



DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
1600 DEFENSE PENTAGON
WASHINGTON, DC 20301-1600

APR 13 2005

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

Dear Mr. Speaker:

The Department of Defense requests that the Congress enact the enclosed legislative proposals as part of the National Defense Authorization Bill for Fiscal Year 2007.

The purpose of each proposal is stated in the accompanying section-by-section analysis.

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

Sincerely,

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Daniel J. Dell'Orto
Acting General Counsel

Enclosure:
As stated





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

Dear Mr. President:

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**SEC. ____ . BUILDING THE PARTNERSHIP SECURITY CAPACITY OF MILITARY
AND SECURITY FORCES.**

1 (a) IN GENERAL.—Section 1206 of the National Defense Authorization Act for Fiscal
2 Year 2006 (Public Law 109-163; 119 Stat. 3456) is amended to read as follows:

3 **"SEC. 1206. AUTHORITY TO BUILD THE CAPACITY OF FOREIGN MILITARY AND**
4 **SECURITY FORCES.**

5 "(a) AUTHORITY.—The Secretary of Defense, with the concurrence of the Secretary of
6 State, may authorize programs—

7 "(1) to build the capacity of a foreign country's national military forces and
8 security forces, specifically gendarmerie, constabulary, internal defense, infrastructure
9 protection, civil defense, border protection, and counterterrorism forces, in order for that
10 country to—

11 "(A) conduct counterterrorist operations; or

12 "(B) participate in or support military and stability operations that are
13 consistent with the security interests of the United States; or

14 "(2) when U.S. forces are deployed in a large-scale stability operation in a
15 country, to build the capacity of police forces in that country.

16 "(b) TYPES OF CAPACITY BUILDING.—

17 "(1) AUTHORIZED ELEMENTS.—Programs authorized under subsection (a) may be
18 carried out by grant or otherwise, and may include the provision of equipment, supplies,
19 and training.

20 "(2) REQUIRED ELEMENTS.—Programs authorized under subsection (a) shall
21 include elements that promote—

1 "(A) observance of and respect for human rights and fundamental
2 freedoms; and

3 "(B) respect for legitimate civilian authority within that country.

4 "(c) LIMITATIONS.—

5 "(1) ANNUAL FUNDING LIMITATION.—The Secretary of Defense may use, or
6 transfer to the Department of State or any other federal agency, up to \$750,000,000 of
7 funds available for any fiscal year, to conduct or support activities authorized under
8 subsection (a) in that fiscal year.

9 "(2) ASSISTANCE OTHERWISE PROHIBITED BY LAW.—The authority in subsection
10 (a) may not be used to provide any type of assistance described in subsection (b) that is
11 otherwise prohibited by any provision of law.

12 "(3) ELIGIBLE COUNTRIES.—The authority in subsection (a) may not be used to
13 provide assistance described in subsection (b) to any foreign country that is otherwise
14 prohibited from receiving such type of assistance under any other provision of law.

15 "(4) WAIVER AUTHORITY.—Notwithstanding any other provision of law, the
16 President or the Secretary of State, as appropriate, may waive any restrictions that may
17 apply to assistance for military or security forces provided under this section and subject
18 to paragraphs (2) and (3), or provided under any other provision of law, upon determining
19 that the applicable standard for any such waiver already available under existing law is
20 met, or otherwise upon determining that it is in the national security interests of the
21 United States to do so.

22 "(d) FORMULATION AND EXECUTION OF PROGRAM.—The Secretary of Defense and the
23 Secretary of State shall jointly formulate any program authorized under subsection (a). The

1 Secretary of Defense shall coordinate with the Secretary of State in the implementation of any
2 program authorized under subsection (a).

3 "(e) CONGRESSIONAL NOTIFICATION.—

4 "(1) ACTIVITIES IN A COUNTRY.—Not less than 15 days before initiating activities
5 authorized under subsection (a) in any country, the Secretary of Defense, in coordination
6 with the Secretary of State, shall submit to the congressional committees specified in
7 paragraph (2) a notice of the following:

8 "(A) The country being assisted to build the capacity of its military and
9 security forces pursuant to subsection (a).

10 "(B) The budget, implementation timeline with milestones, and
11 completion date for completing the program authorized under subsection (a).

12 "(C) The source and planned expenditure of funds to complete the
13 program authorized under subsection (a).

14 "(2) SPECIFIED CONGRESSIONAL COMMITTEES.—The congressional committees
15 specified in this paragraph are the following:

16 "(A) The Committee on Armed Services, the Committee on Foreign
17 Relations, and the Committee on Appropriations of the Senate.

18 "(B) The Committee on Armed Services, the Committee on International
19 Relations, and the Committee on Appropriations of the House of
20 Representatives."

21 (b) CLERICAL AMENDMENT.—The item relating to such section in the table of contents in
22 section 2(b) of such Act is amended to read as follows:

23 "Sec. 1206. Authority to build the capacity of foreign military and security forces."

Section-by-Section Analysis

Section 1206 of the National Defense Authorization Act for Fiscal Year 2006 provides authority to increase the security capacity of partner nations to combat terrorism or to support U.S. or coalition military and stability operations. All such programs must include elements that promote human rights, fundamental freedoms, and respect for civilian authority.

This section would amend Section 1206 to authorize the Secretary of Defense with the concurrence of the Secretary of State, rather than the President, to direct these programs. This change would increase responsiveness by relieving the President of having to approve each Section 1206 program personally, while preserving important roles of both the Secretary of Defense and the Secretary of State in authorizing capacity-building programs under this provision. This would enable the Department of Defense, with the concurrence of the Secretary of State, to pursue time-sensitive opportunities to build capacity of partner nations.

As counterterrorism and stability operations are conducted by security forces as well as military forces, this section would expand the list of types of forces that may be funded under Section 1206 to reflect this reality. Any concerns with regard to providing such assistance to security forces are addressed by virtue of the fact that the programs must meet one of the two fundamental criteria as prescribed currently in Section 1206(a)(1) and (2).

Section 1206 is intended to reduce stress on U.S. forces by reducing some of the requirements to deploy U.S. forces abroad. To meet this goal more effectively, this section would allow the Department of Defense to build foreign capacity to engage in military and stability operations when consistent with U.S. national security interests. This would enable the Department of Defense to train or equip forces in countries where doing so advances U.S. security interests as determined by the Secretary of Defense with the concurrence of the Secretary of State, but without a requirement for such forces to deploy with U.S. forces.

Based on proposals received from the Combatant Commands, more than \$200 million worth of programs could be executed in Fiscal Year 2006. Given the tremendous need for capacity-building, this authorization would be reauthorized in Fiscal Year 2007, with an increased funding ceiling of \$750 million for Fiscal Year 2007 and future years.

As "defense-wide operations and maintenance funds" represents a very small fraction of the overall Defense operations and maintenance budget, this section would delete that phrase to allow for the use of any type of Defense funds that may be available in a given fiscal year for these purposes.

This section would authorize the Secretary of State, or the President, if waiver authority statutorily resides with him and has not been delegated to the Secretary of State (e.g., the American Servicemembers' Protection Act), to waive restrictions on such military or security force assistance, under this or any other act, in accordance with applicable waiver standards, or otherwise when it is in the national security interest to do so.

**SEC. ____ . REIMBURSEMENT OF NATIONAL GUARD MILITARY SUPPORT TO
FEDERAL CIVILIAN LAW ENFORCEMENT AGENCIES FOR
DOMESTIC COUNTER-TERRORISM ACTIVITIES.**

1 (a) IN GENERAL.—(1) Chapter 1 of title 32, United States Code, is amended by adding at
2 the end the following new section:

3 **"§ 116. Reimbursement of National Guard military support to federal civilian law
4 enforcement agencies for domestic counter-terrorism activities**

5 "(a) When authorized by the Secretary of Defense, the Governor of a State may employ
6 under this title units or members of the National Guard of that State to provide military support
7 to Federal civilian law enforcement agencies for domestic counter-terrorism activities. Subject
8 to the exceptions in subsections (b) and (c), the costs incurred by the National Guard shall be
9 paid to the Department of Defense from the appropriations available to the Federal civilian law
10 enforcement agency to which the support was provided. This reimbursement will include the
11 costs of—

12 "(1) the pay, allowances, clothing, subsistence, gratuities, travel, and related
13 expenses of personnel of the National Guard of that State;

14 "(2) the operation and maintenance of the equipment and facilities of the National
15 Guard of that State; and

16 "(3) the procurement of services and equipment, and the leasing of equipment, for
17 the National Guard of that State.

18 "(b) A Federal civilian law enforcement agency to which support is provided under this
19 chapter is not required to reimburse the Department of Defense for such support if the Secretary

1 of Defense determines that such support is provided in the normal course of military training or
2 operations.

3 "(c) Upon request from a Federal civilian law enforcement agency, the Secretary of
4 Defense may waive the reimbursement requirement under this section if—

5 "(1) the support is provided in the normal course of military training or
6 operations; or

7 "(2) the support provided results in a benefit to the element of the Department of
8 Defense providing the support that is substantially equivalent to that which would
9 otherwise be obtained from military operations or training.

10 "(d) Requests for assistance from Federal civilian law enforcement agencies under this
11 section shall be submitted to the Secretary of Defense. Any such request shall include the
12 following:

13 "(1) The specific domestic counter-terrorism support requested.

14 "(2) The duration of the requested support activities.

15 "(3) A certification that the requested support activities will be fully reimbursable.

16 "(e) All duty performed under this section shall be considered to be full-time National
17 Guard duty under section 502(f) of this title.

18 "(f) A member of the National Guard performing duty under this section shall, in addition
19 to performing such duty, participate in the training required under section 502(a) of this title.

20 The pay, allowances, and other benefits of the member while participating in the training shall be
21 the same as those to which the member is entitled while performing the duty under this chapter.

22 The member is not entitled to additional pay, allowances, or other benefits for participation in
23 training required under section 502(a)(1) of this title.

1 "(g) To ensure that the use of units and personnel of the National Guard of a State for
2 military support to Federal civilian law enforcement agencies for domestic counter-terrorism
3 activities under this section does not degrade the training and readiness of such units and
4 personnel, the following requirements shall apply in determining the military support to Federal
5 civilian law enforcement agencies for domestic counter-terrorism activities that units and
6 personnel of the National Guard of a State may perform:

7 "(1) The performance of the activities is not to affect adversely the quality of that
8 training or otherwise interfere with the ability of a member or unit of the National Guard
9 to perform the military functions of the member or unit.

10 "(2) The performance of the activities is not to degrade the military skills of the
11 members of the National Guard performing those activities.

12 "(h) Military support to Federal law enforcement agencies for domestic counter-terrorism
13 activities conducted under authority of this section may not be provided if the provision of such
14 support will affect adversely the military preparedness of the United States.

15 "(i) Nothing in this chapter shall be construed as a limitation on the authority of any unit
16 of the National Guard of a State, when such unit is not in Federal service, to perform functions
17 authorized to be performed by the National Guard by the laws of the State concerned.

18 "(j) For purposes of this section—

19 "(1) The term 'State' means each of the several States, the District of Columbia,
20 the Commonwealth of Puerto Rico, or a territory or possession of the United States.

21 "(2) The term 'domestic counter-terrorism' means measures taken to prevent,
22 deter, and respond to terrorism within a State, as defined in paragraph (1)."

23 (b) CLERICAL AND CONFORMING AMENDMENTS.—

1 (1) The table of sections at the beginning of such chapter is amended by adding at
2 the end the following new item:

3 "116. Reimbursement of National Guard military support to federal civilian law enforcement agencies for domestic
4 counter-terrorism activities."

5 (2) Section 115(i) of title 10, United States Code, is amended by inserting "or
6 military support to Federal civilian law enforcement agencies for domestic counter-
7 terrorism activities under section 116" after "chapter 9".

Section-by-Section Analysis

This section would permit reimbursement for military support provided by National Guard units or personnel to Federal civilian law enforcement agencies for domestic counter-terrorism activities.

Currently, in accordance with 10 U.S.C. 377 and 31 U.S.C. 1535 (the "Economy Act"), military support -- including that provided by National Guard units or personnel in Federal Service -- provided to civilian law enforcement agencies under authority of title 10, United States Code, is provided on a reimbursable basis. However, current law does not require or permit military support provided by National Guard units or personnel to civilian law enforcement agencies under authority of title 32, U.S.C., to be provided on a reimbursable basis.

Given their presence in every State and Territory, as well as their familiarity with local laws, territory, and government authorities, National Guard units and personnel are invaluable assets to be called upon for support by Federal civilian law enforcement agencies in domestic counter-terrorism activities to prevent or respond to terrorist activities or threats. Additionally, National Guard units and personnel operating under authority of title 32 are not subject to the limitations imposed by 18 U.S.C. 1385 (the "Posse Comitatus Act"), thereby permitting greater flexibility in the support they can provide to Federal civilian law enforcement agencies.

The requirement for Secretary of Defense approval gives due regard to the Secretary's authority over the military and the Secretary's responsibility to ensure the preparedness of military forces.

Limiting this authority to Federal civilian law enforcement agencies recognizes that title 32 affords Federal funding for National Guard activities under control of a State for Federal purposes (e.g., training, counter-drug activities, and homeland defense activities). This limitation does not -- nor, for that matter, does this section -- affect the authority of the Governor of a State to approve military support by National Guard units or personnel of their State to State or local law enforcement agencies in a State Active Duty Status, funded by the State.

SEC. ____ . ENHANCED FINANCIAL ASSISTANCE BONUS PILOT.

1 Section 2121 of title 10, United States Code, is amended by adding at the end the
2 following new subsection:

3 "(e) In addition to the stipend under subsection (d), the Secretary of Defense may
4 establish a 2-year pilot program for a recruitment incentive bonus to increase participation in the
5 program. The Secretary shall promulgate regulations on the amount and terms of the bonus to
6 improve recruitment for critical health care specialties, which shall be economically derived
7 based on market conditions for each selected health care specialty that includes the economic
8 effect of all other military pays and benefits (direct and indirect, tax advantages, and the average
9 comparable private sector education debt) in its calculation and the financial assistance cannot
10 exceed 70 percent of the difference between the projected market value's net present value after
11 the total military pay and benefits net present value is subtracted. However, with specific
12 approval from Office of Management and Budget the Secretary can provide up to 100 percent of
13 the difference as a bonus under this program. The scope of the pilot shall be limited to no more
14 than 100 total participants in no more than 5 critical medical specialties and last no more than 2
15 years from either the date the first participant is selected, or September 30, 2010, whichever
16 occurs first. The Secretary shall prepare a mid-term and final report on the lessons learned from
17 the pilot and submit them to the Office of Management and Budget. At a minimum, the report
18 must identify how the program saves long-term resources, what other programs would be
19 eliminated, whether the pilot effectively targeted the identified critical shortages, and how the
20 pilot could be improved. The Secretary shall, at the beginning of the pilot, establish a control
21 group study to compare the pilot selected medical critical specialties against during the
22 evaluation stage. If the program is deemed to be a success the Secretary may submit continuing

1 authorization language. The resources to fund this pilot shall come from existing medical
2 recruitment and retention program activities."

Section-by-Section Analysis

This section would authorize the Department of Defense to establish a two-year pilot program for up to five specific critical medical specialties that the military departments identify as having recruitment challenges to: (1) determine the potential effectiveness of attracting new accessions with a larger bonus; and (2) examine potential improvements in medical readiness from assessing in this manner. The medical specialties chosen would be based on operational needs, potential savings in internal training costs, and the availability of civilian training slots. The Department would review the pilot at its mid-point and at the end of the Fiscal Year 2010 program review to determine if the accession method is feasible and effective. The maximum bonus is 100 percent of the difference between the private sector market's net present value after the full military net present value is subtracted. This structure allows for an economic market-based test of increased economic incentives combined with the all-volunteer force structure to improve our ability to recruit professional military medical soldiers whose desire to serve is based on more than just financial gains.

This section would authorize the Secretary of Defense increased flexibility to explore a different way to fill chronically-short operational medical slots and determine if it is efficient to use this accession tool in conjunction with other accession and retention tools such as the Health Benefit Scholarship Program and in-house Graduate Medical Education programs. The Department expects the recruiting incentive bonus to be a vital tool in increasing accessions of fully-trained, critical health care specialists.

**SEC. ____ . IMPROVEMENTS TO FACILITATE TARGETED SHAPING OF THE
ARMED FORCES.**

1 (a) VOLUNTARY SEPARATION PAY RATE INCREASE AND EXTENSION OF AUTHORITY.—

2 Section 1175a of title 10, United States Code, is amended—

3 (1) in subsection (b)(1)(A), by striking "not more than 20 years" and inserting
4 "less than 20 years";

5 (2) in subsection (e)(2), by striking "A member who is not entitled to retired or
6 retainer pay upon separation" and inserting "Such member";

7 (3) in subsection (f), by striking "two" and inserting "four";

8 (4) in subsection (h)—

9 (A) by striking paragraph (3); and

10 (B) by redesignating paragraph (4) as paragraph (3);

11 (5) by striking subsection (i);

12 (6) by redesignating subsections (j) and (k) as subsections (i) and (j), respectively;

13 and

14 (7) in subsection (j)(1), as redesignated, by striking "December 31, 2008" and
15 inserting "December 31, 2012".

16 (b) REPEAL OF LIMITATION OF APPLICABILITY OF VOLUNTARY SEPARATION PAY.—

17 Section 643 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-
18 163; 119 Stat. 3306) is amended by striking subsection (b).

19 (c) SELECTIVE EARLY RETIREMENT.—Section 638(a)(2) of title 10, United States Code, is
20 amended by inserting before the period at the end of the second sentence the following: "
21 provided, however, that from October 1, 2006 through December 31, 2012, such number may be

1 more than 30 percent of the number of officers considered in each competitive category, but may
2 not be more than 30 percent of the number of officers considered in each grade".

3 (d) ENHANCED AUTHORITY FOR SELECTIVE EARLY RETIREMENT AND EARLY
4 DISCHARGES.—Section 638a of such title is amended—

5 (1) in subsection (a)—

6 (A) by striking "October 1, 1990" and inserting "October 1, 2006"; and

7 (B) by striking "December 31, 2001" and inserting "December 31, 2012";

8 (2) in subsection (c)(1), by inserting before the period at the end of the second
9 sentence the following: "; provided, however, that from October 1, 2006 through
10 December 31, 2012, such number may be more than 30 percent of the number of officers
11 considered in each competitive category, but may not be more than 30 percent of the
12 number of officers considered in each grade"; and

13 (3) in subsection (d)(2)—

14 (A) in subparagraph (A), by inserting before the semicolon at the end the
15 following: "(provided, however, that from October 1, 2006 through December 31,
16 2012, such number may be more than 30 percent of the officers considered in
17 each competitive category, but may not be more than 30 percent of the number of
18 officers considered in each grade)"; and

19 (B) in subparagraph (B), by inserting before the period at the end the
20 following: "(provided, however, that from October 1, 2006 through December 31,
21 2012, such number may be more than 30 percent of the officers considered in
22 each competitive category, but may not be more than 30 percent of the number of
23 officers considered in each grade)".

1 (e) INCENTIVE BONUS FOR TRANSFER BETWEEN ARMED FORCES.—Section 327 of title 37,
2 United States Code, is amended—

3 (1) in subsection (d)(1), by striking "\$2,500" and inserting "\$10,000"; and

4 (2) in subsection (h), by striking "December 31, 2006" and inserting "December
5 31, 2007".

6 (f) EFFECTIVE DATE.—(1) The amendments made by subsections (a) and (b) shall apply
7 with respect to agreements entered into under section 1175a of title 10, United States Code, on or
8 after October 1, 2007.

9 (2) The amendments made by subsections (c), (d), and (e) shall apply with respect to
10 agreements entered into under section 1175a of title 10, United States Code, on or after the date
11 of the enactment of this Act.

Section-by-Section Analysis

This section would improve the Department of Defense (DoD)'s ability to shape the Armed Forces in a fashion that would allow for the adjustment of known overages in the grades, competitive categories, year groups, and specialties of both officers and enlisted personnel. The DoD would use these improved force-shaping tools only after exhausting all other available means of retraining or transferring personnel in those overages.

The Air Force is about to embark on its most significant transformation since the Cold War drawdown of the 1990s. The Air Force is eliminating approximately 34,500 active duty authorizations in order to fund this transformation. As part of its continuing force-shaping efforts, the Air Force will seek to reduce personnel primarily through voluntary measures. The Voluntary Separation Program will be an integral part of their force-shaping efforts in Fiscal Year (FY) 2007. The military departments would have the authority to announce the program and start receiving applications in FY 2007; however, payment of the voluntary separation pay would not be effective until FY 2008.

Subsection (a) of this section would increase the maximum voluntary separation payment (VSP) otherwise payable to a separating member from twice the involuntary separation payment (ISP) to four times the ISP (the level originally requested by the DoD), and extend the expiration date for the VSP from December 31, 2008 to December 31, 2012.

The Air Force intends to offer VSP in a tiered-payment approach, using a range of multipliers to encourage voluntary reductions for several year groups and skill sets. The current level of twice the ISP is insufficient to entice more senior members to take VSP and forgo a possible retirement. A multiplier of up to four times ISP would likely entice some of the more senior population to separate from active duty. Without the increased multiple, the Air Force could not achieve its desired year group losses and, instead, would have to rely on involuntary reductions. The requested extension of VSP would ensure that the Air Force has the necessary tools to achieve its required end strength. Without the extension, the Air Force would have to place greater emphasis on involuntary measures to achieve its required losses.

Subsection (b) of this section would repeal section 643(b) of the National Defense Authorization Act (NDAA) for FY 2006. Section 643 of the NDAA created the VSP via section 1175a of title 10, United States Code. Section 1175a(b)(1)(A) of title 10 authorizes the payment of VSP to active duty officers and enlisted personnel who have served on active duty for more than six years but not more than 20 years. However, section 643(b) of the NDAA limits that authorization exclusively to officers with six to 12 years of service. Eliminating this latter restriction would permit the full range of service members described in section 1175a(b)(1)(A) to receive VSP. Subsection (a) of this legislative proposal also would amend section 1175a(b)(1)(A) to provide that only members of the armed forces who have served on active duty for more than six years but "less than 20 years" could receive VSP.

The Air Force intends to achieve needed reductions by targeting overpopulated skills. To effectively shape that force, all specialties spanning all years of service must be considered. By limiting the VSP eligibility to officers, the Air Force cannot effectively achieve the necessary reductions without adversely affecting required skill balances. Without the repeal of section 643(b), the Air Force would have to rely on involuntary separations to target a more "senior" population.

Subsection (c) of this section would broaden the force-shaping tool of Selective Early Retirement (SER) in section 638 of title 10. As currently constituted, SER may be used with respect to officers above the grade of O-4 who have either twice failed to be selected for promotion or have served a specified minimum time in grade. SER can be used on not more than 30 percent of those officers in each grade of each competitive category. This section would broaden that restriction to 30 percent in each grade (and not each competitive category) between October 1, 2006 and December 31, 2012.

Although the Air Force intends to encourage personnel to leave active duty voluntarily, not all targeted officers will take advantage of those programs, thus requiring a series of SER boards. The proposed relaxation of the 30 percent restriction on competitive categories would provide greater flexibility and thus allow the Air Force to more effectively shape its officer corps.

Subsection (d) of this section would reinstate the force-shaping tools embodied in section 638a of title 10 known as "enhanced" SER and early discharge. Those tools, authorized for use between October 1, 1990 and December 31, 2001, expanded the categories of officers who could be selected for section 638 retirement created an involuntary discharge provision. Subsection (d)

of this section would reauthorize the use of these tools from October 1, 2006 through December 31, 2012, with a relaxation of the 30-percent limitation relating to officer competitive categories. This period of reauthorization would coincide with the extended authority proposed for VSP. It also would remain available for use throughout the Air Force's planned reduction through FY 2011.

Unlike VSP, however, the DoD would resort to enhanced SER and discharge only when overages could not be adjusted through any other force-shaping tool. When voluntary actions do not achieve the necessary losses, the Air Force would implement an SER board. An SER board, operating with the proposed relaxation of the 30-percent restriction relating to competitive categories, could review a greater eligibility pool and thus provide a more "surgical" reduction based on excess skills.

Subsection (e) of this section would increase from \$2,500 to \$10,000 the inter-service transfer bonus payable under section 327 of title 37, established in section 641 of the NDAA for FY 2006. The Department feels that \$2,500 does not provide sufficient incentive for members who are inclined but undecided to make the decision to transfer. Furthermore, under current authority, Secretaries of the Military Departments can offer up to \$10,000 for officers to affiliate with a Reserve component under their jurisdiction in accordance with criteria established in 37 U.S.C. 308j (as amended by section 634 of the NDAA). It is appropriate that the same maximum amount should be available for officers volunteering for an inter-service transfer. In addition, the costs of purchasing new uniforms, insignia and other service-related items would approach, if not exceed, the \$2,500 currently offered. Subsection (e) also would extend by one year (to December 31, 2007) the authority for this bonus. Currently, this bonus will expire on December 31, 2006. Because the President did not sign the NDAA until January 6, 2006, this new bonus authority will be available for less than a full year, far too little time to gauge its effectiveness.

**SEC. ____ . INCREASE IN AUTHORIZED NUMBER OF DEFENSE INTELLIGENCE
SENIOR EXECUTIVE SERVICE EMPLOYEES.**

- 1 Section 1606(a) of title 10, United States Code, is amended by striking "594" and
2 inserting "644 in 2007 and 694 in 2008".

Section-by-Section Analysis

This section would increase the maximum number of Defense Intelligence Senior Executive Service (DISES) employees by 100 over the next two years.

In 2005 the Administration proposed increasing the maximum number of DISES employees by 150 over two years. Section 1125 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) only increased the maximum number of DISES employees by 50, to 594. The joint explanatory statement accompanying the conference report on the bill (House Report 109-360) indicated that further proposed increases must be accompanied by greater justification. The Department of Defense (DoD) will provide the justification requested in the conference report to Congress in a timely manner.

The DoD's intelligence activities have expanded considerably as a result of the ongoing remodeling of defense intelligence; the DoD's active participation in the establishment of the Office of the Director of National Intelligence and new national intelligence centers; and new intelligence requirements to support the Global War on Terrorism, homeland defense, military operations in Afghanistan, Iraq, and other military activities and planning. The number of defense civilian authorizations increased from 37,500 in 2001 to 43,600 in 2005. The Department projects that the authorization level will increase further to 50,000 by 2010. Additional senior civilian intelligence positions are needed to provide senior leadership for the Department's rapidly growing intelligence programs.

With an increase to 694, DISES employees as a percentage of the total civilian intelligence authorizations would remain relatively constant at 1.4 percent through 2010. The proposed new DISES positions would be phased in over two years to ensure the positions are fully justified and well integrated at the agency level. The Department is not requesting any new funds or additional end strength of civilian employees -- components that fill the new positions would absorb the incremental costs in their civilian personnel accounts.