whenever a Corrections Board fails to meet applicable timeliness standards. The report must specify the reasons why the timeliness standard could not be met, the corrective actions initiated to ensure compliance in the future, and the number of waivers granted during the fiscal year.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (24) in section 1563—



1 (A) by repealing this entire section in chapter 80; and

2 (B) by amending the table of sections for such chapter by striking the item

3 relating to section 1563;

#### Section-by-Section Analysis

**Report Title: Consideration of Proposals for Posthumous and Honorary  
Promotions and Appointments: Committee Report**

**Report Purpose:** This provision requires the Secretaries of the military departments, upon request of a Member of Congress, to review a proposal for the posthumous or honorary promotion or appointment of a member or former member of the armed forces, or any other person considered qualified, that is not otherwise authorized by law.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. DoD must coordinate the efforts of personnel in five separate offices to prepare the report. Instead of this overly burdensome report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (25) in section 1597—

2 (A) by striking subsections (c) through (e);

#### Section-by-Section Analysis

**Report Title: Civilian Employment Master Plan: Including Exceptions to  
Guidelines for Reduction and Involuntary Reductions of Civilian  
Positions**

**Report Purpose:** This provision requires the Secretary of Defense to include a report on a civilian employment master plan for DoD as a whole and for each military department, defense agency, and other principal component of the Department of Defense, in conjunction with the fiscal year budget submission. The master plan must include a profile of the levels of civilian positions sufficient to establish and maintain a baseline for tracking annual accessions and losses of civilian positions and to provide for the analysis of trends in the levels of civilian positions.

**Reason the Report Should be Repealed:** This report is obsolete. Consistent with the Government Performance and Results Act, the Federal government relies upon different information to assess the efficiency of civilian workforce plans. In addition, DoD already provides similar information in the fiscal year budget submission to Congress.

1 (26) in section 2010—



1 (A) by striking subsection (b); and

2 (B) by redesignating subsections (c) and (d) as subsections (b) and (c),

3 respectively;

#### **Section-by-Section Analysis**

**Report Title: Participation of Developing Countries in Combined Exercises:  
Payment of Incremental Expenses**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than March 1 of each year, identifying the developing countries for which the United States has paid incremental expenses, and the amounts of such expenses, during the preceding year.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of an annual, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (27) in section 2011—

2 (A) by striking subsection (e).

#### **Section-by-Section Analysis**

**Report Title: Special Operations Forces Training with Friendly Foreign Forces**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than April of each year, regarding expenses incurred by DoD in training special operations forces preparing to work with armed forces and other security forces of friendly foreign countries.

**Reason the Report Should be Repealed:** This report is overly burdensome and the information provided is of limited value. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (28) in section 2166—

2 (A) by striking subsection (h);

#### **Section-by-Section Analysis**

**Report Title: Annual Report for Western Hemisphere Institute for Security**



## **Cooperation**

**Report Purpose:** This provision requires the Secretary of Defense, in consultation with Secretary of State, to provide Congress with a report, no later than March 15 of each year, on the activities of the institute during the preceding year.

**Reason the Report Should be Repealed:** This report is unnecessary. DoD would prefer to provide Congress with the annual report prepared by the institute's board of visitors for the Secretary of Defense, since that report already contains the same information requested by Congress.

1 (29) in section 2208—

2 (A) in subsection (j)(2), by striking "and notifies Congress regarding the

3 reasons for the waiver";

## **Section-by-Section Analysis**

**Report Title:** **Sales of Articles and Services of Defense Industrial Facilities to Purchasers Outside the Department of Defense**

**Report Purpose:** This provision requires the Secretary of Defense to notify Congress regarding the granting of a waiver of the conditions regarding a working capital funded industrial facility to sell articles to persons outside the Department of Defense, after the Secretary has made a determination that such waiver is necessary for reasons of national security.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of an annual, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (30) in section 2212—

2 (A) by striking subsections (d) and (e); and

3 (B) by redesignating subsection (f) as subsection (d);

## **Section-by-Section Analysis**

**Report Title:** **Obligations for Contract Services: Reporting in Budget Object Classes**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a report, not later than 30 days after the date on which the fiscal year budget is submitted,



indicating the results of a review of DoD services expected to be performed as contract services.

Reason the Report Should be Repealed: This report is redundant and provides information of limited utility. DoD already provides Congress more detailed data in its budget submission, specifically the PB-15 exhibit published in Vol. II of the Data Book. DoD also publishes similar data in the budget in the OP-32 and by object class.

1 (31) in section 2214—

2 (A) by striking subsection (c); and

3 (B) by redesignating subsection (d) as subsection (e);

#### Section-by-Section Analysis

Report Title: **Report on Transfer of Funds: Procedure and Limitations; Notice to Congress**

Report Purpose: This provision requires the Secretary of Defense to notify Congress promptly whenever DoD transfers amounts in working capital funds or amounts provided in appropriation acts for military functions of DoD (other than military construction) between such funds or appropriations (or any subdivision thereof).

Reason the Report Should be Repealed: The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of multiple ad hoc reports, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (32) in section 2216—

2 (A) by striking subsection (i); and

3 (B) by redesignating subsection (j) as subsection (i);

#### Section-by-Section Analysis

Report Title: **Quarterly Report on Defense Modernization Account**

Report Purpose: This provision requires the Secretary of Defense to provide Congress with a report, not later than 15 days after the end of each calendar quarter, on the Defense Modernization Account. The report includes: (a) the amount and source of each credit to the account during the quarter; (b) the amount and purpose of each transfer from the account during the quarter; and (c) the balance in the account at the end of the quarter and, of such balance, the amount attributable to transfers to the account from the Secretaries of the military departments.



**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of a burdensome quarterly report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (33) in section 2222—

2 (A) by repealing this entire section in chapter 131; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 2222;

### **Section-by-Section Analysis**

#### **Report Title: Strategic Financial Management Improvement Plan**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with a biennial plan, not later than September 30 of each even-numbered year, for the improvement of financial management within DoD, as part of the annual financial management improvement plan.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides Congress with such information through a variety of means including: the Chief Financial Officer's Act 5 Year Plan; the Remediation Plan developed for the Federal Financial Management Improvement Act of 1996; various testimony provided to assorted Congressional committees; and information provided independently to Congressional staff. In addition, DoD also provides OMB and GAO with updates on DoD's transformation efforts.

1 (34) in section 2224—

2 (A) by striking subsection (e); and

3 (B) by redesignating subsection (f) as subsection (e);

### **Section-by-Section Analysis**

#### **Report Title: Annual Report on Defense Information Assurance Program**

**Report Purpose:** This provision requires the Secretary of Defense to provide Congress with an annual report on the Defense Information Assurance Program to include discussion on progress in achieving the objectives of the program; a summary of the program strategy and any changes in that strategy; a description of the information assurance activities of the Office of Secretary of Defense, Joint Staff, unified and specified commands, Defense Agencies, military departments, and other DoD supporting activities; program and budget requirements for the



program for the past fiscal year, current fiscal year, budget year, and each succeeding fiscal year in the remainder of the current future-years defense program; an identification of critical deficiencies and shortfalls in the program; legislative proposals that would enhance the capability of DoD to execute the program; and a summary of the actions taken in the administration of sections 3534 and 3535 of Title 44 with DoD. The report is due at or about the time the President submits the annual fiscal year budget.

Reason the Report Should be Repealed: The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of an overly burdensome annual report that duplicates information already provided to Congress through other reports, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (35) in section 2255(b)—

2 (A) by striking paragraph (2); and

3 (B) by striking the designator "(1)" after the catchline;

#### Section-by-Section Analysis

Report Title: **Aircraft Accident Investigation Boards: Composition Requirements - Waiver**

Report Purpose: This provision requires the Secretaries of the military departments to notify Congress whenever they waive the standard regarding the required membership of aircraft accident investigation boards.

Reason the Report Should be Repealed: The report is obsolete. DoD is highly unlikely to make such a waiver request given that internal DoD regulations already require the majority of accident board members to be from outside the existing chain of command, a higher standard than the statute requires.

1 (36) in section 2281—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsection (e) as subsection (d);

#### Section-by-Section Analysis

Report Title: **Biennial Report on Sustainment and Operation of GPS**

Report Purpose: This provision requires the Secretary of Defense to provide Congress with a report, not later than 30 days after the end of each even-numbered fiscal year, on the



Global Positioning System (GPS) to include discussion on the operational status of the system; the capability of the system to satisfy effectively (i) the military requirements for the system that are current as of the date of the report, and (ii) the performance requirements of the Federal Radionavigation Plan; the most recent determination by the President regarding continued use of the selective availability feature of the system and the expected date of any change or elimination of the use of that feature; the status of cooperative activities undertaken by the U.S. with the governments of other countries concerning the capability of the system or any augmentation of the system to satisfy civil, commercial, scientific, and military requirements, including a discussion of the status and results of activities undertaken under any regional international agreement; any progress made toward establishing GPS as an international standard for consistency of navigational service; any progress made toward protecting GPS from disruption and interference; and the effects of use of the system on national security, regional security, and the economic competitiveness of U.S. industry, including the GPS equipment and service industry and user industries .

Reason the Report Should be Repealed: The report is overly burdensome and provides information of limited utility. Every two years, DoD expends approximately 100 workdays and \$100,000 compiling the report. DoD is unaware of any specific Congressional inquiries arising from this report, and has not received any requests for additional information or briefings. Instead of this recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (37) in section 2282—

2 (A) by repealing this entire section in chapter 136; and

3 (B) by amending the table of sections for such chapter by striking the

4 items relating to section 2282;

### Section-by-Section Analysis

#### Report Title: **B-2 Bomber Aircraft**

Report Purpose: This provision requires the Secretary of Defense to provide Congress with an annual report on the B-2 bomber program, specifically identifying the average full-mission capable rate of B-2 aircraft for the previous fiscal year and determining whether the rate is adequate for accomplishing the B-2's missions. In addition, the report must include an assessment of B-2 technical capabilities and whether these capabilities are adequate for missions assigned to the aircraft; identification of all ongoing and planned aircraft capability enhancements; identification and assessment of additional capabilities that make the aircraft more survivable and effective against known and evolving threats; and provision of a fiscally phased program for new initiatives to include the President's current budget, the current DoD unfunded priority list, and the maximum executable funding for B-2 aircraft given the requirement to maintain sufficient operational ready aircraft for assigned missions.



**Reason the Report Should be Repealed:** This report is no longer necessary. The B-2 bomber has been operational for years and has demonstrated repeatedly its ability to accomplish assigned missions. The B-2 bomber was successfully used in combat as part of Operation Allied Force, and when combined with the Joint Direct Attack Munition, demonstrated the highest rate of target destruction of any aircraft/weapon combination. Although the mission capable rate has averaged slightly above 37% for FY 2000, the 509<sup>th</sup> Bomb Wing demonstrated the ability to surge during Allied Force. While flying 30-hour missions from Whiteman AFB, the B-2 mission capable rate averaged more than 50%, which exceeds Air Combat Command's standard. During peacetime operations, a B-2 that is not mission capable due to a low observable maintenance problem is fully capable of flying training sorties to maintain aircrew proficiency and readiness and therefore the low observable maintenance problem does not significantly affect the B-2's ability to perform assigned missions.

1                   (38) in section 2306b—

2                   (A) by striking subsection (i);

3                   (B) in subsection (l)—

4                               (i) by striking paragraphs (1) and (6);

5                               (ii) by redesignating paragraphs (2) through (10) of subsection (l)

6                               as paragraphs (1) through (8), respectively; and

7                   (C) by redesignating subsections (j) through (l) as subsections (i) through

8                   (k), respectively;

#### **Section-by-Section Analysis**

##### **Report Title: Defense Acquisitions Specifically Authorized By Law**

**Report Purpose:** The provision in subsection (i) requires the Secretary of Defense to certify to Congress, before DoD can enter into a multi-year contract, that the current Future-Years Defense Program fully funds the support costs associated with the multiyear program, and that the proposed multiyear contract provides for production at not less than minimum economic rates given the existing tooling and facilities.

**Reason the Report Should be Repealed:** This report is obsolete. DoD and Congress now work together to program support costs in years beyond the Future Years Defense Program, which has replaced the multiyear program.

##### **Report Title: Multi-Year Procurement Contracts – Notice of Intent to Initiate**



**Report Purpose:** The provision in subsection (l)(1) requires the head of an agency to notify Congress of certain proposed contracts at least 30 days in advance of the award of such proposed contracts.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress with the same information pursuant to subsections (i)(3) and (l)(3) of this section. Specifically, proposed multiyear contracts described in subparagraph (B) employ economic order quantity (EOQ) procurement in excess of \$20 million in any one year of the contract; or include an unfunded contingent liability in excess of \$20 million or include advanced procurement leading to a multiyear contract that employs economic order quantity procurement in excess of \$20 million in any one year. Any contract employing EOQ funding or unfunded contingent liabilities at the levels described above would exceed a total contract value of \$500 million. Because subsections (i)(3) and (l)(3) of this section already require that any multiyear procurement contract in an amount equal to or greater than \$500 million be specifically authorized by law in an appropriations act and in an act other than an appropriations act, DoD already notifies Congress of such a proposed contract because Congress would have had to take definitive action to provide authority to award the contract.

**Report Title: Multiyear Procurement Contracts - Notice of Intent to Terminate**

**Report Purpose:** The provision in subsection (l)(6) requires the head of an agency to provide Congress with written notice prior to the proposed termination of a multiyear procurement contract, and specifies that the proposed termination must wait until 10 days after the date of the written notice of the proposed termination.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides the same information to Congress pursuant to requirements under section 2306b(l)(3) and (l)(3) of title 10. The contract which is subject to this reporting requirement is a multiyear contract that employs economic order quantity (EOQ) procurement in excess of \$20 million in any one year of the contract; or includes an unfunded contingent liability in excess of \$20 million or includes advanced procurement leading to a multiyear contract that employs economic order quantity procurement in excess of \$20 million in any one year. Any contract employing EOQ funding or unfunded contingent liabilities at the levels described above would exceed a total contract value of \$500 million. Because subsections (i)(3) and (l)(3) of this section already require that any multiyear procurement contract in an amount equal to or greater than \$500 million be specifically authorized by law in an appropriations act and in an act other than an appropriations act, DoD already notifies Congress of such a proposed contract because Congress would have had to take definitive action to provide authority to award the contract.

1 (39) in section 2327(c)(1)—

2 (A) in subparagraph (A), by striking "after the date on which such head of

3 an agency submits to Congress a report on the contract" and inserting "if in the



1 best interests of the government";

2 (B) by striking subparagraph (B); and

3 (C) by redesignating subparagraph (C) as subparagraph (B);

### Section-by-Section Analysis

**Report Title:** **Contracts: Consideration of National Security Objectives.**

**Report Purpose:** The provision requires the head of an agency to provide Congress with a detailed report, prior to entering into a contract with a foreign firm or a subsidiary of such a firm, if the Secretary of Defense determines that entering into the contract is not inconsistent with the national security objectives of the United States. The report must include the identity of the foreign government concerned; the nature of the contract; the extent of ownership or control of the firm or subsidiary concerned or, if appropriate in the case of a subsidiary, by the foreign government concerned or the agency or instrumentality of such foreign government; and the reasons for entering into the contract.

**Reason the Report Should be Repealed:** The report provides information of limited utility at extraordinary cost to DoD in terms of human resources. Instead of a recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (40) in section 2350a—

2 (A) by striking subsection (f); and

3 (B) in subsection (g), by striking paragraph (3);

### Section-by-Section Analysis

**Report Title:** **Cooperative Research and Development Projects**

**Report Purpose:** The provision in subsection (f) requires the Under Secretary of Defense for Acquisition, Technology and Logistics to provide Congress with a report, not later than March 1 of each year, on cooperative research and development projects. The report must include a description of the status, funding, and schedule of existing projects carried out for which memoranda of understanding (or other formal agreements) have been entered into, and a description of the purpose, funding, and schedule of any new projects proposed to be carried out (including those projects for which memoranda of understanding (or other formal agreements) have not yet been entered into) for which funds have been included in the budget submitted to Congress. This section further requires the Secretary of Defense, in conjunction with the Secretary of State, to provide a report, when warranted, enumerating those countries added or deleted from the existing designation, and the criteria used in determining the eligibility of a



country.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress with relevant information on high-cost cooperative programs, such as the Joint Strike Fighter, through other filings and reports. Instead of a recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

**Report Title: Side-by-Side Testing - Intent to Obligate Funds**

**Report Purpose:** The provision in subsection (g)(3) requires the Deputy Director for Defense Research and Engineering to notify Congress of his intent to obligate funds made available to carry out this subsection no less than 30 days before such obligation.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome.

1 (41) in section 2350b—

2 (A) by striking subsection (d);

3 (B) by redesignating subsections (e), (f) and (g) as subsections (d), (e) and

4 (f), respectively;

**Section-by-Section Analysis**

**Report Title: Notification of Prime Contract Awards to Comply with Cooperative Agreements**

**Report Purpose:** The provision in subsection (d)(1) requires the Secretary of Defense to notify Congress each time the Secretary requires that a prime contract be awarded to a particular prime contractor or subcontractor to comply with a cooperative agreement. The notice also must include the rationale for exercising such authority.

**Reason the Report Should be Repealed:** The report is redundant. DoD provides the same notification to Congress pursuant to section 27 of the Arms Export Control Act.

**Report Title: Notification of Waivers Granted to Prime Contractors in Conjunction with Cooperative Agreements**

**Report Purpose:** The provision in subsection (d)(2) requires the Secretary of Defense to notify Congress each time the Secretary exercises a waiver to enter into contracts or incur obligations under section 27(d) of the Arms Export Control Act outside the United States.

**Reason the Report Should be Repealed:** Similar to the report required by subsection



(d)(1), this report is redundant because DoD provides the same notification to Congress pursuant to section 27 of the Arms Export Control Act.

1 (42) in section 2350j—

2 (A) by striking subsection (e); and

3 (B) by redesignating subsections (f) and (g) as subsections (e) and (f),

4 respectively;

#### **Section-by-Section Analysis**

##### **Report Title: Notification of Burden Sharing Contributions by Designated Countries and Regional Organizations**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report containing an explanation of the need for certain military construction projects; the then current estimate of the cost of the projects; and a justification for carrying out the projects. When the Secretary decides to carry out a military construction project under this section, DoD may not commence the project until the end of the 21-day period beginning on the date on which the report is submitted to Congress.

**Reason the Report Should be Repealed:** The report is redundant and overly burdensome. DoD already provides this information to Congress in an annual report on burden-sharing contributions and their costs. Instead of a recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (43) in section 2367—

2 (A) by striking subsection (c) and (d);

#### **Section-by-Section Analysis**

##### **Report Title: Limitation on Creation of New Federally Funded Research and Development Centers**

**Report Purpose:** The provision in subsection (c) requires the head of an agency to provide Congress with a report describing the purpose, mission and general scope of effort of a new research and development center, at least 60 days prior to obligating or expending appropriations for the new center.

**Reason the Report Should be Repealed:** The report is obsolete. DoD has not established a new research and development center since 1984, nor does it intend to establish such a new center in the foreseeable future.



**Report Title: Identification of FFRDC Workload Effort**

**Report Purpose:** The provision in subsection (d) requires the Secretary of Defense to provide Congress with a report that sets forth the proposed amount of man-years of effort to be funded by DoD for each federally funded research and development center for that fiscal year budget.

**Reason the Report Should be Repealed:** The report is redundant. DoD would provide such information in its annual fiscal year budget submission.

1 (44) in section 2374a—

2 (A) by striking subsection (e); and

3 (B) by redesignating subsection (f) as subsection (e);

**Section-by-Section Analysis**

**Report Title: Prizes for Advanced Technology Achievements**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, at the end of each fiscal year, on the administration of the program of Prizes for Advanced Technology Achievements. The report must include discussion on military applications of research, technology, or prototypes for which prizes were awarded; the total amount of prizes awarded; and the methods used for solicitation and evaluation of those methods.

**Reason the Report Should be Repealed:** As there has not yet been a competition to date, this report provides information of limited utility, does not provide any value to Congress, and is burdensome to prepare. DoD would propose amending the reporting requirement to delete the annual report and only require that a report be provided to Congress once DoD begins awarding prizes for such achievements.

1 (45) in section 2401—

2 (A) in subsection (a), by striking "only as provided in subsection (b)" both  
3 times such phrase appears in the subsection;

4 (B) by striking subsection (b); and

5 (C) by redesignating subsections (c) through (f) as subsections (b) through

6 (e), respectively;



### Section-by-Section Analysis

**Report Title:** Requirement for Authorization by Law of Certain Contracts Relating to Vessels and Aircraft

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress prior to issuing a solicitation and contract to lease or charter a vessel or aircraft, or for the provision of a service through use by a contractor of a vessel or aircraft, in which the terms of the contract provide for a substantial termination liability on the part of the U.S. The notification must include a detailed description of the terms of the proposed contract and a justification for entering into the proposed contract rather than providing for the lease, charter, or services involved through purchase of a vessel or aircraft to be used under the contract. The Secretary must then wait for a period of 30 days of continuous session of Congress following the date on which Congress received the notice before proceeding further.

**Reason the Report Should be Repealed:** The report is redundant. DoD already requests Congress to authorize funds for such purposes, and provides supporting information, before proposing any such lease or contract.

1 (46) in section 2410i—

2 (A) in subsection (c), by striking the last sentence;

### Section-by-Section Analysis

**Report Title:** Prohibition on Contracting with Entities That Comply with the Secondary Arab Boycott of Israel.

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, within 15 days after the end of each fiscal year, identifying each waiver to the existing prohibition against contracting with entities that comply with the Arab boycott of Israel. Before DoD may grant such a waiver, the Secretary of Defense must certify that such waiver was necessary in the national security interests of the United States.

**Reason the Report Should be Repealed:** The report is overly burdensome and provides information of limited utility. DoD has not processed such a waiver since 1995 and would prefer to provide Congress with more relevant information in response to specific requests.

1 (47) in section 2410m—

2 (A) by striking subsection (c);

### Section-by-Section Analysis

**Report Title:** Retention of Amount Collected From Contractors During the



## **Pendency of Contract Dispute**

**Report Purpose:** The provision requires the Under Secretary of Defense (Comptroller) to provide Congress with an annual report on the amounts, if any, collected from contractors as a result of claims made by a military department or a defense agency under the Contract Disputes Act of 1978. The report must include: the total amount collected from contractors during the year preceding the year in which the report is submitted; the total amount available for obligation; the total amount disbursed in such preceding year and a description of the purpose for each disbursement; and the total amount returned to the Treasury in such preceding year.

**Reason the Report Should be Repealed:** The report is overly burdensome and provides information of limited utility. Instead of this burdensome, annual report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (48) in section 2457—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsections (e) and (f) as subsections (d) and (e),

4 respectively;

## **Section-by-Section Analysis**

### **Report Title: Standardization of Equipment with North Atlantic Treaty Organization Members**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, before February 1, 1989, and biennially thereafter, that assesses the United States' progress in standardizing equipment, including weapon systems, ammunition, and fuel, procured for the use of the armed forces of the United States stationed in Europe under the North Atlantic Treaty or at least to make that equipment interoperable with equipment of other members of the North Atlantic Treaty Organization. The report must include each specific assessment and evaluation made and the results of each assessment and evaluation as well as the results achieved with the members of NATO; procurement action initiated on each new major system not complying with that policy; procurement action initiated on each new major system that is not standardized or interoperable with equipment of other members of NATO, including a description of the system chosen and the reason for choosing that system; the identity of each program of research and development for U.S. Armed Forces stationed in Europe and the common requirements; action of the alliance toward common NATO requirements if none exists; efforts to establish a regular procedure and mechanism in NATO to determine common military requirements; a description of each existing and planned program of the Department of Defense that supports the development or procurement of a weapon system or other military equipment originally developed or procured by members of the organization other than the United States and for which funds have been authorized to be appropriated for the fiscal year in which the



report is submitted, including a summary listing of the amount of funds; and a description of each weapon system or other military equipment originally developed or procured in the United States and that is being developed or procured by members of the organization other than the United States during the fiscal year for which the report is submitted.

Reason the Report Should be Repealed: The report is obsolete. Congress initiated the requirement for this report in 1989, and since that time, the U.S. largely has achieved its goal of standardizing equipment with NATO members.

1 (49) in section 2461a—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsection (e) as subsection (d);

### Section-by-Section Analysis

Report Title: **Development Of System For Monitoring Cost Savings Resulting From Workforce Reductions**

Report Purpose: The provision requires the Secretary of Defense to provide Congress with a report, not later than February 1 of each fiscal year, on the results of the system for monitoring the performance, including the cost performance, of each function of DoD that is the subject of a workforce review. The report must include: the cost of workforce review; cost of performing a function before workforce review compared to costs incurred after implementing conversion, reorganization, or reengineering actions by the workforce review; and the actual savings derived from implementation of recommendations of the workforce review, compared to anticipated savings that were to result from those actions.

Reason the Report Should be Repealed: The report is obsolete and overly burdensome. As DoD's Business Initiative Council moves to alternate methods to find and measure savings and efficiencies, the focus on the A-76 program is diminishing. The report produces information of limited utility in relation to the cost of compiling the report, and DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (50) in section 2464—

2 (A) by striking paragraph (3) in subsection (b);

### Section-by-Section Analysis

Report Title: **Core Logistics Functions - Waiver**

Report Purpose: The provision requires the Secretary of Defense to provide Congress with a report whenever he determines to waive the requirements for performance workload



needed to maintain a logistics capability, provided that such waiver is made under regulations prescribed by the Secretary and is based on a determination that government performance of the activity or function is no longer required for national defense reasons. A waiver may not take effect until the expiration of the first period of 30 days of continuous session of Congress that begins on or after the date on which the Secretary submits a report to Congress on the waiver.

Reason the Report Should be Repealed: The report is unnecessary. To date, DoD has not found it necessary to invoke this waiver. Additionally, DoD already provides Congress with similar information through a variety of different means and reports.

1 (51) in section 2467—

2 (A) by striking subsection (c);

### Section-by-Section Analysis

#### Report Title: Congressional Notification Of Cost Comparison Waiver

Report Purpose: The provision requires the Secretary of Defense to provide Congress with a report, not later than 10 days after a decision is made to waive the cost comparison study otherwise required under OMB Budget Circular A-76 as part of the process to convert to contractor performance any commercial activity of DoD, describing the commercial activity subject to the cost comparison waiver and the rationale for the waiver.

Reason the Report Should be Repealed: This report is unnecessary. Only two cost comparison waivers have been done since 1995. These waivers are based on in-depth analysis of a function before conversion to contract performance and are subject to administrative appeal under OMB Circular A-76. As is further required by A-76, notices of waivers are made available to the public.. In addition, other reporting requirements provide the same notification information to Congress of the decision to transfer performance of the commercial or industrial type function to private sector performance.

1 (52) in section 2472—

2 (A) by striking subsection (b);

### Section-by-Section Analysis

#### Report Title: Management Of Depot Employees

Report Purpose: The provision requires the Secretary of Defense to provide Congress with a report, not later than December 1 of each fiscal year, on the number of employees employed and expected to be employed by the Department of Defense during that fiscal year to perform depot-level maintenance and repair of material.



Reason the Report Should be Repealed: The report is overly burdensome and provides information of limited utility. Each year, DoD expends approximately 15 man-days to prepare the report. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (53) in section 2493—

2 (A) by striking subsection (g);

### Section-by-Section Analysis

Report Title: **Fisher House: Administration as Nonappropriated Fund Instrumentality**

Report Purpose: The provision requires the Secretaries of the military departments to provide Congress with a report, not later than January 15 of each year, describing the operation of Fisher Houses and Fisher Suites associated with health care facilities.

Reason the Report Should be Repealed: The report is obsolete. This program has been an established, successful program for many years.

1 (54) for section 2504—

2 (A) by repealing the entire section in chapter 148; and

3 (B) by amending the section of tables for such chapter by striking all

4 references to section 2504;

### Section-by-Section Analysis

Report Title: **Department of Defense Technology and Industrial Base Policy Guidance**

Report Purpose: The provision requires the Secretary of Defense to provide Congress with an annual report, by March 1 of each year, on DoD industrial and technological guidance issued to facilitate the attainment of national security objectives, including any guidance providing for the integration of industrial and technological capabilities considerations into its budget allocation, weapons acquisition, and logistics support decision processes; methods and analyses undertaken by DoD, alone or in cooperation with other Federal agencies, to identify and address industrial and technological capabilities concerns; industrial and technological capabilities assessments prepared pursuant to section 2505 of title 10; other analyses used in developing DoD's budget submission for the next fiscal year, including a determination as to whether identified instances of foreign dependency adversely impact warfighting superiority; and DoD's programs and actions designed to sustain specific essential technological and industrial



capabilities.

**Reason the Report Should be Repealed:** The report is obsolete and overly burdensome. Congress established this reporting requirement to ensure that DoD prescribed policies and procedures, performed analyses, and took actions necessary to sustain the industrial and technological capabilities needed to meet projected defense requirements in an era of sharp reductions in defense spending and a rapidly consolidating defense industry. Today, the defense budget has stabilized and is increasing. The U.S. defense industrial base no longer is shrinking. DoD has submitted the required report annually since 1997 and demonstrated that it is meeting its responsibilities in a timely and effective manner. The report is a summary of DoD industrial capabilities-related activities completed during the previous calendar year. It contains no original information and is of limited utility to the Congress. DoD will continue to analyze important elements of the national technology and industrial base in accordance with the requirements of section 2503 of title 10, perform periodic defense capability assessments in accordance with section 2505, and prescribe appropriate departmental guidance in accordance with section 2506.

1 (55) in section 2515—

2 (A) by striking subsection (d);

#### **Section-by-Section Analysis**

##### **Report Title: Activities Of The Defense Office Of Technology Transition**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, submitted each year at the same time that the President submits the fiscal year budget, on the activities of the Defense Office of Technology Transition along with a discussion of the accomplishments of the Office during the fiscal year preceding the fiscal year in which the report is submitted.

**Reason the Report Should be Repealed:** The report is overly burdensome and provides information of limited utility. Each year, DoD expends approximately \$75,000 to prepare the report. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (56) in section 2521—

2 (A) by striking subsection (e);

#### **Section-by-Section Analysis**

##### **Report Title: Manufacturing Technology Program**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a five-year plan for the Manufacturing Technology Program which establishes the overall



manufacturing technology goals, milestones, priorities, and investment strategy for the program, as part of the budget justification documents submitted in support of the DoD's fiscal year budget. The report must include data for each of the five fiscal years covered by the plan, the objectives of, and funding for the program by each military department and each Defense Agency participating in the program.

Reason the Report Should be Repealed: The report is overly burdensome and provides information of limited utility. Each year, DoD expends approximately \$200,000 to prepare the report. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (57) in section 2536—

2 (A) by striking paragraph (2) in subsection (b), and by striking designator

3 (1) after the catch line; and

4 (B) by redesignating subparagraph (A) and (B) as paragraphs (1) and (2),

5 respectively; and

6 (C) by redesignating subparagraph (i) and (ii) as subparagraphs (A) and

7 (B), respectively;

#### Section-by-Section Analysis

Report Title: **Award Of Certain Contracts To Entities Controlled By A Foreign Government**

Report Purpose: The provision requires the Secretary of Defense to notify Congress of any decision to grant a waiver under paragraph (1)(B) with respect to a contract. The contract may be awarded only after the end of the 45-day period beginning on the date the notification is received by the committees.

Reason the Report Should be Repealed: This report is unnecessary. It is an "as required" report that provides advance notice to Congress on waivers to the prohibition against awarding a highly classified contract to a company controlled by a foreign government. The Department of Defense has never granted a waiver under this provision, and there is little likelihood of any contract triggering the need for such a report.

1 (58) in section 2537—

2 (A) by striking subsection (b); and



1 (B) by redesignating subsection (c) as subsection (b);

### Section-by-Section Analysis

**Report Title:** Report to Congress – Improved National Defense Control of Technology Diversions Overseas

**Report Purpose:** The provision requires the Secretary of Defense, the Secretary of Energy, and the Secretary of Commerce to provide Congress with an annual report, by March 31 of each year, containing a summary and analysis of the information collected on all contractors controlled by foreign persons. The report must include an analysis of accumulated foreign ownership of U.S. firms engaged in the development of defense critical technologies.

**Reason the Report Should be Repealed:** The report is overly burdensome. There are no existing databases to identify which contractors are controlled by foreign persons or entities. Requiring the collection of such information places additional administrative burdens on DoD and on DoD contractors, ultimately driving up the costs of acquisition and logistics.

1 (59) in section 2541d—

2 (A) by striking subsection (b); and

3 (B) by striking the "(a)" and the catchline in the remaining matter;

### Section-by-Section Analysis

**Report Title:** Critical Infrastructure Protection Loans

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, not later than March 1 of each year in which guarantees are made for loans under this subchapter, on the loan guarantee program.

**Reason the Report Should be Repealed:** This report is unnecessary. This subsection relates to an annual report of the loans and their effectiveness in securing the National Defense Infrastructure. The defense loan guarantee program has not been effective or widely used. Since this reporting requirement was established, only one such loan has been made. Therefore, the report is of little or no value.

1 (60) in section 2561—

2 (A) by striking subsections (c), (d) and (f); and

3 (B) by redesignating subsection (e) as subsection (c);

### Section-by-Section Analysis



**Report Title: Annual Report – Humanitarian Assistance**

**Report Purpose:** The provision in subsection (c) requires the Secretary of Defense to provide Congress with an annual report on the provision of humanitarian assistance used for the purpose of providing transportation of humanitarian relief and for other humanitarian purposes worldwide. The report is due each year at the time of the President's submits the fiscal year budget.

**Reason the Report Should be Repealed:** This report is unnecessary and overly burdensome. DoD would prefer to provide Congress with more relevant information, such as country specific data maintained by the Defense Security Cooperation Agency, in response to specific requests. During the last five years, Congress has made no such inquiry.

**Report Title: Annual Report – Humanitarian Assistance to Unauthorized Countries**

**Report Purpose:** The provision in subsection (d) requires the Secretary of Defense to notify Congress in any case in which the Secretary provides for the transportation of humanitarian relief to a country to which the transportation of humanitarian relief has not been specifically authorized by law. The notification is to be submitted not less than 15 days before the commencement of such transportation.

**Reason the Report Should be Repealed:** This report is unnecessary and overly burdensome. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (61) in section 2563—

2 (A) by striking "and notifies Congress regarding the reasons for the

3 waiver" in subsection (c)(2);

**Section-by-Section Analysis**

**Report Title: Articles And Services Of Industrial Facilities: Sale To Persons  
Outsides The Department Of Defense**

**Report Purpose:** The provision requires the Secretary of Defense to notify Congress whenever he waives the condition that an article or service must not be available from a United States commercial source in the case of a particular sale. The report must indicate the Secretary of Defense finds the waiver is necessary for reasons of national security.

**Reason the Report Should be Repealed:** The report is unnecessary. The Secretary of Defense already is determined to take such action rarely and only for reasons of national security.



1 (62) in section 2631—

2 (A) by striking the last sentence in subsection (b)(3);

### Section-by-Section Analysis

#### **Report Title: Supplies: Preference To United States Vessels**

**Report Purpose:** The provision requires the Secretary of Defense to notify Congress immediately whenever he determines to waive the requirement regarding work on certain vessels being performed in the United States. The report must indicate the Secretary of Defense finds the waiver is critical to the national security of the U.S.

**Reason the Report Should be Repealed:** This report is unnecessary. DoD does not anticipate contracting outside of the United States for the type of work that would generate the need for the report.

1 (63) in section 2645—

2 (A) by striking subsection (d);

3 (B) by striking subsection (g); and

4 (C) by redesignating subsections (e), (f) and (h) as subsections (d), (e) and

5 (f), respectively;

### Section-by-Section Analysis

#### **Report Title: Indemnification of the Department of Transportation for Losses Covered by Vessel War Risk Insurance**

**Report Purpose:** The provision in subsection (d) requires the Secretary of Defense to provide Congress with notification of a loss, as soon after the occurrence of the loss as possible and, in no event, more than 30 days after the date of the loss, that is covered by vessel war risk insurance in which the covered loss is or is expected to be in an amount in excess of \$1,000,000, as well as semi-annual reports thereafter updating the information, showing with respect to losses arising from such incident the total amount expended to cover such losses, the source of such funds, pending litigation, and estimated total cost to the government.

**Reason the Report Should be Repealed:** This report is unnecessary. DoD is required to submit this report only in the very rare event of a loss that is covered by defense-related vessel war risk insurance in the case of an accident in which the covered loss is, or is expected to be, in an amount in excess of \$1,000,000.



**Report Title: Annual Report on Contingent Liabilities**

**Report Purpose:** The provision in subsection (g) requires the Secretary of Defense to provide Congress with a report, not later than March 1 of each year, setting forth the current amount of the contingent outstanding liability of the United States under the vessel war risk insurance program under Title XII of the Merchant Marine Act of 1936.

**Reason the Report Should be Repealed:** This annual report is unnecessary. In the event of the occurrence of a loss or incident that is covered by this insurance, the Secretary of Defense already would be required to notify Congress promptly.

1 (64) in section 2662—

2 (A) by striking subsection (e);

3 (B) by redesignating subsections (f) and (g) as subsections (e) and (f),  
4 respectively; and

5 (C) in subsection (f), as redesignated by subparagraph (B), by striking "  
6 and the reporting requirement set forth in subsection (e) must not apply with  
7 respect to a real property transaction otherwise covered by that subsection,";

**Section-by-Section Analysis**

**Report Title: Real Property Transactions - Lease of Rental Property by GSA for DoD in Excess of \$500,000**

**Report Purpose:** The provision requires the Secretaries of the military departments to provide Congress with a report, 30 days prior to the proposed occupancy of any general purpose space leased for a DoD element by the General Services Administration at an annual rental in excess of \$500,000 (excluding the cost of utilities and other operation and maintenance services), if the effect of such occupancy is to increase the total amount of such leased space occupied by all elements of DoD.

**Reason the Report Should be Repealed:** The report is redundant. Congress already requires the Secretaries of the military departments to provide information concerning leases exceeding this threshold prior to execution during the annual appropriations process.

1 (65) in section 2667a (c)—

2 (A) by striking paragraph (2);



1 (B) by striking designator (1) after the catch line;

### Section-by-Section Analysis

**Report Title:** Leases: Non-Excess Property of Defense Agencies: Competitive Selection

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with written notice, not later than 45 days before entering into a lease if the term exceeds one year and the fair market value of the lease interest exceeds \$100,000, describing the terms of the proposed lease, the competitive procedures in that lease, and the competitive procedures to select the lessee.

**Reason the Report Should be Repealed:** This report is unnecessary. It is highly unlikely that DoD would enter such a lease.

1 (66) in section 2676 —

2 (A) in subsection (d), by striking all after "is approved by the Secretary

3 concerned" and inserting a period;

### Section-by-Section Analysis

**Report Title:** Acquisition: Limitation on Real Property Not Owned by the United States

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress prior to acquiring real property not owned by the United States which results in a reduction in scope or the increase in cost of a land acquisition. The Secretaries only may award such a contract after a period of 21 days elapses from the date Congress receives the required the notification.

**Reason the Report Should be Repealed:** The report is obsolete. DoD would prefer to eliminate the existing inefficient report in favor of providing Congress with more relevant information in response to specific requests.

1 (67) in section 2680—

2 (A) by striking subsections (e);

### Section-by-Section Analysis

**Report Title:** Leases: Land For Special Operations Activities



**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, not later than March 1 of each year, that identifies each leasehold interest in rear property that the Secretary determines is necessary in the interests of national security to facilitate special operations activities of forces of the special operations command. The report must contain a discussion of each project for the construction or modification of facilities.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress similar information through separate reports.

1 (68) in section 2688—

2 (A) by striking subsection (e);

3 (B) by redesignating subsections (f) through (i) as subsections (e) through

4 (h), respectively; and

5 (C) in subsection (f), as redesignated by subparagraph (B), by striking the

6 last sentence;

#### **Section-by-Section Analysis**

##### **Report Title: Utility Systems: Conveyance Authority: Notice-and-Wait Requirement**

**Report Purpose:** The provision requires the Secretaries of the military departments to provide Congress, prior to conveying a utility system, or part of a utility system, with an economic analysis (based upon accepted life-cycle costing procedures approved by the Secretary of Defense) demonstrating that the long-term economic benefit of the conveyance to the United States exceeds the long-term economic cost of the conveyance to the United States, and that the conveyance will reduce the long-term costs of the United States for utility services provided by the utility system concerned. DoD must wait for a period of 21 days to elapse after the date on which Congress receives the required economic analysis.

**Reason the Report Should be Repealed:** The report is unnecessary. The provisions of this section are very specific concerning the requirements for any such conveyance and sufficient to ensure DoD manages this authority appropriately. The additional notice and wait provision required by this report only serves as a further administrative burden.

1 (69) in section 2696—

2 (A) by striking subsections (c) and (d); and

3 (B) by redesignating subsection (e) as subsection (c);



## Section-by-Section Analysis

### Report Title: Notice of Further Federal Use

Report Purpose: The provision requires the Secretaries of the military departments to provide Congress with a copy of a notice issued by the General Services Administration (GSA) determining that further Federal use of a parcel of real property authorized or required to be conveyed by any provision of law is requested by a Federal agency. This provision also prohibits DoD from conveying the real property if Congress enacts a law rescinding the conveyance authority or requirement before the end of the 180-day period beginning on the date on which Congress receives from DoD the copy of GSA's notice.

Reason the Report Should be Repealed: The report is unnecessary. DoD would prefer to eliminate the requirement that it provide Congress with a copy of a notice issued by a separate Federal agency prior to taking any action regarding real property already possessed by the Federal government. This superfluous requirement contravenes Congress's and DoD's shared goal of effective, efficient government.

1 (70) in section 2703—

2 (A) in subsection (b)(2)—

3 (i) by striking subparagraph (B);

4 (ii) by striking the designator "(A)" which precedes "determines

5 that permanent relocation—";

6 (iii) by striking the dash that follows "such paragraph unless the

7 Secretary" in paragraph (2);

8 (iv) by realigning the previously designated subparagraph (A) to

9 follow at the end of paragraph (2); and

10 (v) by redesignating clauses (i) through (iii) as subparagraphs (A),

11 through (C), respectively;

## Section-by-Section Analysis

### Report Title: Environmental Restoration Accounts: Facility Relocation Costs

Report Purpose: The provision requires the Secretary of Defense or the Secretaries of the



military departments, before undertaking the permanent relocation of a facility, to determine that: permanent relocation is the most cost effective method of responding to the release or threatened release of hazardous substances, pollutants or contaminants from the real property on which the facility is located and is supported by the affected community; and to provide Congress with written notice of the determination before undertaking the permanent relocation of the facility, including a description of the response action taken or to be taken in connection with the permanent relocation and a statement of the costs incurred or to be incurred in connection with the permanent relocation.

Reason the Report Should be Repealed: The report is redundant. DoD already provides Congress the same information on facility relocations for environmental restoration purposes pursuant to sections 2805(b) and 2810(b) of title 10. In addition, relocating the facility would be a requirement for an environmental response action under the Comprehensive Environmental Response, Compensation and Liability Act of 1980. It also is likely that the Environmental Protection Agency and/or equivalent state environmental regulators already would have approved the response action, including facility relocation.

1                   (71) in section 2805—

2                   (A) in subsection (b), by striking paragraph (2); and

3                   (B) by striking the designator "(1)" that precedes the remaining matter;

#### **Section-by-Section Analysis**

##### **Report Title: Unspecified Minor Construction**

Report Purpose: The provision requires the Secretaries of the military departments to notify Congress of a decision to carry out an unspecified minor military construction project costing more than \$500,000. The Secretaries may carry out such a project only after the end of the 21-day period beginning on the date Congress receives the required notification.

Reason the Report Should be Repealed: The report is unnecessary and overly burdensome. DoD would prefer to provide Congress with more relevant information in response to specific requests.

1                   (72) in section 2807—

2                   (A) by striking subsections (b) and (c); and

3                   (B) by redesignating subsection (d) as subsection (b);

#### **Section-by-Section Analysis**

##### **Report Title: Architectural and Engineering Services and Construction Design**



**Report Purpose:** The provision in subsection (b) requires the Secretaries of the military departments to notify Congress prior to obtaining architectural and engineering services and construction design in connection with military construction projects for which the estimated cost exceeds \$500,000. The notification must indicate the scope of the proposed project and the estimated cost of such services, and must be sent to Congress not less than 21 days before the initial obligation of funds for such services.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. DoD would prefer to provide Congress with more relevant information in response to specific requests.

**Report Title:    **Reasons for Increase of Funds for Architectural and Engineering Services and Construction Design****

**Report Purpose:** The provision in subsection (c) requires the Secretaries of the military departments to submit a report to Congress upon determining that the amount authorized for architectural and engineering services and construction design in connection with military construction projects activities in any fiscal year are insufficient and must be increased. The report must include a statement of the reasons for the increase and a statement of the source of funds to be used for the increase. Such activities may proceed only after a period of 21 days has elapsed from the date Congress receives the required report.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress the same information in the Annual Report to Congress pursuant to section 2861 of title 10.

- 1                    (73) in section 2809—
- 2                    (A) by striking subsection (f);

**Section-by-Section Analysis**

**Report Title:    **Long-term Facilities Contracts for Certain Activities and Services****

**Report Purpose:** The provision requires the Secretaries of the military departments to provide Congress with a written justification of the need to enter into a contract for the procurement of services in connection with the construction, management, and operation of a facility on or near a military installation for the provision of certain specified activities or services. The justification must include an economic analysis (based upon accepted life-cycle costing procedures) that demonstrates the proposed contract is cost effective when compared with alternative means of furnishing the same facility. DoD must wait for a period of 21 calendar days after Congress receives the required justification before entering into such a contract.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress such information in its annual fiscal year budget submission.



1 (74) in section 2811—

2 (A) by striking subsection (d); and

3 (B) by redesignating subsection (e) as subsection (d);

### **Section-by-Section Analysis**

#### **Report Title: Repair of Facilities**

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress upon making a decision to carry out a repair project for an entire single-purpose facility or one or more functional areas of a multipurpose facility with an estimated cost in excess of \$10,000,000. The notification must include the justification for the repair project and the current estimate of the cost of the project.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress the same information in the military departments' annual reports, as well as the annual military construction appropriations process.

1 (75) in section 2812—

2 (A) in subsection (c), by striking paragraph (1);

3 (B) by striking the designator "(2)" that precedes the remaining matter;

### **Section-by-Section Analysis**

#### **Report Title: Lease-purchase of Facilities**

**Report Purpose:** The provision requires the Secretaries of the military departments to provide Congress, prior to entering into an agreement with a private contractor for the lease of a certain specified facility if the facility is provided at the expense of the contractor on a military installation under the jurisdiction of DoD, with a written justification of the need for the facility for which the proposed lease is being entered into and an economic analysis (based upon accepted life-cycle costing procedures) that demonstrates the cost effectiveness of the proposed lease compared with a military construction project for the same facility. DoD may not enter into such a lease until a period of 21 days has expired following the date on which Congress receives the justification and economic analysis.

**Reason the Report Should be Repealed:** The report is unnecessary. Due to scoring under the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act, the lease purchase authorized under section 2812 is rare. Other controls already are in place in section 2812 including provisions governing what can be leased and the number of leases that are authorized each year.



1 (76) in section 2813—

2 (A) by striking subsection (c);

### Section-by-Section Analysis

**Report Title: Acquisition of Existing Facilities in Lieu of Authorized Construction - Notice**

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress of the determination to acquire an existing facility instead of carrying out an authorized military construction project. The notification must include the reasons for acquiring the facility. DoD may not enter into a contract for the acquisition of a facility until the end of the 30-day period beginning on the date the Secretary transmits such notification to Congress.

**Reason the Report Should be Repealed:** The report is unnecessary. DoD believes that Congress should entrust the Secretaries of the military departments to manage such acquisition programs consistent with the best interests of DoD and the American people. The required report is an unneeded administrative burden that delays important projects and results in less efficient government.

1 (77) in section 2815—

2 (A) by repealing this entire section in chapter 169; and

3 (B) by amending the table of section at the beginning of such chapter by

4 striking the item relating to section 2815;

### Section-by-Section Analysis

**Report Title: Joint Use Military Construction Projects**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with an annual report that includes a certification from each Secretary of a military department that, in evaluating military construction projects for inclusion in the President's fiscal year budget, the Secretaries evaluated the feasibility of carrying out the projects as joint use military construction projects. This report is due at the same time as the President's fiscal year budget.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress this same information in the justification documents that accompany each military construction project submitted to Congress as part of the President's fiscal year budget.

1 (78) in section 2825—



1 (A) in subparagraph (b)(1)(B)—

2 (i) by striking clause (ii);

3 (ii) by striking ", and" at the end of clause (i); and

4 (iii) by striking the designator "(i)" in the remaining text following

5 "in the preceding sentence if";

6 (B) in subsection (c)(1)—

7 (i) by striking subparagraphs (C) and (D);

8 (ii) by inserting "and" at the end of subparagraph (A); and

9 (iii) by striking the semi-colon at the end of subparagraph (B) and

10 inserting a period;

### **Section-by-Section Analysis**

#### **Report Title: Improvements to Family Housing**

**Report Purpose:** The provision in subsection (b) requires the Secretaries of the military departments to notify Congress of a proposed waiver of the existing restriction that DoD may not expend funds for the improvement of any single family housing unit, or for the improvement of two or more housing units that are to be converted into or are to be used as a single family housing unit, if the cost per unit of such improvement in the case of improvements necessary to make the unit suitable for habitation for a handicapped person will exceed \$60,000 multiplied by the area construction cost index as developed by DoD for the location concerned at the time of the contract award. Prior to expending funds, DoD must wait for a period of 21 days after the date on which Congress has received notice from the Secretaries of the military departments of the proposed waiver and an economic analysis demonstrating that the improvement will be cost effective.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress the same information in its annual reports and through the annual authorization and appropriations processes.

#### **Report Title: Construction in Lieu of Improving Family Housing Units**

**Report Purpose:** The provision in subsection (c) requires the Secretaries of the military departments to notify Congress prior to constructing replacement military family housing units in lieu of improving existing military family housing units. The notification must include an



economic analysis demonstrating that the improvement project would exceed 70 percent of the cost of constructing replacement housing units intended for members of the armed forces in the same paygrade or grades as the members who occupy the existing housing units, and, if the replacement housing units are intended for members of the armed forces in a different pay grade or grades, justification of the need for the replacement housing units based upon the long-term requirements of the armed forces in the location concerned. DoD only may initiate such construction after a period of 21 days elapses after the date on which the Secretary submits to Congress the required notice.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress the same information in its annual reports and through the annual authorization and appropriations processes.

1                   (79) in section 2826—

2                               (A) by striking subsection (b); and

3                               (B) by redesignating subsections (c) through (i) as subsections (b) through

4                               (h), respectively;

#### **Section-by-Section Analysis**

**Report Title:**   **Inclusion of Net Square Footage Comparisons in Requests to Congress to Build Military Family Housing**

**Report Purpose:** The provision requires the Secretaries of the military departments to provide information to Congress on the net floor area of each unit of military family housing to be constructed, acquired, or improved in each request to Congress for authority to carry out such construction, acquisition, or improvement of military family housing.

**Reason the Report Should be Repealed:** The information DoD must provide to Congress is unnecessary and redundant. DoD believes that Congress should entrust the Secretaries of the military departments to manage such construction programs consistent with the best interests of DoD and the American people. DoD already provides Congress the same information in its fiscal year budget justification. Further, DoD already provides Congress this same information in the justification documents that accompany each military construction project submitted to Congress as part of the President's fiscal year budget.

1                   (80) in section 2827—

2                               (A) by striking subsection (b); and

3                               (B) by striking "(a) Subject to subsection (b), the Secretary" and inserting



1

"The Secretary";

### Section-by-Section Analysis

#### Report Title: Relocation of Military Family Housing Units

Report Purpose: The provision requires the Secretaries of the military departments to notify Congress prior to awarding a contract to carry out a relocation of military family housing units from any location where the number of such units exceeds requirements for military family housing to any military installation where there is a housing shortage. The notification must include the proposed new locations of the housing units and the estimated cost of and source of funds for the relocation. DoD only may award such a contract after a period of 21 days elapses after the date on which the Secretary submits to Congress the required notice.

Reason the Report Should be Repealed: The report is unnecessary. The source of funds for such contracts typically is either the improvements or maintenance accounts of the family housing appropriation. DoD already must make separate reports to Congress if expenditures from either account exceeds certain thresholds.

1

(81) in section 2828—

2

(A) by striking subsection (f); and

3

(B) by redesignating subsection (g) as subsection (f);

### Section-by-Section Analysis

#### Report Title: Leasing of Military Family Housing

Report Purpose: The provision requires the Secretaries of the military departments to provide Congress with written notification prior to making a lease for family housing facilities, or for real property related to family housing facilities, in a foreign country for which the average estimated annual rental during the term of the lease exceeds \$500,000. The notification must include a discussion of the facts concerning the proposed lease. DoD only may make such a lease after a period of 21 days elapses after the date on which the Secretary submits to Congress the required notice.

Reason the Report Should be Repealed: The report is unnecessary. DoD believes that Congress should entrust the Secretaries of the military departments to manage military family housing programs consistent with the best interests of DoD and the American people.

1

(82) in section 2835—

2

(A) by striking subsections (b) and (g);



1 (B) by redesignating subsections (c) through (h) as subsections (b) through  
2 (f), respectively; and  
3 (C) in subsection (a), by striking "Subject to subsection (b), the Secretary"  
4 and inserting "The Secretary";

### **Section-by-Section Analysis**

#### **Report Title: Long-Term Leasing of Military Family Housing to Be Constructed**

**Report Purpose:** The provision in subsection (b) requires the Secretary of Defense to provide Congress with materials that identify the military housing projects to be constructed or rehabilitated to residential use near a military installation within the United States under the Secretary's jurisdiction at which there is a shortage of family housing. DoD must provide the materials to Congress along with its annual fiscal year budget submission.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress information regarding lease contracts for military housing projects in its annual fiscal year budget submission.

#### **Report Title: Notice of Long-Term Leasing of Military Family Housing to be Constructed**

**Report Purpose:** The provision in subsection (g) requires the Secretary of Defense to provide Congress, prior to entering a contract for the lease of family housing units to be constructed or rehabilitated to residential use near a military installation within the United States under the Secretary's jurisdiction at which there is a shortage of family housing, with a report on the economic analysis (based upon accepted life cycle costing procedures) which demonstrates that the proposed contract is cost effective when compared with alternative means of furnishing the same housing facilities. DoD only may enter such a contract after a period of 21 days elapses after the date on which the Secretaries submit to Congress the required report.

**Reason the Report Should be Repealed:** The report is obsolete. DoD no longer enters into such contracts.

1 (83) in section 2836—

2 (A) in subsection (a), by striking "Subject to subsection (b), the Secretary"  
3 and inserting "The Secretary";  
4 (B) by striking subsection (b);



1 (C) by striking subsection (f); and

2 (D) by redesignating subsections (c) through (g) as subsections (b) through

3 (e), respectively;

### **Section-by-Section Analysis**

#### **Report Title: Military Housing Rental Guarantee Program - Submission and Authorization**

**Report Purpose:** The provision in subsection (b) requires the Secretary of Defense to provide Congress with materials that identify any agreement DoD enters to assure the occupancy of rental housing to be constructed or rehabilitated to residential use by a private developer or by a State or local housing authority on private land, on land owned by a State or local housing authority on private land, on land owned by a State or local government, or on land owned by the United States, if the housing is to be located on or near a new military installation or an existing military installation that has a shortage of housing to meet the requirements of eligible members of the armed forces (with or without accompanying dependents). DoD must provide the materials to Congress along with its annual fiscal year budget submission.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress information regarding contracts for military housing projects in its annual fiscal year budget submission.

#### **Report Title: Military Housing Rental Guarantee Program - Notice and Wait Requirement**

**Report Purpose:** The provision in subsection (f) requires the Secretary of Defense to provide Congress, prior to entering an agreement to assure the occupancy of rental housing to be constructed or rehabilitated to residential use by a private developer or by a State or local housing authority on private land, on land owned by a State or local housing authority on private land, on land owned by a State or local government, or on land owned by the United States, if the housing is to be located on or near a new military installation or an existing military installation that has a shortage of housing to meet the requirements of eligible members of the armed forces (with or without accompanying dependents), with a report containing an economic analysis (based upon accepted life cycle costing procedures) which demonstrates that the proposed agreement is cost effective when compared with alternative means of furnishing the same housing facilities. DoD only may enter such an agreement after a period of 21 days elapses after the date on which the Secretaries submit to Congress the required report.

**Reason the Report Should be Repealed:** The report is redundant. DoD already provides Congress information regarding such agreements involving military housing projects in its annual fiscal year budget submission.



1 (84) in section 2837—

2 (A) in subsection (c)—

3 (i) by striking paragraph (2); and

4 (ii) by striking the designator "(1)" after the catchline and

5 preceding the remaining matter;

6 (B) by striking subsection (f); and

7 (C) by redesignating subsections (g) and (h) as subsections (f) and (g),

8 respectively;

### Section-by-Section Analysis

**Report Title: Limited Partnerships with Private Developers of Housing - Selection of Investment Opportunities**

**Report Purpose:** The provision in subsection (c) requires the Secretaries of the military departments to provide Congress, upon deciding to enter into a limited partnership with one or more private developers to encourage the construction of housing and accessory structures within commuting distance of an installation in order to meet the housing requirements of members of the armed forces, and the dependents of such members, with a report that includes the justification for the limited partnership, the terms and conditions of the limited partnership, a description of the development costs for project under the limited partnership, and a description of the share of such costs to be incurred by the Secretary. DoD only may enter such a limited partnership after a period of 21 days elapses after the date on which the Secretaries submit to Congress the required report.

**Reason the Report Should be Repealed:** The report is unnecessary. DoD rarely enters such limited partnerships, and most housing privatization is carried out under the authority of sections 2871-2885 of title 10. Section 2837(d) of title 10 limits expenditures in the account to "such amounts as are provided in advance in appropriation Acts." In short, DoD already provides Congress with similar information whenever it requests Congress to provide authority to expend funds in accordance with section 2837(d).

**Report Title: Defense Housing Investment Account**

**Report Purpose:** The provision in subsection (f) requires the Secretaries of the military departments to provide Congress with a joint, annual report, not later than 60 days after the end of each fiscal year in which activities are carried out under this section, on the Defense Housing Investment Account specifying the amount and nature of all deposits into, and the expenditures



from, the account during such fiscal year and of the amount and nature of all other expenditures made pursuant to such section during such fiscal year.

Reason the Report Should be Repealed: The report is unnecessary and overly burdensome.

(85) in section 2853—

(A) in subsection (c), by striking paragraphs (2) and (3);

(B) in the remaining matter, by striking the designator "(1)" and the dash

and realigning the paragraph to read as a subsection; and

(C) by striking the semi-colon at the end of the remaining matter and

inserting a period;

#### **Section-by-Section Analysis**

##### **Report Title: Authorized Cost Variations**

Report Purpose: The provision requires the Secretaries of the military departments to provide Congress with notification regarding the increase in cost or reduction in scope of a military construction project, or the construction, improvement, and acquisition of a military family housing project. Specifically, DoD must notify Congress of any increase in cost of more than 25 percent of the amount appropriated for such project or 200 percent of the minor construction project ceiling specified in section 2805(a)(1) of title 10, United States Code, whichever is less, or reduction in the cost authorized for and the reasons therefore. DoD also must notify Congress of any reduction in the scope of work of more than 25 percent from the amount approved by Congress for that project, construction, improvement, or acquisition. In the event of such an increase in cost or reduction in the scope of work, DoD may not proceed with a project unless the Secretaries approve the increase in cost or reduction in scope, and a period of 21 days has elapsed after the date on which the Secretaries submit to Congress the required notification.

Reason the Report Should be Repealed: The report is redundant. DoD already provides Congress with the same information in a separate annual report to Congress in accordance with section 2861 of title 10. DoD would prefer to provide Congress with more relevant information in response to specific requests.

(86) in section 2854—

(A) by striking subsection (b); and



1 (B) by striking "(a) Subject to subsection (b), the" in the preceding matter  
2 and inserting "The";

### **Section-by-Section Analysis**

#### **Report Title: Restoration or Replacement of Damaged or Destroyed Facilities**

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress upon making a decision to carry out construction to repair, restore, or replace a facility under their respective jurisdictions, including a family housing facility, that has been damaged or destroyed, and the cost of the repair, restoration, or replacement is greater than the maximum amount for a minor construction project. The notification must include the justification for the project, the current estimate of the cost of the project, and the source of funds for the project. DoD only may carry out such construction after the end of the 21-day period beginning on the date Congress receives the required notification.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. DoD believes that Congress should entrust the Secretaries of the military departments to manage such construction consistent with the best interests of DoD and the American people. To eliminate the unneeded administrative burden associated with preparing these notifications, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (87) in section 2854a—

2 (A) by striking subsection (c); and

3 (B) by redesignating subsections (d) through (g) as subsections (c) through

4 (f), respectively;

### **Section-by-Section Analysis**

#### **Report Title: Conveyance of Damaged or Deteriorated Military Family Housing; Use of Proceeds**

**Report Purpose:** The provision requires the Secretaries of the military departments to provide Congress, prior to entering an agreement to convey any family housing facility that, due to damage or deterioration, is in a condition that is uneconomical to repair, with a report justifying the conveyance under the agreement, including an estimate of the consideration to be provided the United States under the agreement, an estimate of the cost of repairing the family housing facility to be conveyed, and an estimate of the cost of replacing the family housing facility to be conveyed. DoD may not enter into such an agreement until after a period of 21 calendar days has elapsed after the date Congress receives the required report.



**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. DoD believes that Congress should entrust the Secretaries of the military departments to manage such conveyances consistent with the best interests of DoD and the American people. To eliminate the unneeded administrative burden associated with preparing these notifications, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (88) in section 2865—

2 (A) in subsection (e), by striking paragraph (2); and

3 (B) by striking subsection (f); and

4 (C) by striking designator (1) after the catch line;

### **Section-by-Section Analysis**

#### **Report Title: Energy Conservation Construction Projects**

**Report Purpose:** The provision in subsection (e) requires the Secretary of Defense to notify Congress upon making a decision to carry out a military construction project for energy conservation, not previously authorized, using funds appropriated or otherwise made available for that purpose. DoD only may carry out such a military construction project after a period of 21 calendar days has elapsed after the date Congress receives the required notification.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. The administrative burden associated with this report caused unneeded delay in the execution of a number of projects, including renovation of the Pentagon. DoD believes that Congress should entrust the Secretaries of the military departments to manage such construction consistent with the best interests of DoD and the American people. Instead of preparing these burdensome notifications, DoD would prefer to provide Congress with more relevant information in response to specific requests.

#### **Report Title: Energy Savings at Military Installations**

**Report Purpose:** The provision in subsection (f) requires the Secretary of Defense to provide Congress with a report, not later than December 31 of each year, describing actions taken to carry out energy savings at military installations, and the savings realized for the fiscal year ending in the year in which the report is made.

**Reason the Report Should be Repealed:** This report is redundant. DoD already provides Congress with similar information in separate reports, including the "Annual Energy Management Report" recently mandated by Congress in the National Defense Authorization Act for Fiscal Year 2002.

1 (89) in section 2866—



1 (A) in subsection (c), by striking paragraph (2); and

2 (B) by striking designator (1) after the catch line;

### **Section-by-Section Analysis**

#### **Report Title: Water Conservation at Military Installations**

**Report Purpose:** The provision requires the Secretary of Defense to notify Congress upon making a decision to carry out a military construction project for water conservation, not previously authorized, using funds appropriated or otherwise made available to the Secretary for water conservation. DoD only may carry out such a military construction project after a period of 21 calendar days has elapsed after the date Congress receives the required notification.

**Reason the Report Should be Repealed:** The report is unnecessary and overly burdensome. The administrative burden associated with this report caused unneeded delay in the execution of a number of projects. DoD believes that Congress should entrust the Secretaries of the military departments to manage such construction consistent with the best interests of DoD and the American people. Instead of preparing these burdensome notifications, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1 (90) in section 2867—

2 (A) by striking subsection (c);

### **Section-by-Section Analysis**

#### **Report Title: Sale of Electricity from Alternate Energy and Cogeneration Production Facilities**

**Report Purpose:** The provision requires the Secretaries of the military departments to notify Congress before carrying out military construction projects under the energy performance plan developed by the Secretary of Defense under section 2865(a) of title 10, United States Code, including minor military construction projects authorized under section 2805 of title 10, United States Code, that are designed to increase energy conservation. The notification must include the justification for the project and the estimated cost of the project. DoD only may carry out such a military construction project after a period of 21 calendar days has elapsed after the date Congress receives the required notification.

**Reason the Report Should be Repealed:** The report is obsolete. Since 1984, when Congress first mandated this report, DoD regularly provides Congress with the requested information as part of the military construction authorization and appropriations process.

1 (91) in section 2875—



1

(A) by striking subsection (e);

### Section-by-Section Analysis

#### Report Title: Investments

Report Purpose: The provision requires the Secretary of Defense to notify Congress prior to using amounts in the DoD Family Housing Improvement Fund or the DoD Military Unaccompanied Housing Improvement Fund to make a cash investment in an eligible entity carrying out projects for the acquisition or construction of housing units suitable for use as military family housing or as military unaccompanied housing. The notification must include the justification for the investment. DoD only may use amounts from these funds to make a cash investment after the end of the 30-day period beginning on the date Congress receives the required notification.

Reason the Report Should be Repealed: The report is redundant and overly burdensome. DoD already provides Congress with such information as part of separate reports required by this subchapter of title 10. DoD expends 10 man-days each year to prepare the report. Instead of preparing this burdensome, recurring report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

1

(92) in section 2884—

2

(A) by striking subsection (b);

3

(B) by striking the designator "(1)" that follows the catchline in the

4

remaining matter;

5

(C) by striking the designator before subparagraph (2) and inserting "(b)

6

CONTENT OF REPORTS.— " to redesignate that subparagraph as a sub-section;

7

(D) by amending the section title to read: "§ 2884. Project reports"; and

8

(E) by amending the table of sections at the beginning of such chapter 169

9

by replacing the item relating to section 2884 with the following new item:

10

"2884. Project reports.";

### Section-by-Section Analysis

#### Report Title: Department of Defense Housing Funds

Report Purpose: The provision requires the Secretary of Defense to provide Congress



with a report on the expenditures and receipts during the preceding year covering the DoD Family Housing Improvement Fund and the DoD Military Unaccompanied Housing Improvement Fund; a methodology for evaluating the extent and effectiveness of the use of alternative authorities for acquisition and improvement of military housing during the preceding fiscal year; and a description of DoD's objectives for providing military family housing and military unaccompanied housing for members of the armed forces. DoD must provide the report to Congress along with its annual fiscal year budget submission.

Reason the Report Should be Repealed: The report is unnecessary. DoD already provides Congress with this information, including expenditures, receipts, and financial statements, as part of its annual fiscal year budget submission. Instead of preparing this burdensome, annual report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

- 1 (93) in section 2902—
- 2 (A) in subsection (g), by striking paragraph (2); and
- 3 (B) by striking designator (1) after the catch line;

#### **Section-by-Section Analysis**

Report Title: **Strategic Environmental Research and Development Program Council**

Report Purpose: The provision requires the Secretary of Defense to provide Congress with the annual report prepared by the Strategic Environmental Research and Development Program Council, along with such comments as the Secretary considers appropriate. The report is due not later than March 15 of each year.

Reason the Report Should Be Repealed: The report is unnecessary. DoD would prefer to forward Congress the Council's annual report without requiring additional input from the Secretary of Defense. The Secretary would exercise discretion regarding whether to provide further comment on the Council's annual report.

- 1 (94) in section 5143—
- 2 (A) by striking subsection (e);

#### **Section-by-Section Analysis**

Report Title: **Annual Report of the Chief of Naval Reserve**

Report Purpose: The provision requires the Secretary of Defense to provide Congress



with an annual report prepared by the Chief of Naval Reserve on the state of the Naval Reserve and the ability of the Naval Reserve to meet its missions, together with such comments on the report as the Secretary considers appropriate. The report is due at the same time DoD submits to Congress its annual fiscal year budget.

**Reason the Report Should be Repealed:** The report is redundant and overly burdensome. DoD already provides Congress the same information in numerous other reports submitted annually to Congress. DoD expends 12 man-days each year to prepare the report. Instead of preparing this burdensome, annual report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

- 1 (95) in section 6954—
- 2 (A) by striking subsection (f); and
- 3 (B) by redesignating subsection (g) as subsection (f);

#### **Section-by-Section Analysis**

**Report Title:** **Nomination of Persons to the U.S. Naval Academy**

**Report Purpose:** The provision requires the Secretary of the Navy to provide to any member of Congress, upon the written request of such member, the name of the Congressman or other nominating authority responsible for the nomination of any named or identified person for appointment to the Academy.

**Reason the Report Should be Repealed:** The report is unnecessary. DoD would prefer that Congress eliminate an unneeded administrative burden by seeking such information directly from the U.S. Naval Academy.

- 1 (96) in section 7049—
- 2 (A) by striking subsection (c); and
- 3 (B) by redesignating subsections (d) through (g) as subsections (c) through
- 4 (f), respectively;

#### **Section-by-Section Analysis**

**Report Title:** **Defense Industry Civilians: Admission to Defense Product Development Program**

**Report Purpose:** The provision requires the Secretary of the Navy to provide Congress with a certification that defense industry employees are eligible to receive instruction at the



Naval Postgraduate School during any academic year because such instruction will further the military mission of the school, will enhance the ability of the Department of Defense and defense-oriented private sector contractors engaged in the design and development of defense systems to reduce the product and project lead times required to bring such systems to initial operational capability, and will be done on a space-available basis and not require an increase in the size of the faculty of the school, an increase in the offerings of the school, or an increase in the laboratory facilities or other infrastructure of the school. The certification is due before the start of the academic year.

Reason the Report Should be Repealed: The report is unnecessary. DoD would prefer that Congress eliminate an unneeded administrative burden by seeking such information directly from the U.S. Naval Postgraduate School.

1 (97) in section 9356—

2 (A) by striking subsection (c);

3 (B) by redesignating subsections (d) and (e) as subsections (c) and (d),

4 respectively; and

5 (C) in subsection (a), by striking "Subject to subsection (c), the Secretary"

6 and inserting "The Secretary";

#### Section-by-Section Analysis

##### Report Title: Acceptance of Guarantees with Gifts for Major Projects

Report Purpose: The provision requires the Secretary of the Air Force to provide Congress with a report before accepting from a donor or donors a qualified guarantee for the completion of a major project for the benefit of the U.S. Air Force Academy. DoD may not accept such a qualified guarantee until 30 days expire following the date DoD submits the required report to Congress.

Reason the Report Should be Repealed: The report is unnecessary. A qualified guarantee is a standard banking practice that is used throughout the United States for substantial donations to universities and colleges. The banking industry will not provide the guarantee without careful consideration of the underlying plans.

1 (98) in section 9514—

2 (A) by striking subsection (c);

3 (B) by striking subsection (f); and



(C) by redesignating subsection (g) as subsection (f);

### **Section-by-Section Analysis**

**Report Title:** **Indemnification of Department of Transportation for Losses Covered by Defense-Related Aviation Insurance**

**Report Purpose:** The provision in subsection (c) requires the Secretary of Defense to notify Congress in the event of a loss that is covered by defense-related aviation insurance in the case of an accident in which the covered loss is (or is expected to be) in an amount in excess of \$1,000,000, as soon after the occurrence of the loss as possible, and in no event more than 30 days after the date of the loss. The Secretary also must provide Congress with semi-annual reports with all pertinent information and updates on each such accident.

**Reason the Report Should be Repealed:** The report is overly burdensome and provides information readily available to Congress through alternative sources. Instead of preparing this burdensome, annual report, DoD would prefer to provide Congress with more relevant information in response to specific requests.

**Report Title:** **Contingent Liabilities**

**Report Purpose:** The provision in subsection (f) requires the Secretary of Defense to provide Congress with a report, not later than March 1 of each year, setting forth the current amount of the contingent outstanding liability of the United States under the insurance program established at chapter 443 of title 49, United States Code, that allows the Secretary of Transportation to provide insurance or reinsurance against loss or damage arising out of any risk from the operation of an American aircraft or foreign-flag aircraft outside the United States.

**Reason the Report Should be Repealed:** The report is overly burdensome and provides information readily available to Congress through alternative sources. Instead of preparing this burdensome, annual report, DoD would prefer to provide Congress with more relevant information in response to a request regarding a specific incident or loss.

(99) in section 12302—

(A) in subsection (b), by striking the last sentence; and

(B) by striking subsection (d).

### **Section-by-Section Analysis**

**Report Title:** **Ready Reserve Order to Active Duty in Time of National Emergency - Policies and Procedures**

**Report Purpose:** The provision in subsection (b) requires the Secretary of Defense to



provide Congress with an annual report on the policies and procedures he considers necessary to achieve fair treatment as between members in the Ready Reserve who are being considered for recall to duty without their consent.

**Reason the Report Should be Repealed:** The report is obsolete. Congress originally mandated this report in the 1950's when the Reserve component was far different than it is today. With the advent of the all volunteer force, significantly increased integration, and standardization of training, equipment, and deployment methods, DoD has established a proven record of achieving fair treatment of the members of the Ready Reserve.

**Report Title: Ready Reserve Order to Active Duty in Time of National Emergency - Annual Report**

**Report Purpose:** The provision in subsection (d) requires the President to provide Congress with a report whenever one or more units of the Ready Reserve are ordered to active duty. The report must include a statement of the mission of each such unit ordered to active duty, an evaluation of such unit's performance of that mission, where each such unit is being deployed at the time of the report, and such other information regarding each unit as the President deems appropriate. The report is due on the first day of the second fiscal year quarter immediately following the quarter in which the first unit or units are ordered to active duty and on the first day of each succeeding six-month period thereafter, so long as such unit is retained on active duty.

**Reason the Report Should be Repealed:** The report is redundant and overly burdensome. DoD already informs Congress whenever it orders to active duty a Reserve component unit. Instead of preparing this burdensome, annual report, DoD would prefer to provide Congress with more relevant, timely information in response to a request regarding the status of specific Reserve units.

- 1 (100) for section 16137—
- 2 (A) by repealing this entire section in chapter 1606; and
- 3 (B) by amending the table of sections at the beginning of such chapter by
- 4 striking the item relating to section 16137.

**Section-by-Section Analysis**

**Report Title: Educational Assistance for Members of the Select Reserve**

**Report Purpose:** The provision requires the Secretary of Defense to provide Congress with a report, no later than March 1 of each odd-numbered year, concerning the operation of the program to provide educational assistance to members of the Selected Reserve of the Ready Reserve of the armed forces who agree to remain members of the Selected Reserve for a period



of not less than six years. The report must include the number of members of the Selected Reserve of the Ready Reserve of each armed force receiving, and the number entitled to receive, educational assistance during the preceding two fiscal years.

Reason the Report Should be Repealed: The report is unnecessary. Fifteen years have passed since Congress originally mandated this report, and DoD has established a proven record of achieving the goals of this educational assistance program. Instead of preparing this burdensome report, DoD would prefer to provide Congress with more relevant, timely information in response to specific requests.