

97TH CONGRESS }
1st Session }

HOUSE OF REPRESENTATIVES {

REPORT
No 97—

[FULL COMMITTEE PRINT]

NOTICE.—This report accompanies a bill which was reported in an executive session of the subcommittee and should not be released until consideration of it has been completed by the full committee. Please check on such action before release in order to be advised of any changes.

DEPARTMENT OF DEFENSE
APPROPRIATION BILL, 1982

REPORT

OF THE

COMMITTEE ON APPROPRIATIONS

together with

ADDITIONAL VIEWS

[To accompany H.R. —]



NOVEMBER 16, 1981.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1982

NOVEMBER 16, 1981.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ADDABBO, from the Committee on Appropriations,
submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. ——]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Defense, and for other purposes, for the fiscal year ending September 30, 1982.

APPROPRIATIONS AND ESTIMATES

Appropriations for most military functions of the Department of Defense are provided for in the accompanying bill for the fiscal year 1982. This bill does not provide for military assistance, military construction, military family housing, or civil defense, which requirements are considered in connection with other appropriation bills.

The new budget (obligational) authority enacted for the fiscal year 1981, the President's budget estimates, as amended by House Documents 97-29, 97-61, 97-94, 97-101 and Senate Document 97-8, and amounts recommended by the Committee for the fiscal year 1982 appear in summary form in the following table beginning on page 2:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982

Agency and item	New budget (obligational) authority fiscal year 1981 ¹	Budget estimates of new (obligational) authority fiscal year 1982 ²	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1981	Budget estimates of new (obligational) authority, fiscal year 1982
(1)	(2)	(3)	(4)	(5)	(6)
RECAPITULATION					
Title I - Military personnel.....	36,872,200,000	38,659,760,000	37,447,290,000	+575,090,000	-1,212,470,000
(Transfer from other accounts).....	(47,800,000)	---	---	(-47,800,000)	---
Title II - Retired military personnel.....	13,887,800,000	14,981,815,000	14,931,815,000	+1,044,015,000	-50,000,000
Title III - Operation and maintenance.....	55,980,234,000	62,590,121,000	61,208,685,000	+5,228,451,000	-1,381,436,000
(Liquidation of contract authority).....	(620,053,000)	---	---	(-620,053,000)	---
(Transfer from other accounts).....	(226,200,000)	---	---	(-226,200,000)	---
Title IV - Procurement.....	48,003,670,000	64,225,904,000	63,529,169,000	+15,525,499,000	-696,735,000
(Transfer from other accounts).....	(27,900,000)	---	(73,900,000)	(+46,000,000)	(+73,900,000)
Title V - Research, development, test, and evaluation.....	16,530,664,000	20,319,388,000	17,314,878,000	+784,214,000	-3,004,510,000
(Transfer from other accounts).....	(1,966,000)	---	---	(-1,966,000)	---
Title VI - Special foreign currency program.....	2,760,000	3,083,000	3,083,000	+323,000	---
Title VII - General provisions (additional transfer authority, sec. 733).....	(750,000,000)	(1,000,000,000)	(750,000,000)	---	(-250,000,000)
Title VIII - Related agencies.....	73,571,000	98,163,000	97,163,000	+23,592,000	+1,000,000
Total, Department of Defense (NOA).....	171,350,899,000	200,878,234,000	194,532,083,000	+23,181,184,000	-6,346,151,000
(Transfer from other accounts).....	(303,866,000)	---	(73,900,000)	(-229,966,000)	(+73,900,000)
Total fundings available.....	171,654,765,000	200,878,234,000	194,605,983,000	+22,951,218,000	-6,272,251,000
(Transfer authority).....	(750,000,000)	(1,000,000,000)	(750,000,000)	---	(-250,000,000)

Distribution by organizational component:

Army.....	42,487,823,000	49,660,344,000	48,674,961,000	+6,187,138,000	-985,383,000
(Transfer from other accounts).....	(5,000,000)	---	---	(-5,000,000)	---
Navy.....	56,593,919,000	66,499,722,000	63,853,926,000	+7,260,007,000	-2,645,796,000
(Transfer from other accounts).....	(242,866,000)	---	(73,100,000)	(-169,766,000)	(+73,100,000)
Air Force.....	51,659,470,000	62,368,300,000	59,634,654,000	+7,975,184,000	-2,733,646,000
(Transfer from other accounts).....	(56,000,000)	---	(800,000)	(-55,200,000)	(+800,000)
Defense agencies/OSD.....	6,648,316,000	7,269,890,000	7,339,564,000	+691,248,000	+69,674,000
Retired military personnel.....	13,887,800,000	14,981,815,000	14,931,815,000	+1,044,015,000	-50,000,000
Related agencies.....	73,571,000	98,163,000	97,163,000	+23,592,000	-1,000,000
Total, Department of Defense (NDA).....	171,350,899,000	200,878,234,000	194,532,083,000	+23,181,184,000	-6,346,151,000
(Transfer from other accounts).....	(303,866,000)	---	(73,900,000)	(-229,966,000)	(+73,900,000)
Total funds available.....	171,654,765,000	200,878,234,000	194,605,983,000	+22,951,218,000	-6,272,251,000
(Transfer authority).....	(750,000,000)	(1,000,000,000)	(750,000,000)	---	(-250,000,000)

¹ Includes amounts in Supplemental Appropriations and Rescission Act, 1981.

² Includes changes proposed in H. Docs. 97-29, 97-61, 97-94, 97-101, and S. Doc. 97-8.

SUMMARY OF COMMITTEE RECOMMENDATIONS

The revised budget estimates for fiscal year 1982 for those activities of the Department of Defense and related agencies carried in the accompanying bill total \$200,878,234,000. The amounts recommended by the Committee in the accompanying bill total \$194,533,083,000 in new obligational authority and \$73,900,000 in transfers from other accounts for a total funding availability of \$194,605,983,000. The total obligational authority recommended is \$6,272,251,000 less than the budget estimates and is \$22,951,218,000 more than the sums made available for the same purposes for fiscal year 1981. The \$194.6 billion recommended is the largest sum ever included in one bill for military purposes in the history of the country.

The magnitude of the increase in Defense funding is even greater than that indicated by the above amounts because a large supplemental request and appropriation for fiscal year 1981 which was enacted late in the fiscal year substantially increased the base. The regular annual Department of Defense Appropriation Bill for Fiscal Year 1981 provided \$159.7 billion. Thus, the fiscal year 1982 Defense Appropriation Bill as reported by the House is \$34.9 billion higher than the similar bill enacted into law last year. The fiscal year 1981 Supplemental included \$11.6 billion in addition to the \$159.7 billion. Of that amount, \$6.9 billion was for Defense programs and \$4.7 billion was for pay raise costs. The inclusion of such pay raise costs in a supplemental bill is customary but the appropriation of substantial sums for program purposes is not. The program funds in the supplemental may be included along with the increase proposed in fiscal year 1982 in order to more fully understand the recent increase in Defense funding levels of some \$41.8 billion. It is anticipated that similar pay increase supplemental requests will be made for fiscal year 1982. To the extent that they are, the difference between the fiscal year 1981 and fiscal year 1982 funding availability for the Defense Department will be increased.

The Committee encountered considerable difficulty in processing the annual Defense Appropriation Bill. There was a substantial amendment increasing the Defense budget in April. There were other smaller amendments and in October there was submitted a substantial decrease in defense funding estimates. The impact of a major (\$7.6 billion) decrease after the beginning of the new fiscal year had an adverse impact on the ability of the Committee to report the bill at the time it desired to do so. The same amendment had an adverse effect on the completion of the already tardy annual authorization bill. Once again, the authorization bill had not been enacted at the time of the Committee mark-up on the appropriation bill. This, of course, makes the work of the Committee extremely difficult.

The Committee again recommends \$750 million in general transfer authority to the Department of Defense. Recognizing that there are changing Defense requirements and circumstances during the year, the Committee has found that the provision of such general transfer authority gives the Department the ability to react in a timely way to unforeseen program changes. As has been true in the past, these transfers are to be handled through the regular reprogramming process.

INFLATIONARY IMPACT STATEMENT

The bill reported will provide \$194,605,983,000. This is an increase of \$22,951,218,000 over the amount appropriated for similar purposes for fiscal year 1981. It is also \$6,272,251,000 below the budget request for fiscal year 1982.

The appropriation as proposed by the Committee should not cause inflation to as great an extent than would enactment of the budgeted amount. The real growth in Defense spending will have little inflationary effect in comparison to the forecasted \$3,312 billion gross national product for 1982.

This statement is made pursuant to Clause 2(A)(4), rule XI of the House of Representatives.

TRANSFER OF FUNDS

Pursuant to clause 1(b), rule X of the House of Representatives, the following is submitted describing the transfer of funds provided in the accompanying bill.

The Committee recommends transfers of prior year unobligated balances to fiscal year 1982 totaling \$73,900,000. These transfers are made from funds appropriated in fiscal years 1979 and 1981 and are no longer required for the purposes for which appropriated as a result of Department of Defense decisions, Congressional denial of reprogramming requests, or Committee recommendations.

The Committee recommends a transfer of \$15,100,000 from the fiscal year 1979 Shipbuilding and conversion, Navy appropriation. This transfer is from unobligated balances in the Trident submarine program.

The Committee recommends a transfer of \$58,000,000 from the fiscal year 1981 Shipbuilding and conversion, Navy appropriation. This transfer is from unobligated balances in the maritime repositioning ship programs.

The Committee recommends a transfer of \$800,000 from the fiscal year 1981 Other procurement, Air Force appropriation. This transfer is explained in the classified annex to this report.

The following table shows the titles and appropriations affected by the transfers:

APPROPRIATION TRANSFERS RECOMMENDED

Appropriation to which transfer is made	Amount	Appropriation from which transfer is made	Amount
Shipbuilding and conversion, Navy.....	\$73,100,000	Shipbuilding and conversion, Navy, 1979/83.....	\$15,100,000
		Shipbuilding and conversion, Navy, 1981/85.....	58,000,000
Other procurement, Air Force.....	800,000	Other procurement, Air Force, 1981/83.....	800,000

COMPARISON WITH BUDGET RESOLUTION

In accordance with Section 308(a)(1)(A) of the Congressional Budget Act of 1974 (Public Law 93-344), the following table provides comparisons between the new budget authority target set forth in the First Concurrent Resolution of the budget, as allocated by the Committee on Appropriations under Section 302 of the Act, and the budget authority contained in the accompanying bill:

National defense:	<i>Thousands</i>
Resolution target	\$214,223,000
Committee bill	194,532,083
Difference	19,690,917

The Appropriations Committee Sec. 302 allocation assumed a budget authority target for fiscal year 1982 Defense bills of \$214,223,000,000. Included in this figure is \$5.5 billion set aside for the 1982 pay supplemental next spring. The budget authority provided in this bill of \$194,532,083,000 will not utilize any of the funds set aside for the pay supplemental.

FIVE-YEAR PROJECTION OF OUTLAYS

In accordance with Section 309(a)(1)(B) of the Congressional Budget Act of 1974 (Public Law 93-344), the following table contains 5-year projections of the outlays associated with the budget authority provided in the accompanying bill.

Budget Authority	<i>Thousands</i>	\$194,532,083
Outlays:		
1982	119,058,608	
1983	39,698,344	
1984	21,405,029	
1985	6,839,807	
1986 and beyond	7,530,295	

ASSISTANCE TO STATES AND LOCAL GOVERNMENTS

In accordance with Section 308(a)(1)(C) of the Congressional Budget Act of 1974 (Public Law 93-344), no new budget authority or outlays are provided by the accompanying bill for financial assistance to state and local governments.

FORCES TO BE SUPPORTED

DEPARTMENT OF THE ARMY

The fiscal year 1982 budget will support Active Army forces of 16 divisions, 5 separate brigades, 1 combat brigade—air cavalry, and 3 armored cavalry regiments, and Reserve forces of 8 divisions, 21 separate brigades and 4 roundout brigades to active divisions, and 4 armored cavalry regiments. A summary of the major Active Forces for fiscal years 1980, 1981 and projected for 1982 follows:

	Fiscal year		
	1980	1981	1982
Divisions:			
Airborne	1	1	1
Infantry	4	4	4
Mechanized	6	6	6
Armored	4	4	4
Air Assault	1	1	1
Total	16	16	16
Nondivisional Combat Units:			
Armored cavalry regiments	3	3	3
Brigades	5	5	5
Combat brigade air cavalry	1	1	1
Active duty military personnel: End strength (thousands)	* 776.5	* 781.1	780.0

* Actual.

DEPARTMENT OF THE NAVY

The proposed budget will support a total ship force of 561 ships at the end of fiscal year 1982 compared to 542 at the end of fiscal year 1981 and 553 at the end of fiscal year 1980. The active aircraft inventory (Navy and Marine Corps) of 5480 is slightly reduced from fiscal year 1981. The forces include 13 aircraft carriers, 195 surface combatants and 66 amphibious warfare ships at the end of fiscal year 1982 as well as 2103 Navy and Marine Corps tactical aircraft and 399 ASW aircraft. Ships which will join the fleet during fiscal year 1982 include two TRIDENT nuclear submarines, six nuclear attack submarines, two DD 993 (Iranian) class destroyers, nine guided missile frigates, five hydrofoil patrol missile combatants, a "Nimitz Class" nuclear powered carrier, two fleet oilers and a destroyer tender.

	Fiscal year 1980			Fiscal year 1981			Fiscal year 1982		
	ACT	NRF	NFAF	ACT	NRF	NFAF	ACT	NRF	NFAF
Aircraft carrier type:									
Multipurpose carriers.....	13			12			13		
Surface combatant type:									
Cruisers.....	26			27			27		
Destroyers.....	80	16		82	9		84	5	
Frigates.....	71			79			84	4	
Submarine type:									
Attack submarine.....	74			83			92		
FBM submarine.....	40			35			34		
Diesel submarine.....	5			5			5		
Auxiliary submarine.....	1			1			1		
Patrol combatant type.....	3			1			6		
Amphibious warfare type.....	63	3		59	6		60	6	
Mine warfare type.....	3	22		3	22		3	22	
Mobile logistics type.....	58	2	14	61	2	15	61		14
Support type.....	20	6	12	21	6	13	22	6	12
Total.....	457	49	26	469	45	28	492	43	26
Total ship operation forces.....		553			542			561	

	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982
Submarine launched ballistic missile launchers.....	640	544	520
Aircraft inventory (active).....	5,360	5,507	5,480
Tactical aircraft (USN and USMC).....	2,121	2,104	2,103
ASW aircraft (fixed and rotary wing).....	396	397	399
Marine Amphibious Forces.....	3	3	3
Active duty military personnel.....	715,622	731,056	746,800
Navy.....	527,153	540,456	554,700
Marine Corps.....	188,469	190,600	192,100
Reserve component strength (average).....	120,515	123,249	125,200
Navy.....	86,874	87,400	87,600
Marine Corps.....	33,641	35,849	37,600

DEPARTMENT OF THE AIR FORCE

For end fiscal year 1982, the Air Force budget provides an active force structure of 78 tactical fighter and attack squadrons, organized into 26 combat wings, 6 air defense interceptor squadrons, and 24 strategic bomber squadrons, including both B-52s and FB-111s. Also supported in this budget are 31 airlift squadrons. The Minuteman and Titan ICBM force will be 1,053 launchers. Significant increases in personnel occurred as shown below.

A summary of major Air Forces as proposed in the President's Budget as amended follows:

	Fiscal year		
	1980	1981	1982
USAF TAC Ftr & Attack Squadrons	79	78	78
Air Defense Interceptor Squadrons ¹	6	6	6
Strategic Bomber Squadrons	25	25	24
ICBM Launchers	1,054	1,054	1,053
USAF Airlift Squadrons	31	31	31
Aircraft Inventory Active ²	9,268	9,408	9,412
Active Duty Military	558,000	564,500	586,800
Reserve Components Personnel	152,219	155,187	163,019
ANG	94,000	95,844	99,054
AFR	58,219	59,343	63,965

¹ Includes one squadron in Iceland.

² Includes Active Air Force, Air National Guard, and Air Force Reserve.

UNEXPENDED AND UNOBLIGATED BALANCES

The following tables compare the unexpended and unobligated balances for the military functions of the Department of Defense over the past 20 years for both the entire Defense Budget and for the accounts covered by this bill. The unobligated balances associated with the accounts are projected in the budget to increase between end fiscal year 1980 and end fiscal year 1982 from \$17.8 billion to \$29.0 billion. The unexpended balances at the end of fiscal year 1980 and the end of 1982 are projected to increase from \$79.7 billion to \$134.6 billion.

UNOBLIGATED BALANCES, FISCAL YEARS 1961-82

(In millions of dollars)

Fiscal year	Total unobligated balance ¹	Pertaining to appropriations in the basic DoD appropriation bill
At the end of fiscal year:		
1961	7,167	6,483
1962	7,120	6,584
1963	9,170	8,150
1964	9,961	9,008
1965	11,029	10,103
1966	13,854	11,830

UNOBLIGATED BALANCES, FISCAL YEARS 1961-82—Continued

[In millions of dollars]

Fiscal year	Total unobligated balance ¹	Pertaining to appropriations in the basic DoD appropriation bill
1967.....	13,725	12,244
1968.....	13,494	11,666
1969.....	13,669	12,022
1970.....	13,565	11,966
1971.....	11,463	9,689
1972.....	10,203	8,319
1973.....	10,911	9,009
1974.....	13,393	11,131
1975.....	15,375	12,795
1976.....	18,655	15,697
1977.....	17,651	15,613
1978.....	18,531	16,772
1979.....	17,862	16,158
1980.....	19,369	17,750
1981 estimate.....	23,085	21,270
1982 estimate.....	31,598	29,035

¹ Basic and military construction bills.

Note.—Unobligated balances for revolving funds and trust funds are excluded from this table.

UNEXPENDED BALANCES, FISCAL YEARS 1961-82

[In millions of dollars]

Fiscal year	Total unexpended balance ¹	Pertaining to appropriations in the basic DOD appropriation bill
At the end of fiscal year:		
1961.....	26,922	25,204
1962.....	27,301	25,765
1963.....	27,737	25,955
1964.....	27,560	25,805
1965.....	29,989	28,194
1966.....	38,540	35,441
1967.....	42,541	39,937
1968.....	43,225	40,111
1969.....	40,957	38,157
1970.....	37,394	35,755
1971.....	33,814	30,953
1972.....	33,829	30,614
1973.....	37,143	33,462
1974.....	40,569	36,522
1975.....	40,515	35,977
1976.....	47,539	42,964
1977.....	58,616	53,785
1978.....	69,125	64,632
1979.....	77,423	72,619
1980.....	84,118	79,658
1981 estimate.....	102,998	97,489
1982 estimate.....	139,305	134,623

¹ Basic and military construction bills.

Note: Unexpended balances for revolving funds, trust funds, and unfunded contract authority are excluded from this table.

As shown above, an estimated \$97.5 billion balance of unexpended funds was carried into fiscal year 1982 pertaining to the appropriation accounts provided for in the accompanying bill. Of this amount, about \$76.2 billion (unliquidated obligations) represents legally binding documents calling for ultimate cash payment such

as contracts for ship, aircraft, or missile construction. (Such major weapons systems are normally funded even though deliveries may not occur for 2 or 3 years, or 5 years in the case of capital ships.)

Approximately \$21.3 billion of the carryover (unobligated) balances represents amounts which are made available to fund approved programs, but which are not yet obligated in the technical legal sense. By and large these funds are committed to the programs for which initially appropriated awaiting the completion of the contracting or other legal prerequisites of obligation.

CHANGES IN APPLICATION OF EXISTING LAW

Pursuant to Clause 3 of Rule XXI of the House of Representatives, the following statements are submitted describing the effect of provisions which directly or indirectly change the application of existing law. Regarding the Defense Appropriation Bill, the Committee set forth its interpretation of this rule in House Report No. 94-517. That report pointed out that numerous portions of the bill are technically "legislation" but these provisions have been enacted virtually unchanged for many years. For the benefit of the Members of the House, the Committee is restating the position taken in House Report No. 94-517:

There have been several interpretations of the new rule and specifically the phrase, "directly or indirectly changes the application of existing law." Numerous portions of this bill, which have been virtually unchanged for many years, are technically "legislation". To read the new rule as requiring that each of these items be described in the report would result in a catalogue of items not significantly more informative than the bill itself. This list would be almost the same year in and year out. In such a listing new items would be lost among the reenacted provisions and the elimination of long standing items would not be mentioned at all, even though the effect would be significant.

The proper interpretation, which the committee believes to be more in accordance with the understanding of the intent of the new rule, requires a description of that "legislation" in the fiscal year 1976 bill which is different from the existing currently effective language of the fiscal year 1975 act and hence "changes the application of existing law." This has been the practice of the Appropriations Committee for many years and appears to be the type of reporting to which the sponsor was referring in his floor statement:

"The Committee on Appropriations regularly puts such a statement in the Committee on Appropriations bill reports, and it does not strike me this is going to constitute an undue burden."

This method will provide Congress with a clear statement every time any change occurs which might be considered legislation by inclusion of a new provision, or a significant change in a legislative provision in the previous appropriations act.

Those changes in the fiscal year 1982 bill, which might be interpreted as changing existing law, are as follows:

APPROPRIATION LANGUAGE

1. Words have been added to Other procurement, Army, which would permit the purchase of vehicles for physical security notwithstanding the price limitations applicable to passenger carrying vehicles. These vehicles are restricted to 14 at a cost not to exceed \$100,000 per vehicle.

GENERAL PROVISIONS

2. Section 708 has been revised (A) to permit the Department of Defense to make payments for depot maintenance contracts for twelve months beginning at any time during the fiscal year; (B) to permit payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal year provided that the Secretary of Defense notify the Congress prior to obligation of any such payment; and (C) to permit payments from annual appropriations to industrial fund activities and/or under contract for changes in scope of ship overhaul, maintenance, and repair after expiration of such appropriations, for such work either inducted into the industrial fund activities or contracted for in that fiscal year.

3. Section 723 has been revised to prohibit the military clothing sales stores from selling optional uniform items obtained from foreign firms.

4. A proviso has been added to Section 741 which would permit personnel who have separate health insurance which would pay 75 percent of nonemergency inpatient health care to utilize CHAMPUS for the other 25 percent instead of seeking a waiver for not utilizing military medical facilities if within a 40 mile radius of the patient's residence.

5. A section contained in last year's bill which prohibited the implementation of the Competitive Rate Program for transportation of household goods to and from Alaska and Hawaii was deleted.

6. Section 752 has been amended to allow funds appropriated for the CIA Reserve to remain available until September 30, 1983.

7. Section 757 has been revised to prohibit federal funding of abortion except where the life of the mother would be endangered if the fetus were carried to term.

8. The budget proposed new language which would prevent paying for an increased salary based upon a teacher having obtained an educational level of fifteen additional hours of education beyond a bachelor's degree. This language is included as Section 769.

9. The budget proposed new language which would impose a 4.8 percent pay cap on the teachers in the system during the school year 1981-1982. This language is included as Section 770.

10. The budget proposed new language which would prevent an adjustment in teachers' pay in excess of 4.8 percent for August and

September 1981. The language as amended to include August through December is included as Section 771.

11. Section 772 has been added to insure the Appropriations Committee's full participation in decisions to initiate multiyear contracts for major weapons systems.

12. Section 773 has been added to eliminate the loopholes in the language contained in the FY 1981 supplemental act which precludes funds appropriated from being available to reimburse defense contractors for the cost of commercial insurance which would cover the cost of correcting the contractors' own defects in materials and workmanship incident to the normal course of construction.

13. Section 774 has been added to permit full reimbursement of subsistence expenses to enlisted personnel in a travel status while prohibiting double payment for the same expenses.

14. Section 775 has been added which would round military retirement service credit to the nearest month for any portion of a year in excess of six months.

15. Section 776 has been added which would limit rental reimbursement to the General Services Administration to 50 percent of the Standard Level User Charge.

16. Section 777 has been added which would exclude the 5.2 percent active duty catch-up raise from the base for calculating military retired pay.

17. Section 778 has been added to limit the pay of guard and reserve technicians to \$50,112 annually. This is the same level at which all other government employees are capped.

18. Section 779 has been added which would require the Department of Defense to notify the Appropriations Committees before they waive RDT&E or other costs related to a foreign military sale.

19. Section 780 has been added to prohibit an employee who has been working in Alaska or Hawaii and who is transferred or reassigned to the United States from continuing to receive the higher Alaska or Hawaii pay rate for two additional years.

20. Section 781 has been added to prohibit giving foreign nationals priority over United States citizens living in a foreign country in filling vacant positions.

21. Section 782 has been added to insure two additional division sets of Army equipment will not be placed in storage in Europe.

22. Section 783 has been added to prohibit the operation of the Army Medical Intelligence and Information Agency after September 1, 1982.

23. Section 784 has been added to insure that the status quo is maintained with respect to the Department of Defense dependents school system pending Congressional action on the proposal to repeal the transfer of the system to the Department of Education. The provision would prohibit funding of the activities of the Advisory Council on Dependents' Education.

24. Section 785 has been added to insure that the Secretary of Defense is charged to administer the funds provided for operation of section 6 schools.

25. Section 786 has been added to allow wage board employees in the Wichita, Kansas, area to have their wages fully updated after the current wage survey is completed. There is some indication that due to a previously incomplete wage survey, rates paid to

government employees in this area are somewhat below prevailing rates.

26. Section 787 has been added to permit the Department of Defense to lease no more than six aircraft as suitable replacements for the C-140 aircraft.

27. Section 788 has been added to prohibit the transfer of any article of military equipment or data related to the manufacture of such equipment to a foreign country prior to the approval in writing by the Secretary of the service concerned.

28. Section 789 has been added to restrict funds made available for the Single Manager for Conventional Ammunition to be used only for implementation of phase II under a reissued Department of Defense Directive 5160.65, after January 1, 1982.

29. Section 790 has been added to prohibit the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless the contractor was selected through competitive bidding without a price differential.

30. Section 791 has been added to require that any consulting service through procurement contract shall be limited to contracts where such expenditures are available for public record, except if otherwise provided for under existing law or executive order.

TITLE I
MILITARY PERSONNEL

ESTIMATES AND APPROPRIATION SUMMARY

Virtually every activity of the Department of Defense and military services requires both military and civilian personnel as well as support funding. Therefore, many of the actions taken in the military personnel appropriations affect the operation and maintenance appropriations and vice versa. In most instances, the interrelationships between the two appropriations are identified where applicable.

Appropriations made under this title finance the programs identified briefly below:

Pay and Allowances.—Funds are provided for the pay and allowances of active duty officers and enlisted personnel, and cadets at the military academies. Pay and allowances include basic pay; incentive pay, special pay to physicians, dentists, veterinarians, divers, and others; basic allowances for quarters and subsistence; station allowances overseas; uniform and clothing allowances; separation payments; social security contributions; and enlistment and reenlistment bonuses.

Subsistence of Enlisted Personnel.—Funds are provided for the feeding of enlisted personnel, including both the basic allowance for subsistence and subsistence-in-kind.

Permanent Change of Station Travel.—Funds provide for permanent change of station travel for military personnel, either as individuals or as organized units, including transportation; per diem allowances; travel of dependents; transportation of household goods; port handling charges; dislocation allowances; nontemporary storage of household goods; minor supplies and services incident to organizational movement; expenses of separation travel; temporary duty directly related to permanent change of station; and junior enlisted travel entitlements.

Other Military Personnel Costs.—Funds are also provided for other military personnel costs which include apprehension of military deserters, interest on personal savings deposits, Servicemen's Group Life Insurance and death gratuities.

The accompanying bill provides \$37,447,290,000 for military personnel costs in fiscal year 1982 a decrease of \$1,212,470,000 from the budget estimate of \$38,659,760,000. The amount recommended for fiscal year 1982 is \$575,090,000 more than the \$36,872,200,000 appropriated in fiscal year 1981 including the fiscal year 1981 supplemental appropriations but excluding projected supplemental requests for fiscal year 1982.

PERMANENT CHANGE OF STATION (PCS)

WASTE, FRAUD AND ABUSE

In fiscal year 1982, the Department of Defense will spend approximately \$3 billion on movement of military personnel and their household goods from one duty assignment to another. With a projected force of 2.1 million military personnel, the Committee estimates that on average the Department will move two out of every three of these personnel on a permanent change of station move during the course of the year. This excludes changes in assignments at a given installation and includes only those personnel that must pack up their household goods and families and move from one station to another.

The Federal Government spends almost \$4 billion a year on travel. Of that amount, 65 percent will be spent by the Department of Defense of which approximately 30 percent is for personnel permanent change of station costs alone. According to a letter dated July 30, 1981, sent by the President to the heads of executive departments and agencies, "although most of this travel is required to carry out agency programs, instances of mismanagement and wasteful spending have continued to surface over the years." The Committee estimates that the management changes directed by the President will save \$40 million in fiscal year 1982 and has therefore included a reduction in that amount.

The Committee believes that the President's estimated \$40 million in savings is much less than is feasible through better management procedures. For example, the Department of Defense's own audit services document that—

Carriers suspended for poor performance are still awarded contracts;

Erroneous and duplicate obligations are made on the books;

Claims for reimbursement are not always made against non-performing carriers;

Shipments are not weighed by DOD personnel as called for in their own regulations;

There is poor utilization of Government facilities for storing household goods at a time when additional storage facilities are being procured through commercial markets;

Personnel are sent back to the United States from overseas tours with only one or two months left before leaving the service; and

Realignment of personal property shipping offices would produce substantial savings through elimination of duplication. The Committee estimates that correction of these clear management deficiencies would produce enormous savings. However, the Committee is only making an additional token reduction of \$15 million in fiscal year 1982 as a first increment of savings that is expected to accrue.

The Department of Defense submits the budget to Congress approximately nine months before the beginning of the fiscal year. As a result, the budget contains a number of projections that may or may not be entirely accurate. In the case of permanent change of station costs, the numbers included in the fiscal year 1982 budget for fuel and carrier rates will be less than projected. As a result, an

additional \$40.7 million in savings is available and a reduction is recommended in that amount.

Every year the Committee inquires during hearings on military personnel PCS requirements as to the true need to have two out of every three military personnel make permanent duty changes every year. The problem is compounded in these hearings by the very fact that so many of the Generals and Admirals appear one year at the Committee's hearings only to be replaced by someone different the following year. The Committee has calculated that this movement of personnel is so pervasive that 41 percent of the Department of Defense's Generals and Admirals move from one town to another every year even when excluding from this total those that move as a part of their retirement from military service. Moreover, internal Navy documents state that fleet morale could be drastically improved and a ten percent savings could be produced by implementing an aggressive program called "Home Porting" whereby the Navy makes a commitment to return sailors for their periodic shore duty to the same town. The Committee is therefore deleting a total of \$74.5 million from the Permanent Change of Station request and directing that the Department implement during fiscal year 1982 a plan to reduce the number of PCS moves by at least two percent with a goal of reducing the number of moves eventually by five percent.

The Committee believes that the total of all of the above reductions of \$170.2 million is reasonable in view of the \$3 billion request and the potential for vast savings through reduced moves and improved management as documented by the Department of Defense itself.

TRAVEL MILEAGE

Less than four months ago, the PCS mileage reimbursement approximately doubled, increasing from 7¢ to 13¢ per mile. The Department of Defense is now requesting that it be increased to 16¢ per mile at an additional cost of \$46.3 million in fiscal year 1982 alone.

The Committee has reviewed the justification for DoD's increase of 16¢ per mile and has concluded that 13¢ remains the maximum amount necessary to fully reimburse military personnel for incremental expenses incurred in operating their personal vehicles while undergoing a permanent change of station move. In fact, much of the supporting material that the Committee has received from the Pentagon is misleading in terms of what is a fair reimbursement level. Contrary to information provided by DoD:

According to the American Automobile Association, the cost to operate a six cylinder vehicle is only 8.2¢ per mile.

Civilian government employees undergoing a permanent change of station move are reimbursed at a rate which begins at only 8¢ per mile.

Internal Revenue Service estimates 9¢ per mile as a fair expense for charitable or medical expenses.

IRS estimates that business activity deductions range from 11¢ to 20¢ per mile.

The proposal by the Department would permit such expenses as insurance and interest on car loans to be included as an "operating

expense" incurred while undergoing a change of station move. This is clearly not the case since these expenses would be incurred whether the military member changes duty stations or not. In most cases, even licenses and taxes will not change since most military members do not change their home of record nor licensing of automobiles when undergoing a permanent change of station move. Finally, the argument for allowing full depreciation on a mileage basis is not fully justified since the AAA documentation supplied by the Department of Defense assumes all people undergoing a permanent change of station move are driving brand new cars.

The Committee is therefore deleting the \$46.3 million requested in the budget and directing that the reimbursement rate is to be no more than 13¢ per mile. The Committee also directs that the Department establishes a formula which will equitably reimburse military personnel with full recovery of all gas and oil, maintenance, tires, an equitable portion of license and taxes, and an equitable portion of depreciation not to exceed 50 percent of the full amount of depreciation which would be allowed if all personnel were driving brand new cars.

ARMY TEMPORARY LODGING ALLOWANCE

The Army has agreed that the budget request for Temporary Lodging Allowance is overstated by \$14.0 million. The Committee has, therefore, included a reduction in that amount.

SUBSISTENCE

WASTE, FRAUD, AND ABUSE

Since the founding of the Republic one of the major benefits to military personnel has been the Government's commitment to provide an adequate level of subsistence for the troops. Historically this has taken the form of food-in-kind, but in more recent years due to changes in both life styles and military requirements there has been a shift to cash payments in lieu of food for many military personnel. In fiscal year 1982 (including the recent military pay increase), the Committee estimates \$2.6 billion will be spent for all types of subsistence support for military personnel. As a basis for comparison, it would take roughly all of the receipts to the Treasury for taxes on either tobacco or airports and airways just to fund the military subsistence program for the year.

Because of the size of this program and the reductions made to other agriculture and food subsidy programs for fiscal year 1982, it is incumbent upon the Department of Defense to insure that the military subsistence program is properly managed at all levels of the Department of Defense. It was therefore with great concern that the Committee reviewed 17 different Department of Defense audit reports published within the last year and a half that document a total of at least \$100 million in subsistence that is lost through waste, fraud and abuse. These audits document thievery, poor control of mess passes, poor mess hall head counting, foreign national personnel not being charged for food eaten, excessive subsistence stockage, free issuance of flight meals to unentitled personnel, excessive number of dining facility attendants, and inadequate

dining facility cash control procedures. The Committee is concerned not only over the exceedingly poor management, but also over the clear lack of strong enforcement procedures rectifying these instances of documented poor management and even illegalities by Department of Defense personnel and contractors. The Committee expects strong enforcement measures to be implemented, and directs the Department to submit a report no later than April 30, 1982 which lays out a clearly defined plan to reduce the number of instances of waste, fraud and abuse in the subsistence area and also the number of arrests and prosecutions under way as a result of strong enforcement measures.

Traditionally, the year during which military personnel receive large pay raises there is a decrease in military mess hall attendance as personnel decide to (and are more able to) eat out on the local economy. In addition, a strong dollar overseas traditionally represents a decrease in mess hall attendance since a stronger dollar translates into a real increase in income for military personnel assigned to foreign installations. Nevertheless, the Department of Defense has not budgeted properly to reflect this decrease in mess hall attendance which will most certainly occur during fiscal year 1982 resulting in a significant overstatement of the budget request.

Every year thousands of military personnel eat in dining halls of other services. This occurs commonly through joint use of facilities as well as military personnel of one service traveling to an installation of another for business purposes. Despite the fact that a member of, say, the Air Force eating at an Army installation would be eating the same portions side by side with his fellow enlisted personnel from the Army, the Army has budgeted more funds for feeding the member of a different service than they have for their own personnel. Under questioning by the Committee the Army admitted that it costs no more to feed a member of a different service in one of its mess halls than it does to feed one of its own members and therefore the budget submission for this particular item of subsistence is overstated.

Two years ago the Committee made an extensive review of DoD's subsistence budgeting procedures and concluded that the current system is illogical at best since actual consumption plays no part in the budget estimate. In the fiscal year 1980 report on the Defense budget request, the Committee reached the following conclusions:

Enlisted military personnel are entitled by law to receive a nutritionally adequate ration as part of their overall compensation package. To implement this entitlement, the Department of Defense provides each dining facility manager a dollar credit to be used to order the necessary subsistence items based upon the number of meals served.

It appears that the present system works in reverse to what sound economic principles would dictate. For example, a dining hall may be allowed a \$3.25 ceiling per day to buy food per person. If that ceiling is not reached, the dining facilities receive the money anyway and must find ways to spend it.

To establish this fixed ceiling amount, called a Basic Daily Food Allowance (BDF), DoD has a list of 53 key

food components that are priced monthly. If the price of boneless grilled steak beef is increased by 5 cents, the allowance would be increased on a per person basis from, say, \$3.25 to \$3.30 a day. If the price went down 5 cents, it would be decreased accordingly. The fallacy with this system, however, is that there is no incentive to substitute less costly items when there is an increase in another item—for example, substitution of ham or fish for beef until there is a future price realignment. This is what an individual would do typically in a supermarket. DoD does not do that, but instead budgets for the full price increase and does not take into account substitution of cheaper, but equally nutritious, items.

The Committee has also learned that when an individual dining facility manager prepares meals and orders the necessary food, the BDFA (which provides the basis for the entire subsistence budget request) plays absolutely no part in his food planning decision. Moreover, some overseas activities are not even authorized to purchase some of the BDFA items used in preparing budget requests.

The Committee believes that the lack of use of substitution in the subsistence budgeting process, as well as the lack of relationship between program execution and program budgeting leads to a higher food bill.

As a result of the documented waste, fraud, and abuse; the misestimation in some of the categories of the budget justification material; as well as a lack of a logical and coherent budgeting procedure; the Committee is deleting \$100 million in savings that is possible through correction of these problems without adversely impacting on the subsistence entitlement. The Committee is also directing the Department of Defense to present a plan no later than March 31, 1982 to the Committee which provides a mechanism for the budget submissions for fiscal years 1983 and beyond to be based upon a fixed and firm relationship between dollars requested and the final distribution of those dollars in terms of actual consumption.

DEFENSE ENROLLMENT ELIGIBILITY REPORTING SYSTEM (DEERS)

The revised fiscal year 1982 budget request for the DEERS program includes \$15,109,000 of operation and maintenance funds and \$1,021,000 of other procurement funds, for a total of \$16,130,000. Since 1979 the Committee and the Senate Appropriations Committee have encouraged a schedule which would speed up implementation of the DEERS system in view of the wide-spread and documented abuse of eligibility in DoD food service and medical facilities.

The Defense Enrollment Eligibility Reporting System has recently completed its second year of implementation. As of September 30, 1981, the eligibility data base being created contained over 6 million beneficiaries, about 4 million sponsors and 2 million dependents. With funds made available for the fiscal years 1981 and 1982, the Committee is hopeful that total enrollment will be accom-

plished during fiscal year 1982 for CONUS based eligible beneficiaries.

NEW IDENTIFICATION CARD IMPLEMENTATION PLAN

During fiscal year 1982 the Department of Defense will be conducting a six-month pilot program (prototype test) of a new ID card in selected military installations in North Carolina and Virginia. The fiscal year 1982 request includes \$12.1 million for implementation of the new ID card program. The Committee recommends that the Secretary insure that this new ID card system is tied to the Defense Enrollment Eligibility Reporting System for eligibility verification and checking purposes and that DEERS and the new ID card are closely interfaced to insure desired efficiencies and economies. It is expected that these two integrated systems will enhance the Department of Defense's ability to plan for and manage resources for the different benefit programs and, simultaneously, curb the fraudulent use of these benefits by ineligible persons. The Committee recommends that budgeting for the DEERS system and the new ID card system be maintained as separate accounts.

Various reports made available by the General Accounting Office and the Defense Audit Agency have identified gross abuses in the current identification system and have recommended issuance of a tamper-proof card with emphasis placed on improving control and the accountability measures. GAO and the Defense Audit Agency have identified large losses in areas such as food service (\$100 million) and medical care (\$50 to \$60 million) per year. To stop losses in these and possibly other areas, a more secure ID card with a ready means for validation of entitlements is absolutely essential. This system should interface with the Defense Enrollment Eligibility Data Base to determine medical eligibility, it should interface with food service, the service pay system, and other systems that require using verification of eligibility of benefits such as commissaries, exchanges, military clubs and messes. It is obvious that the cost of implementing this new identification system will be offset by a reduction of losses through the use of invalid cards to obtain services, goods, and privileges from commissaries, exchanges, and medical facilities.

CAREER BASIC ALLOWANCE FOR SUBSISTENCE (BAS)

The Department of Defense has proposed a new program for fiscal year 1982 called Career BAS which would provide cash instead of subsistence-in-kind to all E-5 and above not otherwise entitled to a cash payment. This would clearly begin a reversal of the traditional thrust of military compensation which has been that quarters and subsistence are entitlements-in-kind and to the extent that these cannot be provided a cash allowance is paid instead. The Department proposal in essence makes cash in lieu of subsistence-in-kind the entitlement for all enlisted personnel E-5 and above.

In requesting Committee approval of this program the Department has stated that providing free food instead of an allowance is a "penalty" which is "essentially a reduction of basic compensation." This justification continued that "these personnel, who

occupy troop housing, have received only a small portion of the recently enacted compensation benefits." The Committee does not understand how pay raises of up to 30 percent in only a twelve month period can be interpreted as a small portion of the increased compensation benefits. Furthermore, it is difficult to understand how providing high quality free food can be considered a reduction in compensation. The Committee is also very concerned over the fact that if Career BAS is implemented, fewer NCO's will be eating in the dining halls which will further erode the interaction between NCO's and junior enlisted personnel. The Committee believes that there is already a vacuum of leadership in the middle enlisted ranks and that such a step would further erode unit integrity. The Committee is therefore deleting the full \$34.8 million for this new program.

TROOP ISSUE SUBSISTENCE

The Army budget justification material reflects real growth of \$2.7 million for troop issue subsistence. In view of the President's budget admendments of September 1981, there is no growth in the strength of the Army and therefore no basis for real growth in troop issue subsistence. Moreover, when the Committee inquired as to the need for real growth in this area the Army responded with a justification that indicated the money would clearly not be going for the purposes for which requested anyway. The Committee is therefore deleting the entire \$2.7 million in real growth.

NEW C-RATION

In fiscal year 1982, the Army and Marine Corps reflect a phase-in of the Meal, Ready to Eat (MRE) ration and the phase-down of the Meal, Combat, Individual (MCI) Ration. The price of the MRE is roughly twice the cost of the MCI without substantial differences in the calories, fat content, etc. According to the information provided by the Department the price is nearly doubling for the new ration because the thermostabilizing retort technology used in MRE production is extremely advanced and does not have a broad production base in the American food processing industry to date. However, the Committee was also advised that U.S. commercial manufacturers will be switching to this technology in two to five years.

Because there is no clear or compelling need to begin procurement of the MRE in fiscal year 1982, the Committee is reducing the budget by \$3.5 million and directing the Department to slow the procurement of this new ration until the technology is available in the American food processing industry at which time the price should be roughly comparable to the old MCI.

DOUBLE SUBSISTENCE PAYMENTS

The military compensation system provides a cash allowance to officers in lieu of providing subsistence-in-kind while enlisted personnel may receive either subsistence-in-kind or a cash allowance when subsistence-in-kind is not available. For fiscal year 1982 the subsistence allowance for officers is only \$94 per month while enlisted personnel who do not have subsistence-in-kind available to

them will receive \$153 per month. Because enlisted personnel receive substantially higher subsistence allowance payments than officers, the Committee has not objected in previous years to the practice of paying officers both their basic allowance for subsistence and that portion of the per diem allowance designated for food when traveling on government business.

Because of what was perceived in some quarters to be a "per diem inequity", the Uniformed Services Pay Act of 1981 extended to enlisted personnel the same entitlement to receive both a subsistence allowance and the food portion of per diem simultaneously. The Committee does not believe that this "inequity" is a real one but is rather attributable to the confusing complexity of military pay and allowances which permits enlisted personnel to be paid over 60 percent more for subsistence than an officer. Because enlisted personnel receive either subsistence-in-kind or a large cash payment, the Committee does not believe it is equitable in any sense of the word to pay that portion of the per diem allowance for food in full—in essence fully compensating enlisted personnel twice for the same food expense. As a result, the Committee is including a general provision in the bill which would limit enlisted personnel traveling under government orders to either the subsistence allowance or that portion of the per diem specified for food, which ever is *greater*. The Committee believes that this will insure the per diem payment is equitable for enlisted personnel in terms of the expenses incurred for food. The Committee has continued for officers the traditional payment of that food portion of per diem in addition to the subsistence allowance since officer subsistence allowance payments are substantially less than those of enlisted personnel.

KATUSA RATE ERRORS

The Army request overstates the requirement to support Korean personnel assigned to duty with the U.S. Eighth Army. The Committee is therefore deleting \$100,000.

TRAINING AND EDUCATION

SKILL QUALIFICATION TEST (SQT)

For several years the Committee has made reductions to the Army Skill Qualification Test because of repeated findings by the General Accounting Office and Army auditors that the test does not measure what it was intended to measure, that personnel have consistently high failure rates, and that unit commanders make poor utilization of test results for planning training.

Based upon an ongoing review of this program by the GAO, the Committee has reluctantly concluded that the SQT is completely ineffective and has therefore deleted the entire \$40.0 million included in the budget. While the concept of using an objective test to support personnel decisions is sound, the SQT has clearly proved not to be the proper test. The Committee believes that any such test can only be one of several tools available to the experienced NCO and unit commander to plan meaningful unit training and to make decisions on individual promotions and assignments. The

Army should review the policies of the other services in this area before proposing a replacement for the SQT to ensure that a new test is designed to complement, not replace, the judgment of the NCO's and commanders in the field.

DUPLICATE LEADERSHIP TRAINING

Based upon an extensive review by the Defense Audit Service, the Committee believes that all three military departments to some extent provide duplicate leadership training. For example, the Army sends soldiers to NCO Academies too early before eligibility to promotion to NCO rank. Many, therefore, leave the service after receiving this training long before they are even in a position to need it. The Air Force sends personnel to out of town locations for training even though the course is offered at the individual's home base. The Navy sends some individuals to both local courses and centralized formal courses which are nearly identical.

The Committee therefore believes that a reduction of \$9.7 million in fiscal year 1982 is possible to improve management of leadership training without reducing this important effort.

RESERVE OFFICER'S TRAINING CORP (ROTC) PAYBACK

In a report published by the Department of Defense it is revealed that over the past several years the military services have recruited sufficient numbers of qualified students into the ROTC program but have been unable to retain them. As the report indicates, attrition is excessive particularly after the sophomore year for four-year scholarship students. The Defense Department has indicated that almost one-half of all ROTC attrition occurs then, and two-thirds of it is voluntary. In other words, ROTC scholarship students decide to leave the program before they enter their junior year and incur an obligation to serve in the armed forces.

When students in their junior or senior years drop ROTC, they are breaching a contract and a specific remedy is available to the federal government in terms of ordering the student to active duty as an enlisted person. However, in recent years the Department of Defense has been reluctant to use this option with the stated reason that "it singles out ROTC students by involuntarily requiring them to serve on active duty as enlisted in an otherwise volunteer force." The Committee believes that ROTC students have indeed volunteered since they have been accepting federal subsidies for their education. The Department is therefore directed to order to active duty as an enlisted person every obligated ROTC student who withdraws. The Secretary of Defense, of course, should retain the authority to waive the involuntary ordering of ROTC students to active duty for clear cases of physical or mental disability, moral unfitness, and so forth. Although ROTC students who drop out are under no obligation to reimburse the Government for expenses incurred, the Secretary of Defense should take into consideration if the student has made a voluntary payback to the Treasury of the United States for the ROTC costs incurred.

The Committee is also concerned that college students take advantage of ROTC scholarships for their freshman and sophomore years and voluntarily drop out before beginning the junior year

and incurring an obligation to serve. The Committee is therefore directing that beginning with the 1982 fall collegiate term, all freshman and sophomore ROTC scholarship recipients must execute an agreement with the Department of Defense to join a guard or reserve unit with the stipulation that participation in drills is waived while serving in the ROTC program. In the event that a freshman or sophomore scholarship recipient voluntarily drops out, the Secretary of Defense is directed to make arrangements for that individual to begin drilling with a guard or reserve unit near to that individual.

ARMY BASIC TRAINING

In fiscal year 1982 the Army plans to add one week to the basic and one station unit training programs. While the Committee supports the Army's efforts to improve its individual training of soldiers prior to assignment to units, the Committee is concerned that the Army is not applying sufficient manpower resources to make the increase in training effective. For example, for the initial entry training program the General Accounting Office reports that the Army training program had approximately 1,000 fewer instructors assigned than was required even prior to the week extension in training. For fiscal year 1982, the first year of the extension, the Army has only approved an increase of 888 additional staff while the General Accounting Office indicates that 1,200 additional staff are required for the program. In other words, the Army is adding insufficient staff to support the training even at the old level, shortchanging the training program by nearly 1,400 instructors and support personnel.

The Committee is also concerned that the GAO has reported that Fort Knox data showed that trainers had to operate at about 74 percent strength of the E-6's and E-7's required. At Fort Leonard Wood there was only a 58 percent fill in infantry training positions. Moreover, the GAO has reported to the Committee that during a recent test, drill sergeants in the basic training brigade at Fort Knox were not able to pass the end of course test given to new recruits.

The Committee believes that improving the Army's readiness is substantially dependent upon improving the quality of its training. This, however, cannot be accomplished without dedicating the necessary manpower resources to the training establishment. The Committee is therefore requesting that the Army report back to the Committee by March 31, 1982 the steps being taken to fully man the training establishment to the required level in accordance with the new extended syllabus.

NAVY TRAINING BACKLOG

The average number of Navy enlisted personnel awaiting entry into "A Preparatory" and "A" schools increased to a level of more than 5,000 in fiscal year 1981. Some of these personnel are waiting 8 weeks or more to start courses which begin weekly. The Navy has estimated that it is only necessary to have a maximum pipeline of 2,951 Navy students awaiting instruction at any time.

Recently, the Navy has implemented several measures intended to reduce this backlog including (a) manning 229 authorized instructor billets in those courses with extensive student backlogs, (b) authorizing an additional \$11.1 million in fiscal year 1982 to hire civilian instructors for some "A Preparatory" and "A" school courses, and (c) reducing the input into the "A" schools by not classifying into backlogged courses recruits who were not enlisted with school guarantees.

It is uncertain whether these measures and many others being considered by the Training Command Manning Task Force—specifically set up to address the backlog problem—will achieve the Navy's objective of reducing the backlog to 2,951 by July 1982. For example, the Navy's current commitment given to instructor manning has not been formalized to guarantee 100 percent manning through July 1982 and thereafter. Also, there is no assurance that the current commitment will extend to related training billets such as school support and the integrated training battalions which commanding officers often use interchangeably. In addition, school throughput in excess of 100 percent of the fiscal year 1982 training plan is needed to reduce the backlog and a commitment to exceed the plan has not been approved. Finally, consideration to reducing input to the fiscal year 1982 training plan for courses with an extensive backlog has not been a Navy option for addressing the backlog problem.

The Committee believes that a long-range commitment by the Navy toward manning the schools at 100 percent is required. This would include manning not only instructor billets but also the related training billets such as school support and the integrated training battalions.

The Navy is requested to report to the Committee by April 30, 1982 as to the progress being made in reducing the substantial backlog.

NAVY EXECUTIVE DEVELOPMENT PROGRAM GROWTH

The Navy is requesting an increase of \$600,000 for continued development and implementation of an executive development program for senior executive service personnel. This growth is in addition to several hundred thousand dollars of growth provided last year for this effort. In response to the Committee's request for additional justification it was stated that "while there is a rich and varied degree of executive and management development and training throughout the department, it is uneven in quality because commands have operated in a policy vacuum." The Committee does not understand the need for this funding or the occurrence of a "policy vacuum" since in recent years the Navy has established a new Deputy Assistant Secretary for Civilian Personnel Policy with several supporting offices. In addition, the Chief of Naval Operations has on his staff a branch entitled "Personnel Development" with additional supporting staff below it whose responsibility it is to provide overall policy in this area for the Department of the Navy as a whole. The Committee is deleting the \$600,000 growth requested and suggesting that if such a "policy vacuum" exists, the Navy may wish to disestablish these offices and use the savings for additional training support.

AIR FORCE ACADEMY FOOTBALL STADIUM PA SYSTEM

The budget requested \$100,000 for upgrading the PA sound system at Falcon Stadium at the Air Force Academy "because some spectators complained that they have difficulty hearing while others complain that it is too loud." The Committee is deleting the requested increase of \$100,000 and recommending that the millions of dollars in gate receipts available from the football games be used for this effort.

ARMY CONTINUING EDUCATION SYSTEM

In fiscal year 1982 the Army is requesting \$128 million for the Army Continuing Education System (ACES). Since 1979, the funding requested has doubled, but the number of soldiers being supported has only increased by three percent. Moreover, the Army has been increasingly recruiting personnel in the higher mental categories with high school diplomas which should lessen the need for additional counselors and basic high school training programs. The Committee is therefore recommending a reduction of \$16 million which will still provide substantial growth over the fiscal year 1981 level of \$97 million.

ONE-TIME NAVY TRAINING COST

Last year the fiscal year 1981 justification material indicated that \$2.1 million requested for Navy training was for costs to be incurred on a one-time basis in fiscal year 1981. In reviewing the fiscal year 1982 request, there is no reduction reflected to offset the one time fiscal year 1981 cost which will no longer be incurred. The Committee is therefore recommending a reduction of \$2.1 million in fiscal year 1982 to reflect the offset which should have been budgeted.

ARMY "LIFE COPING SKILLS"

The Army is requesting an increase of \$8.6 million in fiscal year 1982 for what is termed "life coping skills". According to the Army these "skills" which must be taught include dealing with others, civic responsibilities, coping with personal problems, and so forth.

The Committee has deleted the entire \$8.6 million since it is not clear as to how these funds will be specifically used to improve military readiness, especially in light of the fact that the majority of the funds appear to be for developing a curriculum rather than to meet specific needs of military personnel.

TUITION ASSISTANCE

The Committee traditionally includes a general provision in the Appropriations Bill specifying a maximum amount (in most cases 75 percent) that the Department of Defense can pay for tuition assistance for off duty education programs. In addition, this general provision requires that all officers undergoing such training must agree to continue on active duty for a specified amount of time after completion of the training. According to audit reports by the Defense Audit Service and the Air Force Audit Agency, both

the Navy and the Air Force are not fully complying with the intent of this general provision.

The Committee is therefore recommending a reduction of \$2.0 million which will be saved by proper application of the restrictions of the general provision contained again in this year's bill. The Navy and the Air Force are reminded that the general provision applies to all appropriations contained in this act regardless of which program elements the funding may be included within. To the extent that exceptions are deemed necessary, the appropriate request should be made during the budget cycle.

NAVY RECRUIT TRAINING

As a result of a decrease in the number of accessions planned for Navy recruit training since the budget was submitted last winter, the Committee is recommending a reduction of \$400,000 for support costs which will not now be incurred.

ARMY NON-COMMISSIONED OFFICER ACADEMIES IN EUROPE

The Committee has fully supported the Army's efforts to provide dynamic leadership training for non-commissioned officers. However, in the fiscal year 1982 budget request the Army is showing substantial real growth for NCO academies in Europe at a time when the Army is attempting to level off the NCO manning in Europe in order to man more fully the units in the United States. The Committee is therefore deleting \$.8 million from the \$3.6 million in growth requested in the fiscal year 1982 budget request based upon a lack of documented requirement for new NCO's in Europe.

NAVY BOGUS ROTC PROGRAM

The Navy has requested funds in the fiscal year 1982 budget to pay for tuition, books, fees, and pay and allowances for students attending their senior year of college majoring in a science or engineering curriculum. Because this program appeared to be similar to an ROTC program but was not included within the ROTC budget line or within the ceiling on ROTC scholarships, the Committee requested additional details on this program. The Navy responded that, in fact, the effort was of dubious legality. The Committee is therefore deleting \$5.5 million from the Navy request for this bogus ROTC program for which funds are not required.

AIR FORCE TRAINING SITES

The Air Force Audit Agency documented excess manning at four different weapons training sites located in the Mediterranean area. In March 1981, the Air Force agreed with the audit findings and deleted 126 military positions with an eventual reduction of as many as 350. Since the reductions occurred after the submission of the fiscal year 1982 budget the Air Force has requested funds to support at least 126 man years that are no longer required. The Committee is therefore recommending a reduction of \$2.5 million from the budgeted levels.

NAVY TRAINING LITIGATION COSTS

The Navy requested \$200,000 for litigation cost as a result of claims filed against the government for certain training devices. The law suit has recently been settled out of court and the Chief of Navy Education and Training will not require the \$200,000 as requested in the budget submission. The budget has therefore been reduced by \$200,000.

MILITARY PAY AND ALLOWANCES

MILITARY PAY ACCOUNTING WASTE, FRAUD, AND ABUSE

In fiscal year 1982, nearly \$60 billion will be spent in the military personnel accounts. Even minor aberrations in the accounting procedures can produce significant amounts of waste. For example, the Committee has reviewed eight recent audit reports which document millions of dollars being wasted due to poor management of military personnel and retired pay accounts. Moreover, the Department of Defense generally agrees with the findings by the General Accounting Office and the various defense audit agencies. A few examples of the typical problems are as follows:

- Inadequate debt collection procedures

- Divorced personnel continue to collect allowances at "with dependent" rates even though they are not entitled

- A member paid by a sister service is sometimes paid twice because the member's parent service is not notified that payment was made

- Military retirees entitled to either DoD retired paychecks or VA entitlements sometimes receive both payments

- Paychecks written for personnel who have deceased as well as invalid paychecks are not properly controlled to assure timely destruction.

The Committee believes that even minor improvements in the pay accounting procedures within the Department of Defense for military personnel will save a minimum of \$60 million in fiscal year 1982 and a reduction has been included in that amount.

MILITARY COMPENSATION "DRAG-ALONGS"

Every October 1 the Department of Defense automatically increases several discretionary allowances without making any specific judgement that the increase is required. For example, the normal procedure with selective reenlistment bonuses or any of several continuation pays would be to increase the amount of the bonus by exactly the percentage of the pay raise.

While the Committee supports the use of bonuses to target compensation, the practice of automatically increasing these several allowances is done without any review. The automatic increase can be very expensive for little return. For example, except for the continuing resolution restriction, the Department of Defense would have automatically increased the amount of selective reenlistment bonuses being paid by nearly \$100 million without making any specific judgement that the increase was required in order to sustain retention of each shortage skill at the level necessary.

The Committee is therefore directing that the practice of automatically increasing the discretionary "drag-alongs" is prohibited. This will specifically apply to all non-entitlement pay and allowances such as bonuses and continuation pays. The Department may, of course, continue to increase and decrease these bonuses within the authorities granted by the Congress as long as the basis for the increase is a thorough and specific review which indicates that each individual change is necessary. To the extent that this discretionary authority is exercised, the Committee anticipates it would be evenly spaced throughout the course of the year rather than automatically occurring at the beginning of every fiscal year, and vary from one skill to another. It is stipulated, however, that items that are reimbursement for expenses incurred such as clothing maintenance may continue to be increased at the beginning of every fiscal year, but the increase should be in accordance with the requirement for increased expense reimbursements and not necessary automatically tied to the military pay increase.

MILITARY COMPENSATION STATEMENT

Last year the Committee directed the Air Force to develop a compensation statement to better inform military personnel of the full value of the military compensation package. The Air Force has completed development on a compensation statement which meets the Committee's intent. It is the Committee's understanding that the Air Force is in the process of implementing the compensation statement presently. The Committee is directing that now that the Air Force has prepared a suitable document that the other services follow suit during fiscal year 1982 so that all military personnel in the Department of Defense receive such a statement. The process should be institutionalized so that every member receives a statement at least once a year during the course of his military service.

INSTALLMENT REENLISTMENT BONUSES

Prior to fiscal year 1979, the Department of Defense paid reenlistment bonuses in equal yearly installments over the entire period of the reenlistment. However, in fiscal year 1979 the Department requested sufficient funds to begin making lump sum payments. Although the Committee directed DoD to continue the installment method rather than switching to lump sum payments, the Conference on the fiscal year 1979 Defense Appropriations Bill agreed to allow the Department of Defense to try the lump sum method.

The Committee originally expressed several concerns over switching to the lump sum method. For example, giving all the money up front creates difficulties in recoupment if the individual leaves the military early. In addition, if the bonus is given all at once, it creates a "what have you done for me lately" syndrome after the first year of reenlistment when the individual no longer receives extra pay but is serving an extended obligation tour. And finally, although DoD believed that a 16 percent savings would be achieved by using the lump sum method, there has been no data to support this contention and, in fact, the cost of reenlistment bonuses has gone up exactly 300 percent in only three years. The

Committee is therefore making a reduction of \$397.9 million in order to change the basis of award for reenlistment bonuses from lump sum back to the pre-1979 installment method. It should be clear to the Department that this reduction in funding makes no change in the number of bonuses that can be awarded, just in the method of payment.

As a partial offset for the reduction discussed above, the Committee is increasing the Marine Corps reenlistment bonus request by \$5 million for additional bonuses to be paid on the installment method.

BARRACKS COST OF LIVING ALLOWANCE (COLA)

The Department of Defense is requesting \$26 million and authority to pay a cost of living allowance (COLA) to personnel living on base in barracks overseas. The Congress has said no twice before on this new program and the reasons for this denial are even stronger this year than in previous years. For example, DoD wants this new allowance on top of a pay raise of as much as 17 percent in fiscal year 1982. Moreover, the purchasing power of the dollar overseas is up dramatically from that of a year ago when the Department of Defense based the justification for the barracks COLA on the "devalued" dollar.

The Committee still questions the need to pay a barracks COLA to individuals who are provided free food, free housing, free medical care, and recreation and exchange prices equal to or less than the United States. This justification becomes even stronger in light of the fact that the barracks COLA that the Department wishes to pay would include extra funds for doing such items as laundry and dry cleaning off base. The Committee seriously questions whether a military person living in a barracks with a laundry facility in his own building will transport his dirty laundry off base rather than use the more convenient and cheaper on-base facilities. In addition, the Committee questions whether there is a need to provide a transportation subsidy for personnel living and working on base in the same magnitude that is given for those individuals who must live off base and commute perhaps by public transportation on base to work.

The Committee is therefore deleting the entire request of \$26.0 million in fiscal year 1982 and for the third time denying the request for barracks cost of living allowance.

PER DIEM, TRAVEL, AND TRANSPORTATION ALLOWANCE COMMITTEE

Prior to July 1, 1947, uniformed administration of travel and transportation allowances for members of the uniformed services was rare. From July 1947 to May 1950, an informal Per Diem Committee Board met periodically to evaluate needed changes in these pay and allowance areas. Since 1950, these decisions have been made by the Per Diem, Travel and Transportation Allowance Committee which has seen its charter grow substantially from travel and transportation questions to a whole range of pay and allowance issues.

The Committee is concerned that with the responsibility for interpretation of pay and allowance statutes being farmed out to the

Per Diem Committee, DOD officials are somehow absolved of the responsibility for poor decisions that may be made. The Committee has become increasingly aware in the last several years that the Per Diem Committee has made decisions that in some instances are not fiscally sound and in other instances are admittedly illegal.

The Committee has reluctantly concluded that after 30 years the Per Diem, Travel and Transportation Allowance Committee has outlived its usefulness. The Committee has no choice but to direct that none of the funds contained in this bill may be used to support such a committee structure and that in fact the committee no longer exists.

In recognition, however, that some mechanism must exist to continue the continuity and uniformity of military pay and allowances, the Committee is not deleting the funding for the staff which has worked for the Per Diem Committee. Rather the entire 23 full time and 18 part time staff should be transferred directly to the office of the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics who is the highest ranking military manpower and compensation official in the Department of Defense. The Committee is also directing that henceforth every decision that would in the past have been referred to the Per Diem, Travel and Transportation Allowance Committee will now be made by the Assistant Secretary of Defense for Manpower or at a level no lower than one of his immediate Deputy Assistant Secretaries. If the Assistant Secretary of Defense for Manpower Reserve Affairs and Logistics chooses to delegate this authority, the Committee expects to be notified of the individual designated to make these decisions in order that the responsibility may be clearly fixed in a specific position. Furthermore, the Committee expects the Department to issue a quarterly report itemizing all decisions made which would affect military pay and allowances or expense reimbursements in any form and the amount of financial impact that is anticipated as a result of each decision. The first such report shall be forwarded to the Committee for the first quarter of fiscal year 1982 no later than January 31, 1982. The Committee anticipates that the Assistant Secretary of Defense or the Deputy Assistant so designated by him shall continue to work closely with the uniformed services not within the Department of Defense in order to insure consistency in pay and allowance decisions.

INCIDENTAL EXPENSE REIMBURSEMENTS

Prior to December 1979, the Joint Travel Regulations provided that military personnel travelling overseas when government quarters and messing were available would receive \$2.50 per day to cover incidental expenses. To the extent that quarters and food are not provided, additional per diem was authorized. On December 12, 1979, the Per Diem, Travel and Transportation Allowance Committee decreed under Joint Determination number 40-79 that the amount awarded for incidental expenses would be 8 percent of the overseas per diem rate in effect for the locality surrounding the military installation involved. This decision was made despite objections by some of the military services.

The Committee has reviewed this recommendation and agrees with those who object to it. There appears to be little logic in

linking the incidental expense rate for a U.S. military installation to the per diem rate outside of that military installation since the incidental expenses are designed to cover those costs incurred for laundry, haircuts, dry cleaning, and personal hygiene purchases made generally at the on-base commissary or exchange. Since all of these purchases are geared to U.S. prices, it is immaterial whether the per diem rate outside the local installation is high or low. Consequently the Committee is specifically reversing Joint Determination number 40-79 and directing the Department to calculate what is a fair reimbursement for incidental expenses incurred and insure that military personnel are provided this equitable reimbursement without regard to a fixed percentage calculation against the local per diem rate. The Committee believes that separating the incidental expense calculation from the local per diem will save an estimated \$10 million in fiscal year 1982 and appropriate reductions have been made to the proper accounts.

FOREIGN DUTY PAY

In the early 1960's, the Congress authorized foreign duty pay for enlisted personnel of up to \$22.50 per month for assignment to certain overseas duty areas. Twenty years ago military pay was low and in many of these foreign areas living was difficult at best.

Military pay is no longer low with enlisted personnel receiving pay raises within the past twelve months of as much as 30 percent. Furthermore, a review by the Committee shows that the Department of Defense is awarding foreign duty pay to such "arduous" assignments as Puerto Rico, England, Spain, Virgin Islands, Finland, and Germany. With the strength of the dollar overseas, the high U.S. military pay levels, and the vast improvements and amenities available for overseas living since the early 1960's, the Committee believes that the Department can substantially cut back on the number of personnel awarded foreign duty pay so that only those personnel assigned to truly rigorous areas such as Diego Garcia or a remote and isolated communications site would remain eligible. By limiting the payments to these hardship areas, the Committee believes that a reduction of \$25.0 million is possible in fiscal year 1982.

NAVY AND MARINE CORPS BAQ MISMANAGEMENT

Two years ago the Committee criticized the Navy's practice of improperly paying basic allowance for quarters when in fact adequate quarters were available to house those not meeting the criteria for living off station. The Committee directed the Navy at that time to correct the problems in this area and insure that empty housing is fully utilized.

This year, two years later, the Committee has reviewed five new audit reports that show both the Navy and the Marine Corps are paying basic allowance for quarters for sailors and marines to live on the economy when suitable military housing is still available. This year, however, the Committee has found that the Navy management has actually deteriorated since there are several instances of personnel living in government quarters also drawing the basic allowance for quarters to which they are not entitled. For example,

the Navy Audit Service has documented cases where individuals have received BAQ even though they have been living in government quarters for up to 24 months. The Committee is therefore directing the Navy and the Marine Corps to take aggressive action to correct these chronic problems. A reduction totaling \$52.5 million is recommended out of the total of \$1.4 billion for Navy and Marine Corps BAQ.

NAVY OVERBUDGETING

The Navy Audit Service documented that the Department of Navy has consistently requested more funding than required for the Military Personnel Navy appropriation for fiscal years 1977, 1978, and 1979. In response to this audit finding the Navy stated that it had taken correct action and that no such problem would exist in the year 1981. The Committee has reviewed the Navy's management of the military personnel appropriation during fiscal year 1981 and finds that in fact the same overbudgeting in certain areas occurred. The Committee estimates that the fiscal year 1981 amount overbudgeted in the same pay items documented by the audit service totals \$58.5 million. Since the fiscal year 1982 budget request is substantially based upon the fiscal year 1981 experience, the Committee is recommending a reduction of \$58.5 million from the current request.

VARIABLE HOUSING ALLOWANCE

The variable housing allowance is designed to compensate military personnel for the difference between the actual housing costs on the one hand and the amount received for reimbursement in the basic allowance for quarters on the other. The budget submission for fiscal year 1982 by then-President Carter assumed that the basic allowance for quarters increase would be only 9.1 percent. However, as a result of the Uniformed Services Pay Act of 1981, the actual increase in BAQ was 14.3 percent. Therefore, the Committee estimates that the variable housing allowance request is overstated by some \$39.1 million and a reduction is recommended in that amount.

ARMY PROFICIENCY PAY

The Army has requested a new program totaling \$44.1 million in fiscal year 1982 for proficiency pay. This new effort is composed of two programs: combat arms proficiency pay totaling \$26.8 million, and skill shortage proficiency pay of \$17.3 million.

As a result of feedback from field commanders, the Army has backed off of the proposal to pay a combat arms proficiency pay because of the difficulty that would be involved in proper administration. The Committee is therefore deleting the \$26.8 million.

The Committee agrees with the Army's proposal to pay new skill shortage proficiency pay. However, the skills and pay grades proposed to receive this new pay indicate that the full amount is not necessary. Therefore, the Committee is approving \$11.4 million of the request and specifying that the new skill shortage proficiency pay should be limited to Career E-5 through E-9's in skills manned at less than 95 percent of the required levels.

FLIGHT PAY

In the Uniformed Services Pay Act of 1981, an increase of up to 30 percent in monthly flight pay was authorized. Since this is an entitlement and no additional funds have been included in the fiscal year 1982 budget, the Committee is recommending an increase of \$57.3 million to finance this Congressional initiative.

AVIATION BONUS

The Uniformed Services Pay Act of 1981 terminates the aviation bonus for the Air Force effective October 1, 1981. The Committee is therefore deleting the entire \$47 million requested by the Air Force in fiscal year 1982 for payment of this no longer authorized bonus.

The pay act of 1981 also terminates the Navy and Marine Corps aviation bonus effective at the end of fiscal year 1982. Since the pay act also makes all Marine and Navy aviators who do not execute an agreement for the aviation bonus eligible for the 30 percent increase in flight pay, the Committee believes that it will not be necessary for the Department of the Navy to continue to pay this aviation bonus throughout the entire fiscal year. A reduction of \$26 million is therefore made and the Navy and Marine Corps are directed to phase out the aviation bonus effective March 31, 1982.

MARINE CORPS FLIGHT AND SEA PAY RATE ERRORS

The Marine Corps has acknowledged that incorrect rates were used to prepare the FY 1982 request for non-crew flight pay and officer sea pay. The Committee is recommending deletion of \$400,000 based upon a recalculation using the correct rates.

PAY LONGEVITY OVERSTATEMENT

Both the Army and the Air Force budget submissions originally projected that the average pay grade for military personnel would be higher than now appears to be the case. The Committee has therefore deleted a total of \$20.6 million.

CURRENCY CHANGES

Due to the continued strength of the U.S. dollar overseas, the Committee estimates that the military personnel request is overstated by \$20.8 million and a total reduction is recommended in that amount to the Army, Navy, and Marine Corps accounts. No reduction is recommended to the Air Force since \$34 million was already deleted for currency changes in the September 1981 budget amendment.

ARMY BASIC ALLOWANCE FOR QUARTERS (BAQ)

The Army has acknowledged that the budget request is overstated by \$5.8 million for basic allowance for quarters. A reduction is included in that amount.

ARMY MEDICAL PAY

Public Law 96-284 permits the Army to pay up to a total of \$4.3 million in fiscal year 1982 for doctor incentive pay. After reviewing the Army's request, the Committee has concluded that the Army does not know how many doctors they want to pay, which skills will receive the pay, or what the average payments will be. It is apparent that the Army simply budgeted the maximum amount possible without a specific plan to document the request. The Committee recognizes, however, that there will of course be certain skills that warrant this special pay. In the absence of a specific plan, the Committee is recommending deletion of \$2.3 million from the Army's request which can be restored via a supplemental or reprogramming once the Army can justify the full amount.

UNIFORMED SERVICES PAY ACT OF 1981

The Uniformed Services Pay Act of 1981 included several discretionary increases for which no funds were included in the budget request by the Department of Defense. Since the Department has not had adequate opportunity to justify the cost of the items to the Appropriations Committees or how the discretionary authorities would be exercised, the Committee is requesting that the Department request funds either through a supplemental or through a reprogramming request and present a plan for approval by the House and Senate Appropriations Committees prior to implementation.

FORCE STRUCTURE AND MANAGEMENT

PROPOSED REDUCTION TO THE SEVENTH DIVISION

In a budget amendment to the fiscal year 1982 request, the Department had proposed reducing the Seventh Infantry Division at Fort Ord, California temporarily to active cadre status in fiscal year 1983 and then reinstating it to active status in fiscal year 1986. The Committee strongly opposes this recommendation. Although there may be merit in proposing that the Army reduce the number of divisions in its force structure while maintaining its strength at current levels as well as merit in proposing closure of entire bases, there is little merit in the present proposal since none of the economies and efficiencies would accrue while most of the disadvantages and diseconomies would result.

Although the Committee opposes any direct or indirect reduction in the status of the seventh division or any other Army division that might be proposed for temporary reduction to cadre status, the Committee requests that the Army review its current division and base structures and report to the Committee by March 31, 1982 the advisability of reducing the number of active Army divisions while maintaining the strength at current or perhaps even increased levels in order to "flesh out" the Army and improve its combat capability.

DRUG AND ALCOHOL ABUSE

For the past three years, approximately \$267,000,000 has been devoted to the alcohol and drug abuse prevention program. The request for fiscal year 1982 is approximately \$100,000,000. The Department employs about 3,900 persons full time and about three times that number part time. The expenditure of these resources impacts adversely on readiness. There is no question that alcohol and drug abuse increases the cost of maintaining readiness.

The Committee is deeply concerned about the alcohol and drug abuse problems in the military services. The hearings revealed that more than 130,000 members of the armed services are dependent on alcohol or illegal drugs, and that over one-third of the military personnel reported they had used some type of drug for nonmedical purpose during 1980. It has been reported that 19 percent of the junior enlisted personnel report that, on some occasion they have been "high while working."

The Committee recognizes that there is no easy solution to this problem in the Department of Defense or in the country as a whole. Although it appears that DOD is awakening to the extent of the problem, clearly more needs to be done. At a minimum the Department should consider:

- An aggressive media campaign in military communities, especially those served by American Forces Radio and Television.
- Awarding less than honorable discharges to abusers who refuse rehabilitation
- Increased use of urinalysis kits
- Increased use of military working dogs
- Increased narcotics agent manning
- Submission of proposed legislation to authorize X-ray of mail as well as other initiatives to stop trafficking.

RECRUITING AND ADVERTISING

In fiscal year 1982, the Department of Defense budget calls for spending approximately \$1.3 billion for military recruiting and advertising. This represents an increase of 55 percent during the last two years alone. More specifically, the number of male non-prior service recruits required in FY 1982 decreases by 7 percent DOD-wide, but the level of funding requested increases by 24 percent in just one year. The Committee believes this increase is unwarranted since:

- All services met or exceeded their recruiting goals in FY 1981 in terms of both quality and quantity;
- The President has declared the U.S. to be in a recession which will influence many young men to join the military;
- Unemployment is presently at 8 percent and projected to remain at high levels;
- The Congress recently passed a pay raise as high as 17 percent which makes military service much more attractive;
- The supply of 18-year-old males is presently at near-record levels;
- There is a substantially reduced need for unskilled recruits due to the greatly improved retention of skilled NCO's and Petty Officers;

—The Army has not reorganized their recruiting command as they agreed to do two years ago.

The Committee therefore believes that a reduction totalling \$110 million is possible in FY 1982 with no adverse impact on the recruiting effort. The Committee is offsetting this decrease, however, by \$10 million for the Army to reflect the increase in bonus ceiling that is now available for recruiting as a result of the Uniformed Services Pay Act of 1981.

PHYSICIAN ASSISTANTS

The fiscal year 1982 Defense Authorization Bill directs that the appropriate rank for physician assistants in the Air Force is a Commissioned Officer. The Committee believes that if the physician assistant is to be a true health care professional and to function as an extender of physician services, there should be minimum professional standards established for these personnel. Therefore, the Committee is directing that prior to any physician assistant receiving a commission in the Department of Defense he should (a) possess at a minimum a bachelor's degree in a science field directly related to medicine, (b) graduate from a training program approved by the appropriate national medical boards, and (c) be certified by the appropriate national certification authority. Additionally, the Committee is continuing the restriction that commissioned physician assistants may not be promoted to a rank higher than O-4 in order to prevent establishment of a bureaucracy for physician assistants which would ultimately lead to physician assistants becoming Colonels and Generals and out-ranking their physician counterparts.

The Committee is also directing that no later than March 31, 1982, the Department of Defense report to the Committee on any additional standards recommended for commissioning and include comments from appropriate physician assistant professional organizations such as the various state societies of physician assistants and the American Academy of Physician Assistants.

ASSIGNMENT OF MILITARY VETERINARIANS

In fiscal year 1980 the Committee directed the disestablishment of the Air Force Veterinary Corps and designation of the Army as executive agent for all veterinary responsibilities. Although the Department has taken these steps specified, there appears to be a substantial lack of cooperation between the Army and the Air Force in terms of proper utilization of the remaining veterinarians. For example, although the Army now is responsible for performing all Department of Defense veterinary functions, it is short of veterinarians because it has not asked for those Air Force officers possessing veterinarian skills to be made available to meet the DoD wide requirement. On the other hand, the Air Force insists that they no longer have authorized positions for veterinarians and have not volunteered to make the veterinarians in the Air Force available to the Army to meet the DoD requirements.

The Committee does not understand the difficulty in the two services cooperating in executing defense responsibilities for veterinary activities. The Committee is directing the Office of Secretary

of Defense to insure that proper utilization is made of veterinarians currently in the Air Force during the transition period. The Committee is also directing that no officer in the military force should receive veterinary special pay even if the individual has a Doctor of Veterinary Medicine degree unless that person is assigned to a position specifically requiring a DVM degree and that the director of the Army Veterinary Corps as the chief veterinary official in the Department of Defense can certify to the Committee if the need arises that each individual receiving the pay is indeed performing a function that is required to meet the Army's veterinary mission.

SHIP RETIREMENTS

The September 1982 budget amendment retired 17 Navy ships earlier than planned. However, no manpower savings were included to reflect the reduced requirement. Excluding those ships restored elsewhere in this report, the Committee estimates that \$6.0 million will not be required due to the impact of early ship retirements.

MILITARY BANDS

In fiscal year 1982 the Department of Defense proposes to field 102 separate military bands requiring 5,300 personnel and \$102 million (including the military and civilian pay raises). Although the number of bands has remained level, the request represents an increase of 210 personnel over the fiscal year 1980 level. The Committee is denying this proposed growth and deleting savings of \$1.0 million.

NAVY EXCHANGE MILITARY PERSONNEL

The House Armed Services Committee has recommended that the Navy reduce the number of military personnel assigned to its exchanges. It is estimated that as many as 100 officers and 235 enlisted personnel are involved in this effort. The Committee believes that \$3.8 million can be saved in fiscal year 1982 by replacing up to half of these military personnel with non-appropriated fund civilian personnel.

GUARD AND RESERVE FORCES

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

For the past several years the Committee has held detailed hearings which highlight the tremendous shortage of equipment available to the Army Guard and Reserve both for training and for deployment under virtually any scenario. Two years ago the Committee directed the Army to begin budgeting for sufficient equipment to modernize the Army Guard and Reserve. Last year when the budget for fiscal year 1981 was submitted no such program was included. The Committee then added \$50 million for this purpose and directed the Army to continue with this effort and include a program in the fiscal year 1982 budget submission for modernization. Unfortunately the Committee's direction has not been heeded.

It is obvious from reviewing this year's submission in detail that no such program has been initiated by the Secretary of Defense or the Secretary of the Army. The Department was placed on notice in last year's report on the fiscal year 1981 budget that "The Committee hopes that sufficient funds will be included in the budget request when submitted next January (for the fiscal year 1982 budget) and that it would not be necessary, as was done with the Navy Reserve program last year, to seek funds from within the Department's request in order to finance this priority effort."

The Committee believes that two years is sufficient time for the Department to initiate a comprehensive program for equipping the Army Guard and Reserve. The program is of sufficient priority that the Committee does not believe the Department should delay yet another year, especially in view of the lack of cooperation that has been evident on this issue. The Committee is therefore making a series of reductions totaling \$250 million to every major appropriation contained in the Defense Department request. The Committee has reallocated this funding amount as follows: \$100 million to Operation and Maintenance and \$150 million to Procurement, the amounts to be equally divided between the Army Guard and Reserve. Within the \$150 million designated for Procurement, \$10.5 million is specifically included in the Aircraft Procurement, Army appropriation for C-12's which the Committee directs to be dedicated to the Guard. The Committee strongly urges the Department to comply with the direction of the Committee to begin a vigorous program of equipment modernization for the Army Guard and Reserve. The funds added should be for items which will enhance readiness and training in the near term. It is expected that the Army will identify via a prior approval reprogramming a specific plan as to what equipment will be purchased with these funds. Prior Committee approval is not required for purchase of the C-12's.

The Committee believes that one of the reasons for inaction in this area is a lack of personnel dedicated to monitoring the development of requirements for the Army Guard and Reserve as well as the absence of a system for tracking the procurement and assignment of this equipment to the target unit. The Committee is therefore directing that within the funds available to the Department of the Army, additional personnel be dedicated to this effort. The Committee will expect the Army to be able to testify next year to the equipment requirement, the amounts contained in the budget specifically to meet this requirement, the specific units to be receiving the equipment, and what sort of a tracking system is in place to be able to insure in future years under the Committee's questioning as to the final dispensation of the equipment purchased for the Army Guard and Reserve.

NAVAL RESERVE STRENGTH

The fiscal year 1982 budget submission requested only 87,600 Naval Reservists although the Navy Manpower Mobilization System study has determined that the need is for over 114,000. Last year the Committee recognized the necessity for gradually building the Naval Reserve program toward this higher figure and funded the Reserve personnel appropriation for a strength level of

92,000 personnel. The Department of Defense refused to increase the Naval Reserve strength by realigning the funds elsewhere.

The Committee is increasing the FY 1982 request by \$20.0 million and establishing a minimum level for the Navy Reserve at 94,000 personnel. The Department is directed to expend the funds for the purpose for which appropriated. In the event that the Navy wishes to reduce the strength below the appropriated 94,000 personnel level, the Committee reminds the Department of Defense that the appropriate mechanism is through an appropriation rescission request.

Last year, the report on the FY 1981 Defense bill stated that "it is the intent of the Committee that all personnel funding for TAR's (Training and Administration of Reserves), both officer and enlisted, be included in the RPN appropriation request." In testimony before this Committee, the Deputy Assistant Secretary of Defense for Reserve Affairs stated that the "Tar manpower is included in the reserve manpower authorization and funded in the Reserve Personnel, Navy appropriation beginning in FY 1983." It is the intent of the Committee that DOD follow through in FY 1983 on this commitment.

GUARD AND RESERVE DRILL ATTENDANCE

After an extensive study by the Committee's Investigative staff on the practice of paying Guard and Reserve personnel for drills not attended, the Committee concluded last year that "the Congress has no assurance that DoD has properly justified the level at which appropriated funds should be made available for drill attendance." As a result, the Committee deleted \$13.7 million in FY 1981 to reflect this overstated request and included direction for the Department of Defense to take aggressive action to halt this practice.

Based upon eight new audits by various Defense audit agencies, the Committee has concluded that the Guard and Reserve components have still not corrected this payroll problem. The Committee believes that the Department is paying people who are not present at drills. One audit documented that one out of forty names on Marine Corps Reserve rosters certified to receive pay never even attended drills. Based upon the information available to the Committee, there is no reason to believe that the other Reserve and Guard components are substantially better than the Marine Corps Reserve.

While the Appropriations Committee has traditionally been a supporter of a strong Guard and Reserve force, this support does not extend to pay practices which border on outright fraud. The Committee is directing the Department to aggressively pursue corrective procedures, including the prosecution of personnel who accept pay for time not actually worked. It is the Committee's belief that millions of dollars are wasted each year because the Department refuses to crack down on these fraudulent practices. The Committee is, therefore, deleting \$34.5 million from the pay account for the Guard and Reserve components, and directing that a report be submitted to the Committee no later than April 30, 1982 on enforcement measures taken and the number of personnel prosecuted.

EQUIVALENT TRAINING SESSIONS

In the fiscal year 1979 bill, the Committee included a general provision directing that reservists be permitted no more than four make-up sessions per year for missed drills. The Committee has reviewed several reports that indicate that the Navy Reserve is not complying with either the spirit or letter of the general provision that is continued into the fiscal year 1982 Defense Appropriations Bill. The Chief of Naval Operations in response to the Naval Audit Service stated that "it is reasonable to assume that the House Appropriations Committee will advise if it does not agree." The Committee is hereby advising the Navy that the findings of the Naval Audit Service are correct and should be implemented immediately. The Department of Defense is also requested to review this area and insure that action is taken by all Guard and Reserve components to comply with the Committee's direction.

ARMY GUARD KEY PERSONNEL UPGRADE PROGRAM (KPUP)

The Army Guard has begun implementation of the Key Personnel Upgrade Program (KPUP) to provide additional training opportunities for key leaders from Army Guard units. The program permits NCO's and Officers to train alongside their active duty counterparts during operational exercises at times separate from their own unit's training program. In addition, Guard personnel may be called to active duty to function in an acting capacity during the absence of key active duty personnel. The Committee believes that this program should be expanded and is adding \$3.0 million to the fiscal year 1982 request for this effort.

3679 VIOLATION BY THE NAVY RESERVE

The Reserve Personnel, Navy appropriation for fiscal year 1979 incurred a violation of Section 3679 of the Revised Statutes. The Navy has indicated that additional obligational authority is required in order to pay the outstanding bills for services rendered. The Committee is therefore providing authority to transfer up to \$100,000 from the fiscal year 1982 appropriation in order to liquidate these obligations. The Committee, however, estimates that this amount will only be sufficient to cover the additional charge through this next summer. It is the Committee's intention to hold a separate hearing on the 3679 violation in order that the Department may fully document corrective action taken to ensure that procedures are in effect to prevent further instances of fiscal mismanagement.

GUARD AND RESERVE VARIABLE HOUSING ALLOWANCE CALCULATION

Section 403 of Title 37 provides that a member of a guard or reserve component entitled to a basic allowance for quarters is also entitled to receive variable housing allowance if the housing costs in that area are substantially in excess of the BAQ provided. The Committee believes that the implementing regulation by the Department of Defense is unnecessarily cumbersome and confusing. For example, a member of an aviation unit called to active duty for two weeks of training may well fly to several different air bases in

accordance with his training. Under current Department of Defense regulations the variable housing allowance will be calculated independently for each of the several air bases visited even if for only as short a time as one day. The Committee believes that it would be both more logical and more equitable to the individual involved if the regulation covering implementation of guard and reserve variable housing allowance was based on the location of the unit or organization to which the member is permanently assigned and where the housing costs are actually incurred.

AIR GUARD 105TH TASG SQUADRON

Subsequent to the submission of the fiscal year 1982 budget to the Congress, the state of New York and the Air Force agreed to the transfer of the 105th Tactical Air Support Group (TASG) from Westchester County Airport to vastly superior facilities at Stewart Airport. In addition to approximately \$28 million of military construction that the Air Force has agreed to budget for over the next two years, the state of New York has agreed to provide \$6 million in construction funding for the Air National Guard unit upon transfer to Stewart. Because of the severe problem with the local community at Westchester and the first-rate facilities at Stewart, the Committee is adding \$500,000 above the budget request and directing the Air Force to expeditiously move the 105th TASG to Stewart during fiscal year 1982. In addition, the Air Force is directed to report by April 30, 1982 as to the potential for converting the 105th to an airlift or fighter mission as the O-2's currently assigned are phased out.

As discussed elsewhere in this report, the Marine Corps Reserve has also selected Stewart Airport as a home for an additional KC-130 tanker squadron. The Committee is directing the Air Guard to ensure that the transfer of the 105th to Stewart is accomplished in such a fashion as to be compatible with the needs of a Marine Corps Reserve KC-130 tanker squadron in future years.

GUARD AND RESERVE TECHNICIAN CONVERSION PROGRAM

The Committee conducted an extensive hearing on the Guard and Reserve technician conversion program and includes the following direction to the Department.

Each reserve component will be free to determine the appropriate mix of fulltime military and military technicians.

Fulltime military and military technicians will have a mobilization assignment with the unit they support and be mobilized and deployed with that unit.

Military technicians will, when directed by competent authority, travel on military aircraft on official business whether traveling in a military or civilian capacity.

Military technicians will occupy government quarters based on military grade when in a travel status.

DoD will take steps, including submission of any necessary legislative proposals, to clarify the authority of the states over military technicians serving in the National Guard not on active duty in a federal status.

As a policy, similar skills within a reserve component will be standardized as either military technicians or full-time military.

INVOLUNTARY INDIVIDUAL READY RESERVE TRAINING

In a letter dated June 9, 1981, the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics requested that the Committee remove its prohibition against exercising the authority contained in 10 USC 270 allowing members of the reserve components to be ordered involuntarily to annual training. The Committee directed that this practice be halted in 1975 in House Report 94-517.

The Committee has reviewed the Department's recent request and agrees that it is increasingly important for members of the Individual Ready Reserve to be already trained for deployment. Therefore, the Committee removes the restriction on involuntary participation in military training for IRR members for those personnel required in the first 30 days of mobilization possessing skills that require periodic refresher training to remain current.

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

With the establishment of the Federal Emergency Management Agency (FEMA) in 1979, the Civil Defense function formerly performed by the DoD was assigned to that new Agency. Included in the programs and resources transferred to FEMA were individual Reservists and Reserve units that support the Civil Defense effort. In fiscal year 1981, FEMA assumed the responsibility, and did in fact provide funding for these Reserve units. However, the Committee has learned that FEMA consciously did not budget for the resources necessary to support the fiscal year 1982 program. While the Department of Defense has taken the position that it is the responsibility of FEMA to provide funding for this program, an offset in the Defense budget of \$1.6 million has been offered by the Department of Defense in order to leave sufficient room in the budget ceiling for the addition of funds to FEMA. The Committee is, therefore, deleting the \$1.6 million from the Defense budget request since FEMA is pursuing the resources through their own budgetary process.

AIR GUARD SKILL RETRAINING

The Air National Guard has budgeted an insufficient amount to provide for retraining military personnel who possess skills in plentiful supply into shortage skill areas. The Committee is adding \$2.0 million to the request for this needed retraining program. However, the Committee is stipulating that the Air Guard should not use as a source of personnel those skills which are already filled to less than 95% of the requirement.

AIR FORCE RESERVE TECHNICIAN TRANSFER

As a result of the flexibility given to each Reserve component to establish its own technician conversion schedule, the Air Force Reserve has requested that the Committee transfer \$4.6 million

from the Military Personnel account into the Operation and Maintenance account. This adjustment is reflected in the appropriation summaries.

IMPROVED RESERVE COMPONENT STRENGTH LEVELS

Based upon information provided to the Committee, it appears that the Army Reserve and the Air Guard will exceed their budgeted strength levels. The Committee encourages recruiting and retention of qualified personnel for the Guard and Reserve components and is adding a total of \$22.0 million above the budget to support this increase in projected strengths.

DETAIL OF APPROPRIATION ADJUSTMENTS

MILITARY PERSONNEL, ARMY

Appropriations, fiscal year 1981.....	\$12,148,300,000
Estimate, fiscal year 1982.....	12,631,700,000
Recommended in the bill.....	12,278,300,000
Change	-353,400,000

The Committee recommends an appropriation of \$12,278,300,000 for Military Personnel, Army. This amount is a decrease of \$353,400,000 from the budget estimate of \$12,631,700,000. The amount appropriated for fiscal year 1981 is \$12,148,300,000. The amount recommended herein for fiscal year 1982 is an increase of \$130,000,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Duplicate Leadership Training.....	-\$7,200,000
Subsistence Waste, Fraud, and Abuse.....	-40,000,000
New Rations.....	-1,000,000
Installment Reenlistment Bonus.....	-93,500,000
Barracks Cost of Living Allowance.....	-6,000,000
Foreign Duty Pay.....	-9,300,000
Career Basic Allowance for Subsistence.....	-14,400,000
Proficiency Pay.....	-32,700,000
Medical Pay.....	-2,300,000
Permanent Change of Station (PCS) Mileage.....	-13,900,000
Permanent Change of Station Waste, Fraud and Abuse.....	-5,500,000
Presidentially Directed PCS Savings.....	-14,500,000
PCS Rate and Fuel Reductions.....	-22,300,000
Reduced Number of PCS Moves.....	-20,000,000
Temporary Lodging Allowance.....	-14,000,000
Army Guard and Reserve Equipment.....	-17,700,000
Recruiting and Advertising.....	-10,000,000
Military Bands.....	-400,000
Currency Changes.....	-11,000,000
Military Pay Accounting Waste, Fraud, and Abuse.....	-16,500,000
Variable Housing Allowance (VHA).....	-9,900,000
Basic Allowance for Quarters.....	-5,800,000
KATUSA Rate Error.....	-100,000
Pay Longevity Overstatement.....	-7,800,000
New Enlistment Bonus Ceiling.....	+10,000,000
Medical Intelligence and Information Agency.....	-200,000
Flight Pay.....	+12,600,000

MILITARY PERSONNEL, NAVY

Appropriations, fiscal year 1981.....	\$8,893,095,000
Estimate, fiscal year 1982.....	9,340,090,000

Recommended in the bill.....	8,807,520,000
Change	-532,570,000

The Committee recommends an appropriation of \$8,807,520,000 for Military Personnel, Navy. This amount is a decrease of \$532,570,000 from the budget estimate of \$9,340,090,000. The amount appropriated for fiscal year 1981 is \$8,893,095,000. The amount recommended herein for fiscal year 1982 is a decrease of \$85,575,000 below the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Duplicate Leadership Training.....	-\$1,100,000
Bogus ROTC Program	-4,000,000
Subsistence Waste, Fraud, and Abuse.....	-30,000,000
Installment Reenlistment Bonus.....	-205,600,000
Aviation Bonus.....	-20,000,000
Flight Pay	+3,500,000
Barracks Cost of Living Allowance.....	-2,700,000
Foreign Duty Pay	-4,100,000
Career Basic Allowance for Subsistence.....	-9,700,000
Permanent Change of Station (PCS) Mileage.....	-15,500,000
Permanent Change of Station Waste, Fraud, and Abuse.....	-3,500,000
Presidentially Directed PCS Savings.....	-9,500,000
PCS Rate and Fuel Reductions.....	-18,400,000
Reduced Number of PCS Moves	-13,000,000
PCS Homeporting.....	-19,500,000
Army Guard and Reserve Equipment.....	-13,300,000
Recruiting and Advertising	-11,000,000
Ship Retirement.....	-6,000,000
Military Bands	-100,000
Exchange Military Personnel.....	-3,800,000
Currency Changes	-7,700,000
Military Pay Accounting Waste, Fraud, and Abuse.....	-13,500,000
Variable Housing Allowance (VHA).....	-13,300,000
Overbudgeting.....	-58,500,000
Basic Allowance for Quarters	-47,400,000
CINCUSNAVEUR.....	-2,000,000
Overeaters Anonymous	-100,000
Audiovisual	-2,700,000
TENCAP Office.....	-70,000

MILITARY PERSONNEL, MARINE CORPS

Appropriations, fiscal year 1981.....	\$2,633,300,000
Estimate, fiscal year 1982.....	2,807,870,000
Recommended in the bill.....	2,703,970,000
Change	-103,900,000

The Committee recommends an appropriation of \$2,703,970,000 for Military Personnel, Marine Corps. This amount is a decrease of \$103,900,000 from the budget estimate of \$2,807,870,000. The amount appropriated for fiscal year 1981 is \$2,633,300,000. The amount recommended herein for fiscal year 1982 is an increase of \$70,670,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$10,000,000
New Rations	-2,500,000
Installment Reenlistment Bonus.....	-36,800,000
Aviation Bonus.....	-6,000,000
Flight Pay	+2,000,000
Barracks Cost of Living Allowance.....	-9,300,000
Foreign Duty Pay	-3,300,000
Career Basic Allowance for Subsistence.....	-2,900,000

Permanent Change of Station (PSC) Mileage.....	-7,900,000
Permanent Change of Station Waste, Fraud, and Abuse.....	-1,100,000
Presidentially Directed PCS Savings.....	-2,900,000
Reduced Number of PCS Moves.....	-4,000,000
Army Guard and Reserve Equipment.....	-3,900,000
Recruiting and Advertising.....	-2,000,000
Military Bands.....	-100,000
Currency Changes.....	-2,100,000
Military Pay Accounting Waste, Fraud, and Abuse.....	-6,500,000
Variable Housing Allowance (VHA).....	-3,400,000
Basic Allowance for Quarters.....	-5,100,000
Additional Reenlistment Bonuses.....	+5,000,000
Flight and Sea Pay Rate Errors.....	-400,000
Audiovisual.....	-700,000

MILITARY PERSONNEL, AIR FORCE

Appropriations, fiscal year 1981.....	\$10,001,821,000
Estimate, fiscal year 1982.....	10,440,820,000
Recommended in the bill.....	10,209,920,000
Change.....	-230,900,000

The Committee recommends an appropriation of \$10,209,920,000 for Military Personnel, Air Force. This amount is a decrease of \$230,900,000 from the budget estimate of \$10,440,820,000. The amount appropriated for fiscal year 1981 is \$10,001,821,000. The amount recommended herein for fiscal year 1982 is an increase of \$208,099,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Weapons Training Sites.....	-\$2,500,000
Subsistence Waste, Fraud, and Abuse.....	-15,000,000
Installation Reenlistment Bonus.....	-62,000,000
Aviation Bonus.....	-47,000,000
Flight Pay.....	+32,200,000
Barracks Cost of Living Allowance.....	-8,000,000
Foreign Duty Pay.....	-8,300,000
Career Basic Allowance for Subsistence.....	-7,800,000
Permanent Change of Station (PCS) Mileage.....	-9,000,000
Permanent Change of Station Waste, Fraud, and Abuse.....	-4,900,000
Presidentially Directed PCS Savings.....	-13,100,000
Reduced Number of PCS Moves.....	-18,000,000
Army Guard and Reserve Equipment.....	-14,600,000
Recruiting and Advertising.....	-12,000,000
Military Bands.....	-100,000
Military Pay Accounting Waste, Fraud, and Abuse.....	-10,500,000
Variable Housing Allowance (VHA).....	-12,500,000
Pay Longevity Overstatement.....	-12,800,000
Audiovisual.....	-4,500,000
PARCS.....	-500,000

RESERVE PERSONNEL, ARMY

Appropriations, fiscal year 1981.....	\$869,300,000
Estimate, fiscal year 1982.....	955,200,000
Recommended in the bill.....	962,500,000
Change.....	+7,300,000

The Committee recommends an appropriation of \$962,500,000 for Reserve Personnel, Army. This amount is an increase of \$7,300,000 from the budget estimate of \$955,200,000. The amount appropriated for fiscal year 1981 is \$869,300,000. The amount recommended herein for fiscal year 1982 is an increase of \$93,200,000 over the

prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$1,600,000
Drill Attendance.....	-9,600,000
FEMA Transfer.....	-700,000
Strength Improvements	+18,400,000
Flight Pay	+800,000

RESERVE PERSONNEL, NAVY

Appropriations, fiscal year 1981.....	\$318,758,000
Estimate, fiscal year 1982.....	329,020,000
Recommended in the bill.....	346,420,000
Change.....	+17,400,000

The Committee recommends an appropriation of \$346,420,000 for Reserve Personnel, Navy. This amount is an increase of \$17,400,000 from the budget estimate of \$329,020,000. The amount appropriated for fiscal year 1981 is \$318,758,000. The amount recommended herein for fiscal year 1982 is an increase of \$27,662,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$400,000
Drill Attendance.....	-3,300,000
Flight Pay	+1,100,000
94,000 Strength Level	+20,000,000

RESERVE PERSONNEL, MARINE CORPS

Appropriations, fiscal year 1981.....	\$120,357,000
Estimate, fiscal year 1982.....	138,920,000
Recommended in the bill.....	138,120,000
Change.....	-800,000

The Committee recommends an appropriation of \$138,120,000 for Reserve Personnel, Marine Corps. This amount is a decrease of \$800,000 from the budget estimate of \$138,920,000. The amount appropriated for fiscal year 1981 is \$120,357,000. The amount recommended herein for fiscal year 1982 is an increase of \$17,763,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$200,000
Drill Attendance.....	-1,400,000
Flight Pay	+800,000

RESERVE PERSONNEL, AIR FORCE

Appropriations, fiscal year 1981.....	\$277,360,000
Estimate, fiscal year 1982.....	298,848,000
Recommended in the bill.....	291,548,000
Change.....	-7,300,000

The Committee recommends an appropriation of \$291,548,000 for Reserve Personnel, Air Force. This amount is a decrease of \$7,300,000 from the budget estimate of \$298,848,000. The amount appropriated for fiscal year 1981 is \$277,360,000. The amount recommended herein for fiscal year 1982 is an increase of \$14,188,000

over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$300,000
Drill Attendance.....	-3,000,000
FEMA Transfer.....	-900,000
Technicians.....	-4,600,000
Flight Pay.....	+1,500,000

NATIONAL GUARD PERSONNEL, ARMY

Appropriations, fiscal year 1981.....	\$1,168,200,000
Estimate, fiscal year 1982.....	1,299,100,000
Recommended in the bill.....	1,287,600,000
Change.....	-11,500,000

The Committee recommends an appropriation of \$1,287,600,000 for National Guard Personnel, Army. This amount is a decrease of \$11,500,000 from the budget estimate of \$1,299,100,000. The amount appropriated for fiscal year 1981 is \$1,168,200,000. The amount recommended herein for fiscal year 1982 is an increase of \$119,400,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$2,000,000
Drill Attendance.....	-13,000,000
Key Personnel Upgrade Program.....	+3,000,000
Flight Pay.....	+500,000

NATIONAL GUARD PERSONNEL, AIR FORCE

Appropriations, fiscal year 1981.....	\$386,209,000
Estimated, fiscal year 1982.....	418,192,000
Recommended in the bill.....	421,392,000
Change.....	+3,200,000

The Committee recommends an appropriation of \$421,392,000 for National Guard Personnel, Air Force. This amount is an increase of \$3,200,000 from the budget estimate of \$418,192,000. The amount appropriated for fiscal year 1981 is \$386,209,000. The amount recommended herein for fiscal year 1982 is an increase of \$35,183,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

Specific adjustments addressed elsewhere are summarized below:

Subsistence Waste, Fraud, and Abuse.....	-\$500,000
Drill Attendance.....	-4,200,000
Skill Retraining.....	+2,000,000
Strength Improvements.....	+3,600,000
Flight Pay.....	+2,300,000

TITLE II
RETIRED MILITARY PERSONNEL

RETIRED PAY, DEFENSE

ESTIMATES AND APPROPRIATION SUMMARY

The Committee is recommending an appropriation of \$14,931,815,000 for Retired Pay, Defense, a reduction of \$50,000,000 from the amount requested for fiscal year 1982. The recommended amount represents an increase of \$1,044,015,000 over the fiscal year 1981 appropriation due primarily to projected increases in the Consumer Price Index and also due to the addition of retiring military and surviving annuitants to the rolls.

Costs associated with military retired pay and benefits fall into four major categories: (1) pay of military personnel on the retired lists of the Army, Navy, Marine Corps, and Air Force; (2) military individuals receiving disability retirement payments on the basis of either permanent disability or temporary disability; (3) retainer pay for regular enlisted personnel of the Navy and Marine Corps Fleet Reserves; and (4) payments to eligible survivors under the terms of the Survivor Benefit Plan or its predecessor, the Retired Serviceman's Family Protection Plan.

IMPACT OF ACTIVE DUTY "CATCH-UP" RAISE ON RETIRED PAY

Under the terms of the Budget Impoundment and Control Act, the Uniformed Services Pay Act of 1981 was referred to the Appropriations Committee for consideration. In the report published by the Committee, full support was given to a special "catch-up" pay raise for military personnel on 1 October 1981. Although the pay raise ranged to as high as 17%, on average it was close to the 14.3% requested by the present administration. Included within the 14.3% pay raise was 9.1% that was requested by the administration as the normal impact of inflation and wage increases in the private sector over the course of 1981. That portion of the raise above 9.1%, i.e., 5.2%, is solely dedicated to providing a "catch-up" for active duty military personnel.

While fully supporting the pay raise for active duty and reserve personnel, it appears that the Congress has overlooked the potential multi-billion dollar impact of the catch-up pay raise on military retired pay costs. For example, an individual can work only one day at the new higher pay rates, then retire and have the base for his retired pay calculations increased by 14.3% for the entire length of his retirement. The Congress has already gone on record last year approving a phase-in of the high-three retirement system already in effect for civil servants in order to prevent exactly this action from taking place.

The Committee believes it is appropriate to exclude the 5.2% "catch-up" raise from the calculation for military retirement bene-

fits for military personnel who retire on or after January 1, 1982 and a general provision has been included in the bill to that end. The Committee, however, does anticipate phasing in the impact of the "catch-up" raise over the next three years by allowing 2% each year to be added to the retirement base. For example, beginning in FY 1983 only 3.2% of the "catch-up" raise would be excluded from the retired pay base for calculations and in fiscal year 1984 only 1.2% would be excluded. In FY 1985 no exclusion would be made. Although it is estimated that this will save many millions of dollars over the next several years, no specific dollar reduction has been made in the military retired pay account during FY 1982 due to the phase-in one-quarter of the way through the year.

The Committee also urges the Department of Defense to press forward with implementation of an accrual accounting system for retired pay in order that the costs of retired pay be fully visible in the manpower planning process.

RETIREMENT ROUNDING

According to existing statutes, a member of the military who retires with even one day more than six months service is credited for a full year. For example, an individual retiring with 23 years 6 months and one day of good service for retirement purposes is credited as if he had completed 24 full years of service. The Committee is including a general provision in the bill which will round the service credit to the nearest month for any portion of a year in excess of six months rather than rounding to the nearest full year. This action is in line with recommendations by the Defense Manpower Commission and the Congressional Budget Office. It is estimated that modest savings will accrue in future years.

BUDGET RECONCILIATION ACT ADJUSTMENT

As a result of changes enacted in the Budget Reconciliation Act to the Survivors Benefit Plan, the funding for the Retired Pay, Defense account can be reduced by \$37.0 million.

DETAIL OF ADJUSTMENTS

RETIRED PAY, DEFENSE

Appropriations, fiscal year 1981.....	\$13,887,800,000
Estimate, fiscal year 1982.....	14,981,815,000
Recommended in the bill.....	14,931,815,000
Change	-50,000,000

The Committee recommends an appropriation of \$14,931,815,000 for Retired Pay, Defense. This amount is a decrease of \$50,000,000 from the budget estimate of \$14,981,815,000. The amount appropriated for fiscal year 1981 is \$13,887,800,000. The amount recommended herein for fiscal year 1982 is an increase of \$1,044,015,000 over the prior year.

Specific adjustments addressed elsewhere are summarized below.

Military Pay Accounting Waste, Fraud, and Abuse.....	-\$13,000,000
Budget Reconciliation Act Adjustment.....	-37,000,000

TITLE III

OPERATION AND MAINTENANCE

ESTIMATES AND APPROPRIATION SUMMARY

The budget estimate for operation and maintenance for fiscal year 1982 is \$62,590,121,000 in new obligational authority. This amount compares to a fiscal year 1981 including supplemental appropriations of \$55,980,234,000 in new obligational authority.

The accompanying bill recommends new obligational authority. The amount recommended represents a decrease of \$1,381,436,000 in new obligational authority from the fiscal year 1981 request as amended and is \$5,228,451,000 above the total obligational authority provided in fiscal year 1981.

These appropriations finance the costs of operating and maintaining the Armed Forces, including the Reserve components and related support activities of the Department of Defense, except military personnel costs. Included are amounts for pay of civilians, contract services for maintenance of equipment and facilities, fuel, supplies, and repair parts for weapons and equipment. Financial requirements are influenced by many factors, including force levels such as the number of aircraft squadrons, Army or Marine Corps divisions, installations, military strength and deployments, rates of operational activity, and quantity and complexity of major equipment (aircraft, ships, missiles, tanks, et cetera) in operation.

The 1982 budget reflects a substantial increase to protect and enhance Defense readiness capabilities.

Funds to operate the Active Forces and their support are contained in five operation and maintenance appropriations, one for each of the four services and one for Defense agencies. The programs covered under this heading are described below:

Strategic forces.—Strategic offensive forces include more than 400 manned B-52 and FB-111 bombers and 1,052 ICBM's operated by the Air Force as well as the Navy's submarine missile fleet, which deploys 568 Polaris, Poseidon, and Trident missiles. Two Trident submarines are scheduled to enter the fleet in 1982.

Strategic defensive forces consist of interceptor fighter aircraft and various warning, command, and control systems also operated by the Air Force.

General purpose forces.—These forces, primarily conventional in nature, provide the bulk of the flexible combat capability upon which our national security and our overall defense posture depend. A portion of these forces are deployed to Europe in support of NATO commitments, eastern Asian, and the western Pacific. Naval forces operate in the Atlantic, Pacific, and Indian Oceans.

Army land forces consist of infantry, mechanized, armored, airborne, air assault divisions, and supporting force elements, along with a number of units for combat support. Modernization of combat units, including delivery of the XM-1 tank will continue.

Testing of new concepts for lighter, more deployable combat units has been initiated and will continue in 1982.

Naval forces include aircraft carriers, submarines, amphibious forces, antisubmarine forces, and anti-air warfare forces. Twenty-four ships are scheduled to be introduced into the fleet in 1982: five nuclear attack submarines, two destroyers, five hydrofoil patrol missile combatants, eight guided missile frigates, two fleet oilers, one destroyer tender, and one nuclear aircraft carrier. Overage and obsolete vessels will be inactivated.

Tactical air forces consist of the Air Force tactical air wings, Navy land and carrier based antisubmarine and fighter/attack air wings, and Marine air wings. Force missions include air superiority, interdiction bombing, close air support, antisubmarine patrol, reconnaissance, and special operations. The Navy will continue to deploy the F-14 to replace F-4's in the fleet air defense role. The Air Force will continue to fill out their 26-wing structure with continued delivery of the F-15, F-16, and A-10 aircraft.

Marine Corps land forces, including combat and supporting units, are designed to conduct amphibious assault operations and other missions with the close support of Marine aviation.

Intelligence and communications.—This program comprises the centrally directed Defense intelligence and security function, the major portion of the consolidated telecommunications program (CTP), the National Military Command System, and other special activities which are related to and support the missions of the combat forces in the strategic, general purpose, and airlift/sealift programs. Included in the CTP portion are the Defense Communications System (DCS), common user transmission and switching systems, as well as non-DCS communications. Funds to support intelligence, security, and communications activities are contained in the various appropriations of each of the military services, and, in the Defense agencies are Navy oceanographic and weather programs, Air Force weather, air rescue and recovery, and air traffic control programs.

Airlift and sealift.—This program provides air, land, and sea transportation services for all the Armed Forces in peacetime as well as quick reaction strategic mobility and logistical support in wartime. The major commands in this program are the Air Force Military Airlift Command, the Navy Military Sealift Command, and the Army Military Traffic Management Command. These are primarily industrially funded operations with costs reimbursed by the users. The operation and maintenance appropriations directly provide for certain administrative and base service support expenses for each of these industrially funded activities.

Central supply and maintenance.—This program includes funds for specialized supply and maintenance activities. It provides resources for the determination of inventory levels, procurement of supplies, distribution, depot-level maintenance, and transportation of military material. These functions are managed by the military services and conducted at various locations worldwide.

In addition, the Defense Logistics Agency provides common supply and services support to the military services within the continental United States and manages bulk petroleum worldwide. The Agency is the Defense manager for standby industrial plant

equipment, the surplus property disposal program, and the Federal catalog program. It is also responsible for providing contract administration services, administration of Defense materiel utilization programs and coordinated procurement programs.

Training, medical, and other general personnel activities.—In 1982 the military services plan on acquiring approximately 340,000 new accessions into the Active Forces.

These new accessions must then be trained in basic military skills and in many occupational skills. Training requirements are also influenced by the total strength of the services, and by the introduction of new equipment and weapons. Education of prospective officers is accomplished primarily by the three service academies and by Reserve Officer Training Corps units at universities and colleges. The services plan to operate 162 hospitals to provide medical care for active and retired military personnel and their dependents. This program finances a medical program at civilian facilities for personnel in areas where service hospitals are not accessible. In addition, this activity provides the resources necessary to operate the Uniformed Services University of the Health Sciences.

Administration and associated activities.—This program includes the costs of departmental administration, major field command headquarters, and general support activities such as finance and audit. Reimbursement to the General Services Administration for space occupied is also included in this program.

Support of other nations.—This program includes military assistance missions, advisory groups for foreign nations, and the U.S. share of NATO costs, plus support of U.S. organizations related to international military headquarters.

Reserve Forces.—The operation and maintenance appropriations also include funds in a separate appropriation for each Reserve Component. These funds are used to equip, train, operate and maintain the Reserve Components of the Department of Defense. The budget request as amended by the Committee includes some major increases designed to improve Reserve forces capabilities and readiness.

NON-PROGRAMMATIC REDUCTIONS, OPERATING ACCOUNTS AND REPROGRAMMING PROCEDURES

Over the past several years, a phrase has crept into the vocabulary of Department of Defense officials with regard to reductions in funding ordered by this Committee. That phrase is "non-programmatic cuts."

The phrase is intended to convey the impression that cuts levied by this Committee against a specified program or activity cannot, in fact, be taken against that activity. The result has been a Department policy that the cut will be taken elsewhere, usually against training or real property maintenance and in direct conflict with the clear intent of the cut.

One "fact sheet" circulated by DoD in connection with the consideration of this bill stated that a proposed \$39 million reduction in a \$640 million allowance item could not be taken, but that DoD would instead be forced to reduce manpower by 8,000 personnel.

The Committee has grown increasingly intolerant of this approach by the Department to Congressional action and hereby serves notice that this practice is to end.

In order to help insure the Department's compliance with the above direction the Committee has attempted, with the help of defense department personnel, to allocate the operating appropriation reductions and additions to the summarized program element aggregate structure used as the basis for the Military Services and Defense agencies budget submissions. This summarized program element aggregate listing has been printed in conjunction with each of the operation and maintenance appropriations. The reduction and additions in funding allocated by this Committee, if eventually adopted by the Congress, will be levied against the specific program or activity impacted.

The Committee expects to be notified of any changes larger than \$5.0 million (plus or minus) that occur as a result of reallocation of resources between these program element aggregates. The Committee does not want a specific accounting system established for this purpose or a single accountant or other bookkeeper added to the employment roles. It is desired, however, that the Committee be notified in writing whenever the headquarters budget offices of the military services or the offices of the Secretary of Defense and Comptroller Defense agencies become aware of a change which exceeds \$5.0 million. The Committee also expects to be notified whenever a military service believes there are overriding reasons why a reduction approved by the Congress cannot be made as levied and explained in this report. The Committee expects to receive few of this latter type notification.

FUEL AND ENERGY

The Department of Defense Budget Request includes \$10.5 billion for consumption of fuel. The following table provides an overview of the request by title:

[Dollars in millions]

	Fiscal year 1980		Fiscal year 1981		Fiscal year 1982	
	Barrels (mil-lions)	Cost	Barrels (mil-lions)	Cost	Barrels (mil-lions)	Cost
O. & M.....	134.9	5,817	142.1	7,082	147.2	8,123
Industrial funds ¹	34.5	1,498	36.9	1,745	39.2	2,055
R.D.T. & E.....	2.4	104	2.2	105	2.2	117
Total.....	171.8	7,419	181.2	8,932	188.6	10,295

¹ Mostly funded in O. & M.

In addition to the amounts above, the FY 1982 Budget includes \$124.2 million in the Family Housing account, which is considered in another bill.

The Budget request reflects a composite cost estimate per barrel of \$55.86 or \$1.33 per gallon. At the time the FY 1982 budget was submitted, the DoD estimate for FY 1981 was \$51.24 or \$1.22 per gallon. The Committee reduced the FY 1981 request by three cents

per gallon thereby providing funding in FY 1981 at \$49.98 per barrel.

Since the Committee action, the Department has experienced a softening of fuel prices. For the first 10 months of the year fuel costs averaged about \$47.00 per barrel, almost \$3 per barrel less than estimated. If that average prevails for all of FY 1981, the total costs of fuel will be approximately \$543 million less than estimated. This excess is not used to fund programs not approved by the Congress. Instead, it is retained as a cash balance in the DoD Stock Fund.

All DoD fuel purchases are made through the Stock Fund. The Stock Fund "sells" the fuel to the "customers," at a stabilized price, i.e., the price approved by the Congress in the budget. As indicated in the table above, most of the customers are funded in the Operation and Maintenance accounts. Under the stabilized price concept, the difference between DoD costs and the stabilized price are reflected in the stock fund as a gain or loss, with a corresponding increase or decrease in cash. Prices in future years are established so as to take into account the results of previous years, and the cash position of the Stock Fund. Generally, prices are set so as to have a 15 day cash position during the year. The FY 1982 stock fuel price of \$1.33 per gallon included 3 cents per gallon to increase Stock Fund cash.

Based on the 10 months experience in FY 1981 and current fuel costs of \$47 per barrel, the FY 1982 estimates appear overstated. The Committee has adjusted the DoD request by 9 cents a gallon. This will fund a "composite" barrel of fuel at \$52 in FY year 1982, an increase of 10% over the current level.

The Committee recognized the uncertainties inherent in estimating fuel prices. However, the procedures previously approved by this Committee will insure that readiness related programs will not be affected by this reduction. The Department has already stabilized its fuel products at the price included in the budget. Changing prices at this late date would disrupt orderly execution of the program. We expect the Department to continue to execute at the published prices. This should generate cash in the Stock Fund. The Stock Fund should be in a position to provide a refund to the customer accounts in the amounts reduced by the Committee. The price provided for in the bill (\$52 per composite barrel) should be sufficient to cover expected fuel price increases in FY 1982. There is, however, always the possibility that the world oil markets could be unexpectedly upset or that OPEC will be able to force a higher price. If the cost of fuel exceeds the \$52 per barrel cost and the Stock Fund has not generated the cash to provide the refund included in the Committee estimate, DoD can invoke R.S. 3732 to cover the difference.

In discussing this procedure with DoD representatives, the Committee became aware of a potential cash problem in the Stock Fund, unrelated to fuel costs. Because of the significant increases taking place in force levels, activity and the other increases in customer funding, the Stock Fund managers are projecting sizable increases in inventory requirements. DoD would normally utilize the cash generated by the overpricing of fuel to compensate for this requirement. However, while recognizing that DoD has the respon-

sibility and authority to manage the overall cash in the Stock Fund to avoid disruption of Stock Fund procurement, we do not believe that the sizable buildup in Stock Fund inventories should be accomplished through the pricing mechanism. Instead, DoD should request direct appropriations into the Stock Fund. Since the Committee has not had an opportunity to review these new requirements, we are not in a position to provide the appropriations in this bill. The Committee expects DoD to request direct appropriations to the Stock Fund in FY 1983. Meanwhile the Department is encouraged to provide advance payment on FY 1982 orders to alleviate the cash problem during the current fiscal year.

The Committee action takes into account the September Revision which reduced the amount in the budget for fuel by \$128 million.

The following tables provide more information on the FY 1982 proposed fuel procurement and the Committee adjustments:

ESTIMATED SAVINGS ASSOCIATED WITH REVISED FUEL COST ESTIMATES

	<i>Millions</i>
Operation and Maintenance, Army.....	\$19
Operation and Maintenance, Navy	181
Operation and Maintenance, Marine Corps	4
Operation and Maintenance, Air Force.....	233
Operation and Maintenance, Navy Reserve	11
Operation and Maintenance, Air Force Reserve	10
Operation and Maintenance, Air National Guard	32
R.D.T. & E. Army.....	3
R.D.T. & E. Air Force.....	3
R.D.T. & E. Navy—(Industrial Fund Payment)	3
Total.....	499

FUEL (SUMMARY CONSUMPTION AND COST DATA)

	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982
Fuel Consumption (Mil. BBLs):			
O&M	134.9	142.1	147.2
Industrial Funds	34.5	36.9	39.2
RDT&E	2.4	2.2	2.2
Family Housing	2.2	2.2	2.2
Total.....	174.0	183.4	190.8
Fuel Cost (\$ Mil.):			
O&M	5,816.9	7,082.4	8,182.7
Industrial Funds	1,397.9	1,745.0	2,055.3
RDT&E	104.1	104.5	117.0
Family Housing	108.6	111.1	124.2
Total.....	7,427.5	9,043.0	10,479.2

FUEL (CONSUMPTION AND COST BY PRODUCT)

	Fiscal year 1980		Fiscal year 1981		Fiscal year 1982	
	O&M	Total	O&M	Total	O&M	Total
Consumption (By product) (Mil. BBLs):						
AVGAS.....	.7	.7	.7	.8	.6	.7
Sp Fuels 1 .....	.5	.5	.5	.5	.6	.6

FUEL (CONSUMPTION AND COST BY PRODUCT)—Continued

	Fiscal year 1980		Fiscal year 1981		Fiscal year 1982	
	O&M	Total	O&M	Total	O&M	Total
Leaded	2.4	2.6	2.5	2.7	2.5	2.7
Unleaded	2.0	2.6	2.2	2.8	2.3	2.9
JP-4	3.4	96.6	73.4	95.9	77.8	101.9
JP-5	76.7	17.5	17.8	18.8	18.3	19.3
JP-8	11.8	2.4	2.2	3.5	3.0	4.4
Distillate	2.9	39.8	36.6	45.1	36.2	45.1
Residual	34.5	11.0	6.0	13.4	6.0	13.3
Sp Fuels 2 .....	.1	.1	.1	.1	.1	.1
Total	135.0	173.8	142.0	183.6	147.3	191.0
Cost (By Product (\$ Mil.):						
AVGAS	32.7	36.6	42.2	45.4	38.4	41.8
Sp Fuels 1	27.4	29.3	32.0	32.0	38.7	38.7
Leaded	119.8	128.7	132.0	141.8	136.6	146.9
Unleaded	106.6	138.3	119.7	152.3	128.6	163.1
JP-4	2,897.8	3,815.6	3,577.3	4,670.0	4,247.8	5,563.0
JP-5	708.8	740.6	951.9	1,000.2	1,093.8	1,148.3
JP-8	124.0	170.7	127.0	198.2	185.3	274.9
Distillate	1,643.3	1,989.6	1,875.4	2,310.0	2,080.7	2,594.2
Residual	151.3	373.0	219.6	488.0	225.7	501.0
Sp Fuels 2	5.2	5.2	5.3	5.3	7.3	7.3
Total	5,816.9	7,427.6	7,082.4	9,043.2	8,182.9	10,479.2

FUEL (COMPOSITE PRICE BY APPROPRIATION CATEGORY)

	Fiscal year 1980		Fiscal year 1981		Fiscal year 1982	
	Gal.	BBL	Gal.	BBL	Gal.	BBL
Composite price:						
O&M	1.03	43.12	1.19	49.83	1.32	55.58
Industrial Fund .....	.97	40.57	1.13	47.26	1.25	52.50
RDT&E	1.04	43.81	1.15	48.39	1.27	53.53
Family Housing	1.19	49.99	1.22	51.26	1.37	57.52
Total	1.02	42.84	1.19	49.89	1.33	55.86

POL UNIT PRICES

	Fiscal year 1980		Fiscal year 1981		Fiscal year 1982		Price recommended in the bill	
	Gallon	Barrel	Gallon	Barrel	Gallon	Barrel	Gallon	Barrel
AVGAS	1.14	47.88	1.41	59.22	1.50	63.00	1.43	60.06
Leaded	1.20	50.40	1.26	52.92	1.32	55.44	1.26	52.92
Unleaded	1.25	52.50	1.29	54.18	1.35	56.70	1.29	54.18
JP-4 .....	.94	39.48	1.16	48.72	1.30	54.60	1.23	51.66
JP-5	1.01	42.42	1.27	53.34	1.42	59.64	1.35	56.70
JP-8	1.67	70.14	1.35	56.70	1.49	62.58	1.42	59.64
Distillate	1.19	49.98	1.22	51.24	1.37	57.54	1.30	54.60
Residual .....	.81	34.02	.87	36.54	.90	37.80	.87	36.54
Spec Fuel 1	1.29	54.81	1.47	61.90	1.67	70.14	1.60	67.20
Spec Fuel 2	1.35	56.70	1.57	65.94	1.74	73.08	1.67	70.14
Composite	1.02	42.84	1.19	49.89	1.33	55.86	1.26	52.92

JCS EXERCISES

The Reagan Administration Budget contained major increases for Joint Chiefs of Staff directed and coordinated exercises. The original budget proposal was to increase the program from the \$180 million level in fiscal year 1980 to \$485.3 million in fiscal year 1982. The Committee's review of this estimate determined that it would be exceedingly difficult to conduct an exercise program of this size in fiscal year 1982 in lieu of the major increases in other (non-JCS directed and coordinated) exercises also scheduled. In fact, the original plan was so large that the Military Airlift Command could not fly the entire program and still conduct necessary training and support of the overseas air logistics system. The original plan called for 62,000 C-141 equivalent flying hours of which the MAC was programmed to fly 45,000 with the balance being flown by commercial aviation. Because of the capability problem and the problem of finding suitable host nations in which to conduct some of these exercises, the administration recommended a \$79.4 million reduction in September. The Committee has increased this reduction by \$33 million, \$18.0 million in the Army O&M appropriation and \$15.0 million in the Air Force appropriation. In addition, the bill as reported by the Committee transfers the transportation related funds from the individual military service appropriations to the JCS (Defense Agency) appropriation where they can be managed, supported, and defended by the Joint Chief of Staff.

THRUST MANAGEMENT/THRUST COMPUTING

In January 1981, the Committee asked the General Accounting Office to follow-up on previous efforts by the Defense Audit Service on the use of thrust/power management for jet aircraft. A preliminary report from the General Accounting Office dated October 27, 1981 (B-204813) dealt primarily with one particular system for measuring installed engine thrust. The analysis shows that accurate measurement in setting of thrust for installed jet engines is of vital importance not only for aircraft readiness and safety but also for operation and maintenance cost reductions. The Air Force has conducted extensive tests that will measure thrust of installed J85-5 engines but has not implemented a program to do so. The Navy has not performed any test to determine whether its aircraft jet engines might benefit from a similar system. Engines trimmed to minimum required installed thrusts operate at lower temperatures, which increases engine life and improves operational readiness. Also, safety of flights can be enhanced, particularly on take-off, when a mechanic has the ability to readily check and set installed engines to required thrusts.

The Air Force has recently experienced major problems in attempting to deal with the thrust management problem on its highest technology aircraft engine (the F-100) installed in F-15 aircraft. Engine durability has been much lower than expected and the Air Force responded by making a parts-saving decision to down-rate the F-100 that would produce 96 percent, plus or minus 2 percent of rated thrust. Unfortunately, the Air Force has no simple way to measure the thrust of installed engines and the procedures are

difficult. Because of the inability to measure installed thrust, it has been estimated by the Air Force that as many as 15 percent of the F-15 aircraft are operating below the detuned performance levels with some aircraft 15 percent below these levels. At this point aircraft safety could become a factor.

Based upon extensive testing of the system designed for the J85-5 engine, the Air Force estimates that it could save about \$4.7 million annually in hot section parts and probably an equal amount in fuel savings. In addition safety can be enhanced by insuring that no aircraft are operating significantly below performance standards.

Although the Air Force has decided to implement the thrust computing system for its J85-5 engines no funds for this effort were requested in the fiscal year 1982 budget. If funds are not made available soon, the system may never be implemented because the contractor has already waited two years while the Air Force made up its mind on the system. The GAO states that if funding is not provided, "the Air Force will lose millions of dollars already invested in the program in addition to the millions in projected savings, but more importantly, failure to implement the system may reduce aircraft readiness." In view of this situation the Committee has added \$9 million to the aircraft modification program to complete the J-85-5 thrust computing work.

The GAO will continue its work in reviewing thrust management, thrust computing and engine monitoring systems for the Committee.

CIVILIAN PERSONNEL

The budget for the Department of Defense proposes a moderate increase in civilian personnel end strength numbers. This is in contrast to a steady decline throughout the decade of the 1970's. The Committee believes that the civilian personnel ceilings have served as a deterrent to the effective and economical execution of the Defense budget. Because of the ceilings, the Department has had to depend on consultant contractors to perform technical engineering and management support services. Efforts in shipyards, depots, and repair facilities appear to be adequately funded but undermanned because of the personnel ceiling.

The responsibility for lower than adequate Defense personnel levels rests with the Administration. The two percent latitude in civilian personnel hiring provided by the Congress would easily allow the Defense Department to man all of its requirements. The Administration, through the OMB, continues to impose artificial ceiling constraints on programs that the Congress has fully funded. An increase of from ten to twenty thousand (10,000-20,000) spaces would allow the Department to perform its mission with no increase in funding and with a corresponding decrease in consulting contracts.

Keeping in mind the Administration's policy of increased Defense readiness, the Committee urges that civilian personnel ceilings for the Department of Defense be eliminated. Otherwise the logic of major funding increases for defense provided in this bill make little sense. Obviously, the amounts requested by the Admin-

istration in 1982 exceeded the work level that could be executed because of the civilian personnel limitation in many areas.

The following table provides a summary of civilian employment in the DOD by appropriation:

DEPARTMENT OF DEFENSE CIVILIAN EMPLOYMENT

Department/Agency	1980	1981	1982
Army:			
O&M, Army.....	183,128	183,992	189,825
O&M, Army National Guard.....	25,284	22,971	22,827
O&M, Army Reserve.....	12,330	12,636	12,668
RDT&E.....	19,898	19,665	19,358
Army Industrial Fund.....	62,622	64,749	64,816
NBPRP.....	14	17	17
Military Construction, Army.....	6,893	7,098	7,137
Military Construction, Army Reserve.....	113	121	121
Military Family Housing.....	1,160	1,129	1,126
MAP.....	353	364	364
Total, Army direct hire.....	311,795	312,742	318,259
Total, Army indirect hire.....	48,713	57,891	63,057
Total, Army end strength.....	360,508	370,633	381,316
Navy/Marine Corps:			
O&M, Navy.....	113,829	116,653	111,090
O&M, Marine Corps.....	15,111	15,135	15,005
O&M, Navy Reserve.....	2,682	2,740	2,924
O&M, Marine Corps reserve.....	142	144	201
RDT&E.....	2,315	2,484	2,523
Military Construction, Navy.....	2,634	2,575	2,627
Navy Industrial Fund.....	159,684	165,371	166,257
Marine Corps Industrial Fund.....	1,335	1,318	1,318
Laundry Service, Naval Academy.....	89	82	42
Military Assistance Executive.....	163	169	170
Total, Navy/MC direct hire.....	297,984	306,671	302,157
Total, Navy/MC indirect hire.....	10,727	10,838	10,832
Total, Navy/MC end strength.....	308,711	317,509	312,989
Air Force:			
O&M, Air Force.....	138,015	138,232	139,352
O&M, Air Force Reserve.....	10,681	10,957	11,589
O&M, Air National Guard.....	23,529	23,212	23,536
RDT&E.....	18,628	18,827	18,844
Air Force Industrial Fund.....	40,085	39,350	40,903
Total, Air Force direct hire.....	230,938	230,578	234,224
Total, Air Force indirect hire.....	13,404	13,256	13,129
Total, Air Force end strength.....	244,342	243,834	247,353
Defense Agencies:			
O&M, Defense Agencies.....	72,656	77,426	78,423
Court of Military Appeals.....	39	49	49
RDT&E.....	719	806	799
Defense Industrial Fund.....	1,611	1,638	1,602
MAP.....	77	90	87
Total, Defense Agencies direct hire.....	75,102	80,009	80,960
Total, Defense Agencies indirect hire.....	1,719	1,915	1,882
Total, Defense Agencies end strength.....	76,821	81,924	82,842
Total, direct hire.....	915,819	930,000	935,600
Total, indirect hire.....	74,563	83,900	88,900

DEPARTMENT OF DEFENSE CIVILIAN EMPLOYMENT—Continued

Department/Agency	1980	1981	1982
Total, Military Function.....	990,382	1,013,900	1,024,500
By appropriation category—operation and maintenance:			
Direct Hire.....	597,529	604,246	607,548
Indirect Hire.....	72,566	81,644	86,174
Subtotal O&M.....	670,095	685,890	693,722
Industrial and Management Fund.....	265,997	273,259	276,097
Research, Development, Test & Evaluation.....	41,562	41,786	41,528
Military Construction.....	12,124	12,335	12,525
Military Assistance.....	604	630	628
Total.....	990,382	1,013,900	1,024,500

FEDERAL EMPLOYEE INJURY COMPENSATION SYSTEM

In past years, the Committee has expressed its concern over the escalating cost of the federal employees compensation program and expressed a need for corrective action by the legislative and executive branches. In fiscal year 1979, the Committee placed a general provision in the bill for the first time which limited payments that the DoD can make to the Department of Labor for the federal employee compensation fund at \$170.6 million in lieu of the \$182.1 million requested at that time. Each year the Committee has continued such a limitation awaiting improvements in administrative procedures. There are indications that the Department of Labor has tightened up these requirements and has made some steps in reducing the numbers of personnel on the disability compensation roles. In June 1981, the Secretary of Labor transmitted to the Congress a number of proposals to lower costs of the program. The draft bill, "The Federal Employee's Reemployment Compensation Amendments of 1981," is designed to assure that federal workers, disabled as result of their employment are returned to gainful work as soon as possible. This legislation is designed to: (1) alter the compensation rate for disability to 80 percent of spendable income which is defined as gross pay less standard tax deductions; (2) establish a seven work day waiting period before a claimant with a traumatic injury could receive compensation benefits in order to promote the return to work of employees with less serious disabilities; (3) authorize agencies to advance compensation to employees when there is medical information pointing to serious disability; (4) make mandatory the cut-off of disability benefits of an employee who unjustifiably fails to accept rehabilitation; and (6) authorize employing agencies to withhold from the pay of an employee who has returned to work the amount of compensation overpayments made, if any, in order to help assure that such amounts are collected.

Since the Committee's policy of recent years has been to reduce the amount paid by the DoD into the employee compensation fund to an amount equal to the average cost increase of the direct labor for that year in order to encourage passage of legislation similar to that described above, the Committee is once again proposing to limit DoD's payment. The Committee is recommending a payment

of \$206.1 million to the fund in lieu of the \$229.5 million requested. This is an increase of approximately 7 percent from the \$192.8 million provided in FY 1981. Section 735 of the bill contains this limitation.

CIVILIAN PERSONNEL PROGRAM EVALUATION

In January 1981, the Defense Audit Service completed a review of DoD civilian personnel program evaluation systems. In accordance with a 1969 Office of Personnel Management directive, each of the military departments established a civilian personnel program evaluation function. The civilian personnel program evaluation systems established by each military department differ substantially in organization, structure, staffing and methods of providing oversight of civilian personnel activities to higher levels of management. The auditors found that none of the military departments routinely provided the results of individual on-sight reviews to the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) for DoD-wide assessment. In general, it was found that the value of these reviews in terms of the policy evaluation and development process was marginal. Considering the \$3.5 million annual cost the Committee recommends that such efforts be cut back. It is difficult to understand how the reviews can have much impact in changing federal government civilian personnel policy if their results are not provided to higher management levels in a meaningful format for assessment and eventual transmittal to the Office of Personnel Management. Accordingly a reduction of \$1.6 million is recommended in the bill.

REEMPLOYMENT TRAVEL BENEFITS

In 1954, Congress passed Public Law 83-737 (5 U.S.C. 5728 (a)). This law provides that the government will pay round trip expenses for employees and their immediate families from their post of duty outside the continental United States to their places of residence at the time of employment for transfer to such posts, so that these employees can take leave. Employees recruited in the United States for duty in Hawaii, Alaska, Puerto Rico or the territories and possessions are eligible for the annual vacation leave travel. The largest portion of the cost of this travel is for personnel recruited within the continental United States who are employed in Hawaii.

According to the Defense Audit Service, 814 eligible employees have been in Hawaii an average of 12 years and as long as 38 continuous years. The current estimated total cost for all areas for all government agencies is in excess of \$2.5 million annually.

The bill contains a general provision which will limit the number of such trips to one per eligible employee during his employment in the affected areas. The Department of Defense, the General Services Administration and the Office of Personnel Management support changes in the law which will restrict such travel. Employees would retain their entitlement for transportation back to the continental United States if their employment were terminated. They will also have the benefit of one free vacation trip during the tour at an "overseas" location.

SUPPLY AND OTHER LOGISTICS ACTIVITIES

The DoD has placed most of its priorities and funds in areas of R&D and the procurement of weapons systems. The logistical support for those weapons systems on-line or coming into the inventory has been sorely neglected for many years. The Appropriations Committee has practically begged DoD in years past to submit adequate budgets for operating spares. This problem has been recognized and successfully dealt with in the last two Defense budgets.

The logistics segment of DoD's readiness posture while receiving lower funding priority does receive more than its share of "management systems." DoD employs legions of accountants and computer programmers to track funds passed between and among various DoD activities. The complexity of the systems created by these accountants and computer programmers boggles the mind. Stock funds (at least 20 separate systems), numerous industrial funds, vast systems of property accountability, and control have turned combat commanders into "clerks" who read and respond to voluminous products produced by the accountants and programmers. In spite of this effort, the Investigative Staff found that the 82nd Airborne Division, the Army's premier combat outfit, frequently failed to submit requisitions for material they needed (material which was readily available at Army depots) due to the fact that they did not have sufficient Army O&M funds to procure the item from the Army stock fund!

Each military service has its own supply capability, supplemented by the Defense Logistics Agency and the General Services Administration. Duplication, overlapping, and even waste abounds in this area, and attempts by OSD to make improvements in supply management and reduce costs have met with great resistance on the part of the military services. As a consequence, the DoD is saddled with myriad inefficient and costly supply systems.

The following section of the report addresses supply and other logistics activities in more detail. Included are discussions of spare parts provisioning, positioning of spares, inventory control procedures, procurement of non-standard/non-stocked items, consumable item management, loss and theft of equipment government furnished material, etc. The Committee has allocated a general reduction of \$54.2 million to the various O&M appropriations. There is of course the potential for saving hundreds of millions of dollars annually if the shortcomings, mismanagement and waste documented on the following pages could be eliminated.

SPARE PARTS PROVISIONING

The military services maintain inventories in order to furnish requested material within specified leadtimes and to meet surge mobilization requirements when an emergency requires it. With needed inventories on hand at depots, the customers (using organizations) do not have to wait for their needs to be satisfied by a manufacturer. Since the inventory manager's mission is to satisfy the customer's request in a timely manner, he must place orders with the manufacturers and receive the material in advance of customer's requests. To do this, the inventory manager must be able to forecast customer's future needs or requests.

The most accurate method of forecasting these requirements is to know which items in what quantities have failed or were needed in the past—historical evidence or prior experience. As long as the same systems remain in use and perform like functions or missions in similar environments, requirements to support them in the future will statistically approximate prior experience.

When new weapon systems are brought into the military services, spare parts must be procured and placed at the various organizational levels to support those systems during their initial deployment. The range and quantities of the new spare parts in most instances are determined on the basis of engineering or other technical estimates, since past requirements experience is not available. This process is known as initial provisioning.

Failure to complete provisioning review

DoD directives state that after an item has been used in an operational environment for 2 years, the use of estimated factors is prohibited. They also state each responsible organization will maintain a 2-year history of part numbers, and stocked and nonstocked item requisitions received by the inventory control managers for the purpose of identifying for review and possible stockage of those items which subsequently meet DoD stockage criteria on the basis of actual demand.

In the Army, this subsequent determination of the range and quantities of items to be included in the inventory for support of additional systems operationally introduced is supposed to be based on a "post provisioning review." This review is to be conducted 12 to 18 months after initial deployment of a weapons system which begins the Demand Development Period (DDP). It is to be a validation of the adequacy and validity of selection of the range and quantity of spare parts made in the initial provisioning. Furthermore, this review requires that revisions to the initial provisioning be made as expeditiously as practicable.

In general, the military services have not been determining their requirements for spare parts subsequent to initial provisioning—on actual failure/demand rates. The military services should be using actual data for computing requirements at 24 months of experience after initial deployment and thereafter.

The Army's Blackhawk helicopter was first fielded in October 1978; however, the Army indicated its DDP would run from November 1979 to January 1982. The Army has been using contractor support and has received very little operational demand data for the spare parts needed to support this system. The Navy plans to assume supply support responsibilities from the contractor for the F/A-18 aircraft in October 1982 and only then will it begin its DDP. This is approximately 2½ years after the first aircraft became operational.

As a result, actual operational demands will not be used completely to compute requirements for spares to support these Army and Navy systems for approximately 4 years after their initial deployment. These years are arrived at by computing the time frame from the date of first delivery (to a unit for operational use) to 2 years after the service planned date of beginning its DDP. The rationale for using actual operational data as soon as possible is

evident from the failure rates experienced by the Air Force for the F-16.

In its March 19, 1980, report on Repair Parts Provisioning at the Army Missile Command (MICOM), the Army Audit Agency disclosed that provisioning reviews were not being made to determine whether the kinds and quantities of repair parts supplied to support past deployments of the end items were correct or should be revised for use in future deployments. Army Regulation 710-1 provides that when the extent of failures, as shown by the number of demands for a part, varies from the initial failure factor used for initial provisioning estimates, a review should be made to determine the causes and adjust the estimates to be used in the future. Army Audit stated significant differences existed between estimated and actual failure rate for over 15,000 repair parts. Furthermore, the Army Audit Agency found 23 of 100 highly demanded repair parts were not even listed on the support list allocation cards. These cards identify the items and quantities estimated to be needed for support during the initial deployment period.

The report stated, because most failure factors were not reviewed and updated as required, there was no assurance the range and quantity of repair parts and components to be provided on future deployments of the same weapon systems would be corrected.

OSD has stated that present policy allows for the transition to use of actual experience in the requirements computation and this transition should be made as soon as possible, with a *maximum allowable time of 2 years*. Discussions with DOD officials indicate although this is the stated policy, OSD has no management controls, other than internal or GAO audits, to effectively ensure the policy is carried out as intended.

CANNIBALIZATION AND "HANGAR QUEENS" DOD SOLUTION TO SPARE PARTS PROVISIONING FAILURES

Cannibalization is a short term fix. It is extremely expensive in terms of man-hours, because the part must be removed and replaced twice instead of just once. Because a good part may be damaged during removal, the overall spares requirement generated by cannibalization will be more than one-for-one in the long run.

"Hangar queen" is the term applied to a piece of equipment that is deadlined and then "plundered" of its parts to make another piece of equipment operational. Any aircraft deadlined more than 21 days because of the lack of spares is designated a "hangar queen."

The services are concerned over cannibalization and "hangar queens." The pressure of maintaining a high readiness posture and the failure of the logistics system to provide critically needed spares, has forced cannibalization combat units. It is a very expensive proposition when seven aircraft, costing \$20 million each are on "static display" due to lack of spare parts (some costing as little as \$5).

This results in the following situations:

At one A-10 base 60 percent of the parts used to repair grounded aircraft were obtained by cannibalization.

Of 151 parts on order for the A-10s TF-34 engine 75 of the orders were the result of cannibalization.

The F-15 aircraft still experiences very high cannibalization and larger queen rates and only through intensive "management" have the rates been kept from going even higher.

A lack of spare parts for helicopter engines, in part because the manufacturer is overcommitted to producing M-1 tank engines has reduced the operational readiness of Army helicopters in Europe.

The F-16 is experiencing a cannibalization rate of 1.5 percent per 100 sorties and maintenance personnel estimate that it will reach 30 per 100 sorties.

Ten percent of F-111's are hangar queens.

The M-730 tracked vehicle for the CHAPARRAL missile system which has been in the Army inventory in large number for over a decade has serious parts shortages. It is not uncommon to tow the M-730 into field positions.

Even less sophisticated standard commercial items such as the Dodge (M-880) pickup truck cannot be maintained.

The Army accepted from a contractor a circuit card for the HAWK system that was unreliable and placed the so called improved HAWK at a zero operational ready rate for a period of time.

POSITIONING SPARE PARTS

The Air Force Logistics Command (AFLC) has not positioned its spare parts inventories at the air logistics centers which could best service customers while still minimizing distribution cost. Most of this inventory is first stored at an air logistics center with item management responsibility, and then shipped long distances to using activities located at or near air logistics centers. The Air Force can save up to \$28.7 million on inventory investment costs and \$1.8 million yearly in handling, transportation, and inventory holding costs by storing spare parts at the air logistics center located nearest the ultimate user. The Air Force reports limited progress in correcting this situation.

A serious lack of spare parts has degraded the operational readiness status of DOD's weapon systems. This tragic state has resulted from the military services' mismanagement of the provisioning, procurement, and budgetary processes. The military services must shoulder the blame themselves. Their failures to (1) conduct the required post provisioning reviews, (2) respond to documented provisioning and procurement abuses, and (3) develop accurate requirements for spare parts, have jeopardized the readiness of front-line weapon systems.

While many DOD officials point to a declining industrial base as the cause of the shortage of spare parts, the DOD provisioning procedures are also a major cause for this situation.

The production of new weapon systems is primary, the support of existing systems is secondary. Replenishment of spares takes a "back seat" to getting new weapon systems deployed to field units.

INVENTORY CONTROL PROCEDURES AND PRACTICES

Validation of Outstanding Requisitions

DOD and the military services have established procedures for reconciliation and validation of outstanding requisitions. The purpose is to identify requisitions for supplies and materials no longer needed. These procedures are inconsistent, overlapping, and duplicative and they have not been effective. As a result, requisitions for material no longer required have not been cancelled and, conversely, valid requisitions have been erroneously cancelled—seriously delaying the receipt of needed supplies by combat units.

Over the years, numerous GAO, DOD, and military service audit reports have demonstrated the inadequacy of the reconciliation validation procedures, particularly the lack of understanding of the concept of the reconciliation/validation process and the perfunctory performance by personnel involved. The reports demonstrated the resulting procurement or stockage of unneeded materials worth hundreds of millions of dollars through the failure to promptly cancel requisitions for unneeded materials.

Many of the findings of the earlier reports will be reiterated in two reports soon to be issued by GAO and the Army Audit Agency (AAA). A synopsis of these findings follows.

- Requisitioning activities do not always furnish listings or cards of outstanding requisitions to the end-user.
- When listings or cards were furnished to the end-user, they are not always returned and the requisitioning activity does not followup.
- Review for continuing need of an item by the requisitioner is perfunctory.
- End-users do not always report receipt of materials requisitioned.
- End-users do not request cancellation of requisitions filled by other means such as lateral transfer from another organization, substitution, repair, etc.
- Cancellations attributed to the reconciliation/validation processes are overstated because—
 - many (67 percent) of the cancellation reported resulted from normal day-to-day operations rather than the reconciliation/validation processes,
 - the Army, unlike other military services, included requisitions for major end items in its reconciliation/validation processes (these accounted for only a small percentage of the number of cancellations but a large percentage of the dollar value of cancellations) and these requisitions should not be included,
 - rejected requisitions are counted as cancellations although they were usually corrected and put in subsequently as new requisitions, and
 - cancellations are included in the reported statistics although the material had been received and were duplicates of previous normal day-to-day operations cancellations.
- Cancellations, particularly automatic cancellations for nonresponse, are frequently reinstated in a subsequent period.

—Requisitioners requested cancellation without regard to the dollar value of the requisition or supply status of the material although the ICP will not cancel a requisition if (1) there is a record of a transportation release at the depot and the dollar value is less than \$25 or (2) the item is backordered for direct delivery procurement and the dollar value is less than \$50.

The Committee's Investigative Staff observed similar findings during its review. As described above, the impression is clearly drawn of a harrassed stock clerk, repetitively shuffling through his dog-eared files to satisfy the requirements of the various reconciliation and/or validation processes to the extent that normal day-to-day requisitioning and cancellation are not accomplished promptly, if at all. These processes are inconsistent, overlapping, and duplicative in that the ages of requisitions, types of requisitions, sources of supply, and cycles vary.

The Investigative Staff concludes that (1) time and effort is devoted to procedures which provide little more than a records-to-records check between the wholesale and retail supply levels, (2) reported savings resulting from the procedures are exaggerated and misleading, and (3) standardizing and strengthening of procedures under a single monthly "bottom-up" process offers the best chance for a viable user validation program. The various inconsistent, overlapping, duplicative, and time-consuming efforts for top-down, bottom-up, and other periodic reconciliation/validation processes should be eliminated in favor of a single standardized validation process. The reconciliation function should be accomplished in a time frame which takes into account the capabilities and needs of all the parties involved. Most importantly, specific procedures and training should be provided to personnel involved in the process. The Committee urges the Department to get on with the process of standardizing the supply validation process in the interests of saving money and at the same time improving supply support.

MATERIAL RETURN PROGRAM

The Department of Defense has a standard program for managing material eligible to be returned to the wholesale supply system that has been in effect for about two years. While the new system is an improvement in that it provides wholesale managers with better visibility of retail stock, the Defense auditors determined that significant savings could be achieved if wholesale managers did not instruct activities holding the stock to ship it, including excess material, to a supply depot but instead directly to a customer who had a back ordered requisition for the material. There is a need to build into this system changes which preclude unnecessary handling of material excess to one activity but required at another activity.

The auditors estimate that correcting this problem can save at least \$5.8 million annually in unnecessary shipping and handling costs. In addition they identified another \$2.6 million in savings to be achieved simply by instructing military activities to retain in storage material which they report as excess to that activity and which is also excess to the wholesale management requirements.

There is also a tendency to throw good things away (disposal actions) and buy the same thing at the same time. DOD and Air

Force auditors reported that the Air Force has a policy which permits wholesale managers to authorize disposal of material when wholesale assets exceeded the wholesale approved force acquisition objective, without consideration of the wholesale retention level. This policy was contrary to DOD instructions. It was estimated that the Air Force made some 98,000 unauthorized disposal actions annually. The Defense auditor concluded "that as many as 122,000 disposals of defected material, worth at least \$2.4 million, were authorized annually which may be required to support operational equipment."

The Air Force can save at least \$1.0 million annually by shipping items in need of repair directly to the repair center (either ALC or a contractor facility) rather than returning material to the logistic center with management responsibility for the item. The Air Force is in the process of attempting to correct this problem.

EXCESS MATERIAL AND SUPPLIES RETAINED AT NAVY INDUSTRIAL ACTIVITIES

Navy industrially funded activities (shipyards, aircraft repair facilities, weapons stations, etc.) continue to retain material and supplies far in excess of amounts permitted by the Navy controller manual. Despite repeated findings by the Navy Audit Service these activities continue to expand their shop stores or materials and supply accounts in excess of inflationary increases. Causing the Navy-wide total to grow from \$249.2 million at the end of fiscal year 1979 to \$304 million at the end of fiscal year 1980.

Material inventories maintained at the Navy Air Rework Facility, Cherry Point, North Carolina, have consistently been above that authorized to meet the production demands of the facility. Navy auditors reported this situation in February 1978. Subsequent to that report, the inventory has increased 58 percent in value to \$10.3 million at the time of the next audit and excesses on hand at that time were \$6.6 million or 64 percent of the Cherry Point NARF's total inventory. Despite statements that the unneeded material inventory would be reduced, it in fact grew to \$11.2 million by the end of fiscal year 1980. The Navy could not tell the Committee how much of these excesses had been returned to the supply system and how much was sent to property disposal.

In fact, accounting for supplies at least in the aircraft portion of the Navy industrial system has deteriorated despite the introduction of an elaborate Industrial Material Management System. This system records material transactions and accounting data and controls inventory range and depth based on accepted Economic Order Quantity Inventory Control Principles. This system costs about one million dollars annually to operate.

The Committee estimates that one time savings of \$30 to \$40 million are possible through proper management of material inventories at Navy Industrial Activities.

NON-STANDARD/NON-STOCKED ITEMS

In addressing the matter of invalid requests for non-standard/non-stocked items through the supply system, last years Committee report (No. 96-1317) stated that: "Based upon these findings, the

Committee directs that the DLA place in effect a challenge system on these requisitions until such time as the customers (military services) have a valid requisition rate for nonstandard/nonstocked items which exceeds 90 percent for at least 18 months." *DoD has done nothing to comply with the Committee's direction on this matter.*

Recently the Committee Surveys and Investigations Staff reviewed procedures for requesting these types of items by interviewing numerous DoD officials at Inventory Control Points and at the working level, and determined that if nonstandard and nonstocked requisitions are "challenged" for validity from the Inventory Control Point back to the requisitioner, savings in unnecessary procurement could exceed \$140 million annually.

The Defense Audit Service (DAS) found in June 1979 the Defense Logistics Agency's procedures did not provide for the special validation of requisitions for nonstandard and nonstocked items. A statistical sampling of these requisitions showed that, if questioned, about 23 percent of the requisitions would be cancelled because the requirements were invalid. The Defense Electronics Supply Center DAS found that \$5.6 million could be saved annually by suspending requisitions pending the validation of nonstandard and nonstocked requirements. The failure to cancel the invalid requisitions for nonstandard and nonstocked items results in a virtual loss of the money spent to buy them. These items are not authorized for stockage; thus, they cannot be returned and, as a result, they are probably disposed of in new condition when they are received.

The Services have failed to respond to the Committee direction to challenge these requisitions because they believe new procedures will (1) increase workload, (2) increase message traffic, (3) delay support, (4) possibly evolve into wholesale validations and cancellation of requisitions if users do not respond, and (5) savings are questionable.

The Committee's Investigation staff has reviewed this matter again and found that a nonstandard, nonstocked requisition challenge process can be effective. For example, the Army's Missile Command supply center has a procedure to challenge requisitions for nonstocked items coded Issue Priority Group III (routine replenishment). Nonresponse to the challenge within 30 days results in cancellation by the supply center. During the past two quarters, 230 such requisitions were challenged, of which 5 were validated by the requisitioner, 5 were requested to be cancelled, and 220 were cancelled for nonresponse.

The Investigative Staff found Defense Logistics Agency supply centers had filled about 540,000 requisitions for nonstandard and nonstocked items with a standard price of about \$185 million during the first half of FY 1981, or an annual rate of about \$370 million. These figures exclude requisitions—considered to be inappropriate to be subjected to a challenge process—for fuels, subsistence, and Military Assistance Programs.

Projection of the 19 percent, (requisitions validated for cancellation) discussed above, means that about \$70 million of nonstandard and nonstocked items may be procured by DLA during FY 1981 even though the items are no longer needed by the requisitioner. The Investigative Staff believes this figure could be doubled to \$140

million if requisitions for such items managed by the military services and GSA were included.

In view of the above finding, the Committee is repeating the directions made last year to establish a system to challenge such requisitions until there is a long term indication that at least 90 percent of requests for non-standard/non-stocked items are valid and cannot be filled by a substitute stocked item. Automatic cancellation after a 30 day failure in responding to the challenge should also be instituted.

CONSUMABLE ITEM MANAGEMENT

Each of the services and the Defense Logistics Agency (DLA) operate separate facilities required to receive, store, and issue the material for which it has wholesale management responsibilities. There exists a multiplicity of managers performing essentially duplicative functions for the same types of consumable material. Each manager has developed his own management philosophy, policies, procedures, and data systems, resulting in significant waste, particularly in the areas of manpower and supporting facilities costs. Additionally, the consolidation of procurement requirements for classes of consumable items rarely occurs. Thus, the possibility for substantial savings, which could be achieved by applying DLA's much higher level of price competition, is lost. Specifically, during FY 1979 the military services awarded 25 percent of their procurement dollars competitively compared with 68 percent achieved by DLA centers. An analysis by the Defense Logistics Analysis Office (DLAO) reveals that, "For each 1 percent that DLA improves competition beyond the level achieved by the Services an annual savings of \$12.7 million will result."

In December 1978, the Office of the Secretary of Defense proposed the transfer of consumables from the military services to DLA in order to achieve total potential savings of \$200 to \$300 million. The proposal provided data which demonstrated that DLA's management of consumables will improve DOD's overall logistics readiness and reduce costs. The Committee supported this effort.

The Army, Air Force, and to a lesser extent the Navy, are opposed to the consolidation of consumables under DLA for reasons that can be classified as parochial and sometimes emotional.

Further Savings in Item Management Transfer Can Be Achieved

A further review by the Committee's Investigations Staff indicates that the transfer of the remaining 1.3 million consumable items from the services to DLA could realistically result in annual saving of \$200-\$300 million. These savings will be achieved through the reduction of personnel and facilities as well as more streamlined, efficient, and economic procurement practices. In addition to these "direct" savings other major indirect savings could occur if all consumable items were transferred to DLA making it no longer necessary for the military services to each operate separate stock funds.

The largest potential area for savings clearly lies in achieving more efficient and economic procurement procedures. A review of FY 1979 procurement data reveals that the military services

awarded only 25 percent of their procurement dollars competitively for consumable items compared with 68 percent achieved by the DLA centers for the same type of items.

The Defense Analysis Office presented the following data to support the competitive procurement difference between the military services and DLA centers for items subject to transfer.

	In millions			Percent competitive
	Fiscal year 1979 total	Competitive	Non-competitive	
DLA.....	\$1,398.6	\$948.4	\$450.2	67.8
Services.....	7,570.9	1,918.9	5,652.0	25.3

DLA has an aggressive program for "breaking" sole-source procurements. The objective of the program is to review currently noncompetitive purchased items, to find or develop additional technical data, and to interest new sources to bid on their solicitations in order to expand competitive procurement.

The analysis of the results of this program at three DLA centers shows the following:

DLA PROCUREMENT EVALUATION DOLLAR SAVINGS, FISCAL YEAR 1978

DLA center	In thousands			Percent savings
	Cost before DLA evaluation	Cost after DLA evaluation	Savings	
DISC (172 cases).....	\$3,834	\$1,563	\$2,271	59.2
DESC (48 cases).....	2,636	1,502	1,134	43.0
DCSC (283 cases).....	6,804	4,204	2,600	38.2
Total (503 cases).....	13,274	7,269	6,005	45.2

During FY 1980 the military services made \$3.748 billion in wholesale stock fund purchases. Assuming the DLAO competitive percentage for the services is still valid (25 percent), then approximately \$2.811 billion of these purchases were made noncompetitively. If these consumable items are transferred to DLA and DLA applies its procurement evaluation effort to these items, the potential for savings is \$1.270 billion (\$2.811 billion times 0.452), or for each 1 percent that competition increases beyond the level currently being achieved by the services, an annual savings of \$12.7 million will result (\$1.27 billion divided by 100).

The military services could possibly achieve some of these savings under the current distribution of consumable items. However, there are several factors which mitigate against pursuing this course. First, the Investigative Staff, in numerous discussions with military service procurement officers, perceived that these officers are primarily interested in receiving a quality product, when they need it, from a contractor who causes few, if any, problems. Cost-effectiveness and the pursuit of competition are less important considerations in their procurement philosophy, analysis, and procedures. Second, each of the services and DLA are procuring the same type items from various contractors around the country. There is no single source of information to determine the total

DOD requirements for a particular type of item. The Investigative Staff is working with the Defense Contract Administration Service (DCAS) to develop the magnitude of this situation.

The Military Services' Objections

While the reasons for effecting the consolidation of consumables at DLA appear to be overwhelming, the Army, the Air Force, and to a lesser extent the Navy, are opposed to this proposal. Their concerns lie in three major areas: readiness (supply support), item complexity, and the validity of the economic analysis. Each of these objectives is analyzed in some detail in the Committee's staff report on this matter. (See pages 60-66). The material is too voluminous to repeat here. The data presented shows that to a major extent the military services objections to any further transfer of consumable items are a parochial attempt to retain control over supply system manpower assets which can be better utilized by the Defense Logistics Agency.

The services can interminably rebut, or disagree with any economic analysis performed by any organization regardless of qualifications. It is virtually impossible to perform the finite analysis the services will continue to insist on. The Investigative Staff feels that there is sufficient data and evidence upon which to make a decision on this matter. There are a number of management considerations that deserve attention and emphasis in accomplishing the proposal to transfer management of 1.3 million consumable items from the military services to DLA. However, in view of the magnitude of the estimated annual savings in direct costs of between \$63 million and \$124 million, and in view of the Secretary of Defense legal responsibility to, "take appropriate action (including transfer, reassignment, consolidation or abolition of any function, power or duty) to provide more effective, efficient, and economical administration and operation and to eliminate duplication in the Department of Defense;" it appears that the proposed realignment of management for all consumable items should be directed for implementation without further delay. The Committee notes that the Deputy Secretary of Defense has directed the process of item management transfer to begin in a limited way with 200,000 items.

LOSS AND THEFT OF EQUIPMENT

DOD makes adjustments to its inventories valued at billions of dollars each year. These adjustments have been noted in numerous reports by GAO and the various DOD audit agencies. The losses have generally been attributed to (1) weakness in supply management of equipment under control of the services, (2) highly inaccurate financial inventory report data, (3) the use of tens of thousands of codes involved in processing transactions through supply and financial records, (4) high turnover rate for personnel involved in complex supply and financial systems, (5) physical inventory adjustments, (6) losses in transit, and (7) reported theft.

The Investigative Staff directed its attention to the procedures used by DOD to control or account for cargo/items which enter the Defense logistics pipeline. These procedures were found to be confusing, conflicting, and poorly coordinated. As a result, millions of dollars of Defense cargo is routinely reported as "missing" and

little, if any, effort is made to resolve these discrepancies. Additionally, the Investigative Staff has obtained strong evidence that the confusing nature of the DOD cargo accountability procedures is causing many activities to ignore the reporting procedures and thus, the extent of the total losses cannot be fully determined.

ARMY

The U.S. Army Material Development and Readiness Command (DARCOM), the largest inventory manager in the Army, reported the average value of its inventory during fiscal year 1980 to be nearly \$15.9 billion. During the same period inventory adjustments showed a net loss of \$24.6 million out of about \$950.8 million of adjustments, \$463.1 million in gains and \$487.7 million in losses.

NAVY

The Navy has a long and continuing problem of financial control over its inventories. Since 1966, the Navy Audit Service has issued more than 80 reports showing that the Navy's financial inventory report data is highly inaccurate due to numerous different types of problems and/or errors that occur in both the financial and supply system records. In its most recent report of February 2, 1979, the Navy Auditor General stated the Navy financial inventory report showed an inventory of \$13 billion as of the end of fiscal year 1979. During the same year a total of *\$29.3 billion inventory gain and loss adjustments were noted in the financial inventory report.*

AIR FORCE

The Air Force Logistics Command (AFLC) had sales from stock and industrial funds of \$8.74 billion during fiscal year 1980. During the same period, AFLC made 170,756 inventory adjustments with a total gross value of \$194 million. Of this amount \$92 million was for inventory increase and \$102 million was for inventory decrease—a net decrease of \$10 million.

MARINES

Out of a total inventory of over \$2.7 billion, the Marine Corps made a total of \$87.7 million in physical inventory adjustments resulting in a net gain of over \$8.8 million during fiscal year 1980. During the same period accounting adjustments totaled \$165.3 million for a net gain of over \$9.4 million.

DEFENSE LOGISTICS AGENCY

The Defense Logistics Agency (DLA) had sales of nearly \$10.8 billion during fiscal year 1980. During the same period, DLA had physical inventory adjustments of \$222.8 million, which included \$117.1 million in gains and \$105.7 million in losses, for a net gain of \$11.4 million. These adjustments are the result of differences between stock records and book balances, adjustments made to vouchers and inspection reports, and differences in transfer documents.

In fiscal years 1978 and 1979 the Defense Personnel Support Center, major DOD supply center of DLA lost control of hundreds

of millions of dollars in stock funds. The center made adjustments of about \$566 million in an attempt to correct its financial records but the validity of most of these adjustments could not be determined because of inadequate documentation.

These accounts were certified as correct by officials at the center despite their knowledge of the center's financial problems.

During the course of its review the Investigative Staff noted a number of significant instances where Government property was stolen, unaccounted for, or misappropriated. The Surveys and Investigations Staff Report pages 17-18 list some examples of theft. Audit reports and the semi-annual Report to the Congress on Audit, Inspection and Investigative Organizations contain many more.

It is clear that some DOD procedures used for the accountability of its property are confusing, contradictory, and poorly coordinated. Even the author of one of the primary property accountability regulations found his and the related regulations to be confusing. The Investigative Staff found that this confusion extended from the Inventory Control Points down to and including individual combat support units in Europe.

In order to improve this situation, DOD must take aggressive action to remedy this situation. A thorough review must be made of all the regulations relating to the control and use of Government property. These regulations must be revised and adhere, as a minimum, to the following characteristics:

Simplicity—they must be written in such a manner that even the lowest graded soldier or civilian employee can understand them since it is at this level that these procedures must be implemented.

Clarity—the procedures must be stated in such a way that they are clearly understood with little or no confusion as to what items should be reported and what activity should receive the report.

Fully Coordinated—these procedures concerning the control and use of Government property must be fully coordinated so one regulation does not contradict or negate instructions stated in a related procedure. Ideally, DOD should issue one instruction which would cover all elements of transportation, inventory control, and financial accountability for all DOD property.

Command Supported—the old axiom that "people do well only those items which the boss checks" certainly applies here. Commanders at every level must show concern for the security and accountability of DOD's property. Incentives must be built into the accountability system so that the supply, transportation, and financial clerks will want to report discrepancies.

LACK OF CONTROL OF GOVERNMENT FURNISHED MATERIALS

Despite a Congressional instruction, the military services continue to be negligent in their control of Government furnished material (GFM) and are providing equipment worth millions of dollars yearly to contractors whose inventory controls are inadequate to provide the proper records and control of its use. *The services have not yet established procedures as mandated by Congress and, as a result, have not gained visibility of the amount of GFM that con-*

tractors possess. This lack of visibility has resulted in widespread over-requisitioning, uneconomical requisitioning, unauthorized use of GFM and lack of proper inventory controls of GFM causing a loss of millions of dollars to DOD.

The DAR allows the Government to furnish material to contractors when it is determined to be in the best interest of the Government by reason of economy, standardization, the increased production, or other appropriate circumstances. This most commonly occurs in Maintenance and Overhaul (M&O) contracts.

Contractors can acquire GFM from the DOD supply system by requisition or transfer. The official accountable records for the property are maintained by the contractor as a part of their property control systems. A Government property administrator is required to conduct periodic tests of the contractor's property control systems as a technique to assure that adequate inventory controls are used by the contractor to protect the interests of the Government.

During the past several years numerous audits and studies have identified a number of deficiencies including:

- (1) unauthorized requisitioning of supplies by contractors from Government supply sources,
- (2) over-requisitioning of material,
- (3) lack of accountability of GFM shipments,
- (4) excessive number of requisitions,
- (5) abuse of priority designators,
- (6) unreasonable issues of Government owned material,
- (7) GFM being used on commercial work,
- (8) inadequacies in material control,
- (9) no records of issues,
- (10) lack of cost effectiveness in the use and acquisition of GFM, and
- (11) excessive spares on hand at contractor plant, when aircraft were not operational because of the unavailability of these spares.

A recent GAO report found that while the Navy was providing billions of dollars of GFM to contractors for use in constructing, overhauling, and repairing Navy ships, the Navy did not know the amount of GFM in their contractor's possession because there were no overall financial or other management systems to account for these materials.

GFM Dollars Cannot be Easily Identified

An Air Force audit identified an overhaul contractor who was not preparing the documents required to account for GFM. Thus, Air Force item managers were neither aware of nor had visibility of those assets. As a result of the audit, \$316,000 of excess GFM was identified and used to fill requirements on other commercial contracts.

The audit also identified \$950,000 of excess GFM charged to one contractor but in possession of another contractor. GFM was issued as initial spares for a maintenance program which did not materialize. Although the item managers were aware of GFM, they did not know it could have been used to satisfy other demands.

The Investigative Staff requested from three major Army commands the amount of GFM that had been provided to contractors on active M&O contracts. While these commands had contracts worth billions of dollars, only one could provide an exact dollar amount of GFM issued, the other two commands stated that they would have to go to the individual contractors to obtain the figures.

DOD and the Services Slow to React With Appropriate Controls

The Committee has addressed the problem of the lack of control over GFM which was allowing contractors to utilize and requisition GFM in an uneconomical, wasteful, and fraudulent manner in previous reports. The Committee's FY 1979 report requested DOD to resolve the problem by allowing the contractors' use of the DOD supply system with the understanding that they (the contractors) would pay cash on the delivery of GFM when received from the supply system. DOD deferred, citing legal barriers to selling GFM to contractors. These impediments were removed in FY 1980 DOD Appropriations Act (P.L. 96-154, Sec. 767, December 12, 1979). DOD then proceeded to develop a test program to measure the effectiveness of selling GFM to contractors. This pilot program has developed snags since it was difficult to find contractors to participate. Five out of six contractors solicited by a Navy ICP refused to participate in the test program. Additionally, the services stalled in their development of the program. As of June 1981, only one contract had been signed by the Navy, with several others in the negotiation stage. The Army has only selected one system for the pilot program and is not yet near signing a contract. The first results of the pilot program will not be available until 1982, with final results available in 1985.

DOD has issued new instructions (DODI 4140.48, dated March 3, 1981) to control the access to GFM by maintenance contractors. These instructions require DOD components authorizing the use of GFM by a minimum of two contractors to establish a Management Control Activity (MCA) which is tasked to (1) maintain control over all contractor access to DOD's supply systems, (2) establish guidelines to validate contractors' requests, (3) maintain a contract, requisition, and shipment status file, and (4) provide a status report to DOD on all contractors' GFM requests. This regulation, which took effect 120 days from date of issue, requires semiannual reports for the periods ending June 30 and December 31. However, the Investigative Staff has found that the major commands have not yet received the DOD instructions. This, of course, will delay implementation and the subsequent reporting. Moreover, as officials of one Army command stated, the DODI (4140.48) cannot be fully implemented until changes are made to four other regulations.

The DOD approach that is being undertaken seems to be similar to previously proposed systems that were rejected by OMB because they greatly increased government paperwork at a time when the Federal Government is attempting to reduce paperwork. The basic idea behind the Committee's approach from the start was to sell the material at a sufficiently high cost to recover the government's investment and thereby reduce "management" systems.

While DOD and its components have finally responded to Congressional urging to establish controls over contractors' use of

GFM, it will still be sometime before the new regulations are actually implemented and an even longer time before the results of the pilot program of selling GFM to contractors are known. Too many years have passed since the GFM problem was made known to DOD and many items of GFM have been improperly requisitioned by contractors during this period.

MANAGING GOVERNMENT FURNISHING SPECIAL TOOLING

Millions of dollars of special tooling (with no foreseeable use or need) are being stored at contractors' plants.

During the productive life of many major acquisitions and even beyond that time, substantive contractor and Government manpower is used in the administrative accountability of special tooling, its storage, and disposal, costing the Government many millions of dollars. For example:

One contractor plant visited by the Investigative Staff has over \$30 million in special tooling lying idle which could be excessed or otherwise disposed of.

Another contractor charges the Navy almost \$100,000 a year to store special tooling for which there is no apparent need.

A recent study revealed that for five out-of-production aircraft programs, storage and control costs exceeded \$750,000 for unneeded special tooling. About 37 percent of the tooling was unneeded.

Another major aviation contractor still retains special tooling, at Government expense, for a dormant aviation program based on the possibility a foreign military sales program customer might need a part.

One Air Force logistics center wants to keep the special tooling for the F-4 to build spare parts that have not yet failed.

Special tooling is a necessary element of DoD contracting for weapon systems. The contracting official has the responsibility of deciding whether to acquire or not to acquire title. In either case, the Government pays for the tooling either directly or indirectly. However, acquiring title to special tooling results in extra administrative costs. Since tooling may become obsolete, the contracting official should consider each piece carefully. Stability of design, the proposed manufacturing technique, and anticipated future requirement should be evaluated to insure that the huge administrative costs justify the storage and accountability of these items during periods of nonuse. Once a program is over, DoD should insure that prompt disposal of the special tooling is made to prevent unnecessary accumulation of administrative costs for its storage and accountability.

INDUSTRIAL PLANT EQUIPMENT

Industrial plant equipment is that part of DoD-owned plant equipment with an acquisition cost of \$1,000 or more; used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical or chemical properties of materials, components, or end items entailed in manufacturing, maintenance,

supply, processing, assembly, or research and development operations.

The House Committee on Armed Services in its report number 29, dated December 31, 1980, noted there has been a serious decline in the Nation's defense industrial capacity that places our national security in jeopardy. In preparing the report, the Committee panel held 13 days of hearings, including 4 days of field hearings, and took testimony from 34 witnesses. These witnesses included representatives of (1) defense prime contractors and subcontractors, (2) associations, (3) the military, (4) the General Accounting Office (GAO), (5) the Department of Commerce, (6) the Federal Emergency Management Agency (FEMA), (7) DOD, and (8) the Congress. Witness after witness testified before the panel that an erosion of U.S. industrial capability is occurring that, coupled with America's mushrooming dependence on foreign sources for minerals, is endangering our defense posture at its very foundations.

Section 2 of P.L. 93-155, the Defense Industrial Reserve Act, states, "In enacting this Act, it is the intent of Congress (1) to provide a comprehensive and continuous program for the future safety and for the defense of the United States by providing adequate measures whereby an essential nucleus of Government-owned plants and Industrial Reserve of machine tools and other industrial manufacturing equipment may be assured for immediate use to supply the needs of the armed forces in time of National Emergency or anticipation thereof."

Out of approximately 20,000 items of Industrial Plant Equipment in general reserve, which has an acquisition value of about \$362 million, only about 20 percent of the items are in known "operable ready" for "immediate use" condition. Senior officials advised the Investigative Staff the reasons the equipment was not ready for immediate use were because (1) funding has not been available and (2) Defense Logistics Agency maintenance policy limits maintenance almost totally to items being shipped to users. Efforts to improve the situation were made by DIPEC in March 1980 with a proposed 5-year program to test, inspect, and repair IPE in the general reserve. According to DIPEC officials, the cost of this program would be about \$16 million, however, the proposal was not approved by DLA.

The policy of only providing maintenance to IPE items being shipped to users is inconsistent with the intent of Congress that equipment be ready for *immediate use*. Failure to have about 16,000 items of industrial plant and equipment items valued at about \$290 million ready for immediate use can result in (1) contractors obtaining other equipment and passing these costs to the Government, and (2) delaying contract performance on those contracts where Government owned equipment can be used. The Committee added \$2.0 million to the bill to start reordering this equipment for immediate use.

PROCUREMENT PRACTICES AT THE DEFENSE PERSONNEL SUPPORT CENTER

On April 30, 1980, the Defense Audit Service completed a review of procurement practices related to clothing and textile purchases made by the Defense Personnel Support Center. This review shows

that there is room for major improvement in the procurement and contract administration procedures at the center. The auditors found that:

- The DPSC lack adequate procedures and controls for billing foreign military sales customers. About \$9.9 million was identified by the auditors as lost.
- The center awarded at least \$14.9 million in contract awards which were not needed and was awarded solely for the purpose of "buying a round" 8(a) set-aside awards because the center lacks confidence that the small business receiving the contract could perform.
- Internal controls and procedures for small purchases of non-stock clothing items were not adequate. In some cases, requirements were split to avoid the limitations of the defense acquisition regulation and suppliers were listed as unsuccessful bidders even though they had not been solicited. (Previous audits at the DPSC contain similar findings.) The center could save an estimated \$7.0 million if it provided as government furnished material textiles to clothing manufacturers.
- At least \$5.5 million could be saved if DLA stopped making purchases as frequently as it does. DLA pays a higher unit price because of small quantity buys. An additional \$1.8 million is wasted because of the unnecessary administrative charges.

MISMANAGEMENT OF STOCK FUNDS AT THE DEFENSE PERSONNEL SUPPORT CENTER

The Defense Personnel Support Center, a major Defense supply center, lost control of hundreds of millions of dollars in stock funds. The Center could not accurately determine amounts paid and amounts of unliquidated obligations. In an attempt to correct its records, the Center made financial adjustments of about \$566 million during fiscal 1978 and 1979. However, the validity of most of these adjustments could not be determined because they were not supported by adequate documentation.

The chaotic condition of the Center's funds control systems and records prevented it from systematically detecting fraudulent contract payments of \$794,101 which were processed. The fraud was detected only because of a clerical error.

The Center's problems were compounded when erroneous account balances were certified as correct. The balances were certified by Center and Defense Logistics Agency officials even though both were aware of the Center's serious funds control problems. In addition, full disclosure was not made in financial statements of either the Center's funds control problems or the large amount of adjustments made without adequate supporting documentation. The certifications were accepted and relied upon by Defense officials in preparing consolidated annual reports to the President and the Congress on the Condition and operations of all Department of Defense working capital funds.

According to the GAO the DPSC lost control of hundreds of millions of dollars worth of stock fund money because of the "funds control system had a complete breakdown." DLA has recognized the seriousness of the problem and has developed a proposed plan

to correct the financial system at this inventory control point. The DLA has informed the Committee that it intends to correct the financial records and have in place an effective accounting system by June of 1982. The Committee expects an interim report from the DLA.

The Committee expects that the DLA will be able to submit an unqualified certification of its stock fund balances prior to the end of fiscal year 1982. If it appears that such a certification cannot be made, the Committee expects to be notified as soon as this determination is made.

PRECIOUS METAL RECOVERY

In early 1976, DoD assigned the responsibility to the Defense Supply Agency for developing, in coordination with the military services, a system of standard codes for identifying items that contain precious metals and the quantities of precious metals contained therein. The Air Force auditors stated that "In air logistics center maintenance shops, we identified 227 items that contain gold or silver." However, air logistics center personnel had identified the precious metal content of only 41 of these items in technical orders. The auditors went on to state that about 37,000 items in the Air Force are believed to contain precious metals. The Air Force has finally begun the process of coding items that contain precious metals which was required back in 1976.

Air Force auditors also found that the Air Force was as a general rule purchasing gold and silver needed for Air Force contracts on the open market rather than using the material available to the government which had been recovered. The auditors estimate that on 6 contracts reviewed the Air Force could have saved over \$3.6 million. In responding to a Committee question on this matter the Air Force indicated that the situation was being resolved in so far as gold was concerned but did not address the open market purchase of silver.

Since 1979, DoD has been contracting for the recovery of precious metals from end items rather than using in-house facilities to recover the metals. This was done because a cost study indicated it would be less expensive to contract for recovery of precious metals. However, as the following examples demonstrate, the recovery rate of precious metals recovered under contracts is substantially lower than the rate of recovery when accomplished in-house.

—The last two batches of B2 battery plates processed by Defense were for 24,288 lbs. of plates with 202,951.96 troy ounces of silver recovered (a 57.3 percent recovery rate) and 40,344 lbs. with 361,826.98 troy ounces recovered (a 61.5 percent recovery rate). Under contract recovery, 67,033 lbs. of plates resulted in only 444,808.15 troy ounces (a 46 percent recovery rate) while Defense had expected to receive 557,199.08 troy ounces, a difference of over 112,000 troy ounces.

—From 1972-1978, Defense processed film ash for silver recovery. From 1972-1976 the yield was 7,474 troy ounces of silver per ton of film ash and from 1976-1978, the yield was 5,737 troy ounces per ton. Two contracts have been used for film ash with yields of 1,865 troy ounces per ton and 1,405 troy ounces per ton.

DoD is directed to investigate the reasons for the wide variances in recovery rates and report the finding to the Committee.

The Army and the Navy have been selling precious metals-bearing items to foreign military sales customers charging them only the stock funded price of the item even though it may have been purchased before and contains previous metals. The Army's DARCOM was selling batteries to foreign customers at 85¢ a piece when the silver content of that battery was worth at least \$10. The Army has already found that batteries containing at least 100,000 troy ounces of silver at the stock fund price instead of a price approaching their real value.

The Navy's system for managing the FMS sales was so poor that it is virtually impossible to track. Also a Navy facility (Navy Underwater System Center, Newport, R.I.) recently "lost" 100,000 or more ounces of silver in batteries. These 19 batteries contained 4,000 silver zinc cells. Each battery was so large that it could be moved only by forklift truck but all 19 batteries disappeared. No battery has been recovered to date.

COMMISSARY STORE OPERATIONS

Last October after nearly a decade of debate on commissaries' legitimacy and viability the Office of the Secretary of Defense made a decision to continue operation of separate military service commissary systems. Prior to this decision the DoD had been seriously studying the feasibility of consolidating commissary store operations into a single defense activity. In reading this decision the Department of Defense created an executive board to provide broad policy guidance on commissary operations and to set goals and evaluate performance. It was also indicated that certain management improvements and cost reductions could be affected through decentralized administration, as well as through the centralization proposals. The decision not to consolidate was made despite the fact that many studies including a detailed GAO report entitled "Military Commissaries: Justification as Fringe Benefit Needed—Consolidation Can Reduce Dependence on Appropriations," strongly supported a consolidated management agency for the commissary store system.

Operating costs for commissaries as separate line items in the DoD budget were about \$510 million in FY 1981. This represents the direct cost of operating commissaries. However, the military services provide extensive uncharged indirect support such as procurement support, real property maintenance, security, fire protection, etc. This support adds at least another \$50 million to the cost of commissary operations.

The commissary operation budgets for fiscal year 1982 as presented to the Committee do not include any apparent reductions or management efficiencies as was expected. The Committee is proposing that each of the commissary systems produce savings of \$5 million in their operations during fiscal year 1982. A portion, although by no means all, of this savings is possible through the testing and implementation of different operating techniques.

The Department of the Navy has repeatedly indicated that it desires to convert all of its 3,021 commissary personnel employees from an appropriated fund status to a nonappropriated fund status.

This would be similar to the conversion which took place for DoD clothing sales stores when they were combined with the clothing sales facilities of the post exchanges. The Committee believes that the Navy should proceed with this proposal as a test case for the other military services.

One of the biggest problems facing the Department of Defense is making management improvements in critical supply and maintenance activities within the very tight personnel ceilings which the Office of Management and Budget has imposed upon the Department. The Navy contends that it should be permitted to convert these 3,000 positions to a nonappropriated fund status and allowed to retain the overall ceiling points in order to reduce the Navy's dependence upon contractors for management, engineering, and logistic services. The Committee completely agrees with the need to make additional positions available and it is therefore recommending that the Department of Defense allow the Navy to proceed with the conversion. The Navy estimates that average pay differential for these positions is approximately 21 percent. They also estimate that very few employees, if any, would ever be ruffed and that the entire process can be accommodated through attrition and by the reassignment of commissary employees to other base supply activities as positions become available in those functions.

Navy testimony indicated that there would be an annual savings of \$10 to \$12 million when the Navy commissary stores were operated in the military clothing store modus operandi. The Navy should submit implementing plans to the Committee within 125 days of passage of the Appropriations Act and semi-annual progress reports should be provided to the Appropriation and Armed Services Committees, to include the cost of operations and accumulated savings data.

The Committee also believes that the Army should go forward with its proposal to contract out the entire operation of at least two commissary stores. This contracting out should be done in accordance with the provision of A-76. Testing the contracting out concept for the operation of an entire commissary will serve as a test case to determine the potential savings, if any, and potential problems that are likely to ensue through contracting out commissary store operations.

As a part of this proposal the Committee is also recommending that the Air Force test the back to "basics" approach to marketing and merchandizing of food products. This approach is becoming more popular in civilian supermarket sales and is often referred to as a warehouse supermarket. This concept involves providing the patron with somewhat less in the way of services, fancy displays and non-food product lines. It is hoped that the Department of Defense will test this approach at at least two Air Force commissaries in a way in which the savings are shared between the government and the commissary patrons. Hopefully this concept will be tested in areas where other services also operate nearby. Commissaries to determine if lower prices attract more customers, or if customers are lost to other commissaries. It will be difficult to find an adequate pricing incentive since commissary prices only include a 4-percent surcharge.

ALCOHOLIC BEVERAGE SALES

The Department of Defense through its so-called CLASS VI stores sells approximately \$400 million worth of alcoholic beverages annually. When the sales of clubs (NCO and Officer) and exchange beer sales are included the figures are nearly doubled this amount.

Highlights from the worldwide survey of nonmedical drug use and alcohol use among military personnel show that most military personnel (83 percent) drank at least occasionally. As expected, beer was the most commonly consumed beverage; it was drunk by 73 percent of all military personnel at least once within the "past 30 days" of the survey, and hard liquor (including mixed drinks) was consumed by about one-half of the respondents (50 percent) within the "past 30 days". In general, the highest prevalence of drinking any alcohol was recorded by senior officers, followed by junior officers and junior enlisted personnel, senior enlisted personnel and warrant officers. The survey showed that 28 percent of the E1-E5's and about 5 percent of E6-E9's reported heavy drinking of hard liquor.

It is estimated that seven percent of military personnel worldwide were alcohol dependent during the past year. One out of four military personnel reported some work impairment because of alcohol use during the last year. Approximately 13,000 military personnel received alcohol treatment in residential treatment facilities, while approximately 33,000 personnel received alcohol treatment in nonresidential military facilities.

The military services operate 69 residential facilities and 441 nonresidential facilities for treatment of alcoholics.

In view of the above statistics and the fact that alcoholic beverages as sold through the CLASS VI store system are priced considerably below local prevailing market prices the Committee is recommending that the Department of Defense immediately increase the price of these beverages by 10 percent. This will yield an annual increase in revenue of about \$40 million which can be made available to support morale, welfare and recreations activities. Since fiscal year 1982 will probably be one quarter completed prior to passage of the Defense Appropriations Bill the Committee has estimated fiscal year 1982 savings at \$20.0 million. The additional receipts can be used to offset a portion of the appropriated fund support to non-appropriated fund activities.

SOFT DRINK PROCUREMENT

On April 15, 1981, the Defense Audit Service issued an audit report on the procurement of soft drinks by the military exchange system. It is estimated that the Army Air Force exchange system purchases over \$20 million worth of soft drinks annually and that inclusion of the Marine Corps and Navy systems plus procurement for vending machines would bring the total in excess of \$40 million.

Prices paid for two leading soft drinks producers led the auditors to believe that certain soft-drink franchises had questionable pricing practices. The audit shows many cases of "follow-the-leader" pricing patterns, identical pricing and unusually high pricing of

soft drinks. Also, soft drinks purchased for resale usually were priced higher than soft drinks purchased for vending operations, even though the suppliers furnished and serviced the vending machines. The Department of Defense is in the process of taking steps to monitor its soft-drink purchases and seek the lowest possible prices throughout new competitive procurement practices. The Committee has reason to believe that this will produce additional "profits" in excess of \$3 million in fiscal year 1982 which can be applied as a contribution to the welfare, morale and recreation fund.

BASE OPERATIONS

The Department of Defense is expected to spend about \$9.5 billion, excluding the repair and maintenance of real property, on base operations support in FY 1982. Base operations support funds activities of an installation support nature, such as administrative services, facility engineering services, vehicle operation and maintenance, security and police activities, laundry and dry cleaning, audio visual, printing and reproduction, safety and legal services and various community support services such as morale and recreation activities, housing functions etc. The cost of base operation support increases by \$916.9 million in FY 1982 over FY 1981. Price growth accounts for about \$470 million leaving real program growth of about \$446 million.

The following table provides the estimated cost for base operations support. The FY 1982 column does not include the cost of civilian personnel pay raises which will be added in a supplemental request next spring. Also excluded from the cost estimates are the pay and allowances of the 121,700 military personnel who work in base support activities. There are approximately 183,800 civilians so employed in FY 1982.

BASE OPERATION SUPPORT ¹

[In millions of dollars]

Appropriation summary	Fiscal year		
	1980 actual	1981 estimate	1982 estimate
Operation and Maintenance, Army	2,854.8	3,467.2	3,920.2
Operation and Maintenance, Army Reserve	104.8	115.9	125.9
Operation and Maintenance, Army National Guard	30.7	34.4	43.7
Operation and Maintenance, Navy	1,523.0	1,748.4	1,865.9
Operation and Maintenance, Navy Reserve	75.9	91.3	105.3
Operation and Maintenance, Marine Corps	318.5	375.0	410.3
Operation and Maintenance, Marine Corps Reserve	5.4	7.0	8.5
Operation and Maintenance, Air Force	2,194.7	2,469.3	2,701.7
Operation and Maintenance, Air Force Reserve	37.1	38.9	46.7
Operation and Maintenance, Air National Guard	52.6	63.9	82.5
Operation and Maintenance, Defense agencies	134.3	158.2	175.7
Total	7,331.8	8,569.5	9,486.4

¹ Excludes real property maintenance, repair, and minor construction.

The bill as reported by the Committee recommends a number of adjustments to various base operation support activities. Some of these adjustments are financial in nature.

Absorption of Fiscal Year 1981 Pay Raise Supplemental Costs

The pay raise supplemental for FY 1981 as originally submitted by the Carter Administration forced the military services and other DoD activities to absorb a portion of the pay raise. The Reagan Administration amended this supplemental request to include funds for all pay raises. The Congress fully financed the FY 1981 pay raises and provided an additional \$500.0 million to offset the effects of inflation on the operation and maintenance appropriations.

In preparing the FY 1982 justification material some military services, particularly the Air Force, justified certain add-ons in the base operations program as necessary to offset or serve as a restoration to the reductions which they were forced to make in FY 1981 to finance the pay raise. Since in the end it was not necessary to finance the pay raise from within the 1981 funds previously appropriated, in that the Congress eventually appropriated additional funds, there is no need to restore reductions that never took place. Accordingly, the bill as recommended by the Committee reduces the Air Force request by \$87.0 million, the Navy Reserve request by \$9.1 million and the Air National Guard request by \$2.7 million.

Overseas Military Banking Program

The Department of Defense provides banking services at 181 locations overseas for its military dispersing officers, nonappropriated fund activities and military and civilian personnel. Prior to FY 1978, the program was managed by the Treasury and funded by Treasury compensating balances. In 1975 the Congress took steps to place management and funding of the program with the Department benefitting from the program. Since placement of this program in DoD there has been a tendency to budget more funds than the program requires. For example a total of \$22 million in O&M resources was requested in the FY 1981 budget. During execution of that budget, the O&M program was reduced to \$17.0 million and subsequently further reduced to \$12 million. This was made possible by a drop in estimated net cost due to higher earnings resulting from continued high money-market interest rates and favorable foreign exchange rate fluxuations and avoidance of lease costs by purchasing 30 automated teller machines in Germany. DoD procurement funds were used for this purpose.

The various service budgets for FY 1982 include a total of \$25 million for this purpose. The Defense Department now indicates that \$22.0 million will be adequate to finance the program. It is highly likely that additional reductions could be made but the Committee limited the reduction to \$3.0 million. Additional adjustments can be made in conjunction with the FY 1982 pay raise next spring, if warranted.

Occupational Safety and Health Administration and Environmental Programs

The Department of Defense budget request for fiscal year 1982 contained some major program increases for activities related to health and occupational safety and the environment. Included in the budget was implementation of a hazardous material manage-

ment program. Also included were funds for ecology base-line surveys, preparation of new and updating old environmental impact studies. In reporting the bill the Committee deleted all real growth for these efforts, leaving the programs at their FY 1981 level plus inflation. Only the Navy proposed deletion of funds designated to improve compliance with these federal regulations during the September amendment. In view of the Administration's announced intention to review these programs and issue new guidelines in the near future it seems prudent to defer their expansion at this time. Accordingly, reductions of \$4.0 million to the Army request, \$800,000 to the Marine Corps request, \$3.5 million to the Air Force request, \$1.4 million to the Army Reserve request, \$1.6 million to the Army National Guard request and \$1.5 million to the Air National Guard request have been made in the bill.

Using Productivity Measurement in Managing Base Operations

Information provided by the General Accounting Office indicates that there is a significant disparity between what DoD work measurement and other management systems designed to measure productivity of base operating employees are suppose to do what is actually being accomplished. The Committee regularly receives reports which indicate that integrated facility management systems and automated work management systems are not working as they are supposed to because management does not pay enough attention to them. For example, the Army implemented a work management system which is described in DA pamphlet 420-6. It is doubtful if a single Army installation is using the prescribed system as intended.

The military services have made only marginal progress in using engineered performance standards or work measurement standards for real property maintenance even though the Committee has been urging adoption of such system for years. The Navy attempts to apply engineered performance standards to about 75 percent of its real property maintenance work. The Army attempts to apply such standards to about 86 percent of its work and the Air Force doesn't even use engineered work standards.

Unbalanced Bidding On Multiple Line Type Requirements Contracts

Multiple line type requirement contracts for real property maintenance are those in which the contracts list kinds of work to be performed and then request a price based on an indefinite quantity of the work to be performed. For example, a roofing contract is offered with an estimate number of square foot but the bid is submitted on a cost per square foot. The actual amount of roofing to be done remains open and can vary greatly. Thus if a contractor has just a little "inside" information he is able to bid those projects he actually expects to be done very high and those which will not be done, even though they are part of the contract, very low. He thus establishes himself as the low bidder, even though the charges for work actually performed are excessively high.

Also, various DoD auditors constantly find contracts where the amount of lawn to be watered, cut or fertilized is considerably less than the amount listed in the contract. The same situation appears

with respect to obtaining contracts on the installations of carpeting, painting etc. Better management of such contracts would save millions of dollars.

Consolidation of Military Base Support Activities

For years the General Accounting Office has been issuing reports recommending consolidation of various inter and intra military service base support activities. The most recent report was issued in September 1980 and is entitled "Consolidating Military Base Support Services Could Save Billions". While the Department of Defense continues to give lip service to this program very little, if any, progress has been made. The bill as reported by the Committee sets an objective of saving \$8.0 million in the Army, \$2.0 million in the Navy through such consolidations. A similar type reduction is made to the Air Force estimates since the Air Force failed to reflect a savings of \$4.4 million for support of the U.S. Air Force Base at Kadena on Okinawa. The Navy is providing the Air Force with an additional \$4.4 million in FY 1982 because under the previous arrangement the Air Force provided base operations support to the Navy on a nonreimbursable basis. Base operation support will be continued to be provided by the Air Force but Navy will pay for the support in FY 1982 thus in effect saving the Air Force \$4.4 million.

The FY 1982 budget does nothing to push aside long standing military department parochial interest and move in the direction of consolidating military base support activities. Despite the fact that the Comptroller General sent the Secretary of Defense a memorandum on January 21, 1981, which urges "the establishment by directive of the Secretary of Defense, of an authoritative single manager, or project director, to effect optimum base support economies can, we believe, produce several hundred million dollars in savings annually. It is one of the most obvious . . . and one of the easiest . . . sources of true economy which the new Secretary of Defense can achieve". In responding to a question on this matter the Defense Department stated that regional consolidations such as Regional Medical Centers and Real Property Maintenance Activities are being considered, nothing of a definite nature has been submitted to the Congress.

An example of the lack of cooperation between the military services is the family housing situation in Hawaii and at Wheeler Air Force Base in particular. Family housing units at Wheeler exceed Air Force requirements and more than 220 members living at Wheeler make an approximate 30 mile daily round trip to their jobs at Hickham Air Force base and Camp Smith. Concurrently more than 700 Army members travel in the opposite direction. This is due to the fact that the Army is by far the principal user of Wheeler Air Force Base. The Air Force base is adjacent to Scofield Barracks home of the Army's 25th Infantry Division and the Army uses the Air Base to house over 200 aircraft. While the Air Force has only 10 small observation aircraft bedded down there. In addition about 115 Army service members could be assigned to Wheeler housing occupied by ineligible Air Force personnel. This situation has existed for years.

Passing ownership of Wheeler from the Air Force to the Army would enhance response time, contribute to energy conservation program goals and reduce housing costs to say nothing of improving the readiness of the 25th division. Instead of making some decisions on this matter, the Department of Defense hired a contractor to further study this situation. The Committee has received no further information from the Department of Defense on the matter although the final report from the contractor was to be delivered to the Defense Service Support Program Office on April 23, 1981.

STANDARD LEVEL USER CHARGES (SLUC)

The Department of Defense reimburses the General Services Administration for space and services by payment of a standard level user charge (SLUC). The General Services Administration then uses this income to finance activities of the Public Buildings Service which provides space and services for federal agencies in a landlord-tenant relationship. The space provided by the General Services Administration may be in federally constructed buildings or through leases with commercial firms.

In fiscal year 1982, the Department of Defense is requesting \$173.6 million for the SLUC reimbursements to GSA. The Committee believes that the Department of Defense pays what appears to be excessive amounts of SLUC rents for space in GSA control buildings. For example, the GSA charges rent for buildings that DoD built with monies appropriated to DoD for military construction, not by the Public Buildings Service. In essence the military budget has reflected payment for the same building twice.

The General Services Administration is also generally delinquent in notifying the services of increases of rental rates so that the budget submitted to the Congress for any fiscal year would be substantially understated from what would actually be required by the Department of Defense for reimbursements to GSA. For example, GSA raised the rental rates by 65 percent in fiscal year 1981 alone after the budget was submitted to the Congress.

It appears that GSA uses the inflated reimbursements from the Department of Defense to construct new space for civilian agencies while DoD generally must ask the Congress directly for its own appropriation for construction. In other words, it appears that the Department of Defense is subsidizing the construction and space requirements of civilian agencies of the government since the Department of Defense rarely has facilities constructed for it by GSA. Finally, the Committee has reviewed the annual position of the reimbursements of the General Services Administration and found that the receipts from SLUC rental from Federal Agencies exceeds the cost to GSA by some \$400 million. As a result, the Committee is including a general provision in the Defense Bill limiting the reimbursements to GSA for space provided to only 50 percent of the budgeted levels. The Committee estimates that this would save \$86.7 million in fiscal year 1982 and still leave GSA with a surplus in excess of \$300 million. It is the Committee's intent that the same level of space be provided by GSA as requested in the fiscal year 1982 budget, but that the General Services Administration be reim-

bursed at a rate no more than 50 percent of the rates that were in effect on October 1, 1982.

NATIONAL CAPITAL REGION TRANSPORTATION CONSOLIDATION

Last year the Committee reviewed the Navy's National Capital Region Transportation Consolidation Program and concluded that the effort was producing better transportation service at a substantially reduced cost. Language was included in the report on the fiscal year 1981 Defense Appropriations Bill encouraging continued initiatives along these lines including cross service consolidation.

After additional review, the Committee believes that further consolidations in this area are not only feasible but desirable and is therefore directing that a centralized national capital region motor pool be established patterned after that created by the Department of the Navy. No dollar reduction is made this year because the Committee believes that the savings the first year of consolidation will be required for procurement of communication equipment for the vehicles. The Committee specifically is directing consolidation into one central pool in order to prevent each service from duplicating the computer and management overhead that currently exists within the Department of the Navy. The Committee also requests that the Department review the feasibility of centralizing the transportation efforts in other geographic areas of substantial defense presence in future years using the national capital region consolidation as a model.

The Navy Audit Service has recently recommended that the national capital region facilities and services staff consider consolidating the maintenance and operation of general purpose transportation equipment in the national capital region. The audit indicates that although the Navy agreed with the concept, no action had been taken to implement the findings. The Committee directs that the Navy immediately begin consolidation of general purpose transportation equipment in the National capital region.

OTHER BASE OPERATIONS ADJUSTMENTS

Army

Other base operations adjustments to the Army, Operation and Maintenance request include a reduction of \$10 million to a program which the Army labels "quality of life." One particular portion of this program referred to as community support has increased from \$105 million in FY 1980 to \$175 million in the amended budget despite the fact that the Army's end strength has remained essentially unchanged during this time period.

The base operations budget of the Army, Pacific forces, includes an increase of \$8.2 million for what is referred to as "pay back" to Korea for resources previously withdrawn as a result of the President's intent to reduce U.S. forces stationed on the Asian mainland." The Congress did not accept the proposed phase down of U.S. troops in Korea and added money above the budget request each year in order to support continuance of U.S. forces in Korea. Basically the Army argues that it needs funds greater than those originally withdrawn as a result of a "bare bones" funding policies during the early planning stages of the Korean redeployment and

because of higher inflation. The Committee did not provide the additional \$8.2 million requested since the FY 1981 Supplemental included a significant amount to improve living conditions of U.S. Army forces in Korea and it is not evident that the Army sustained a real decrease in "living standards" in Korea as a result of the attempt to withdraw U.S. forces.

Finally the Committee made an adjustment of \$1.6 million to the base operating request for Rocky Mountain Arsenal in Colorado. The Committee has been urging the Army to close this facility once the 888 chemical Weteye Bombs were removed from the facility. This represents a minor adjustment to the \$16.9 million in FY 1981 budget and the \$15.8 FY 1982 request. This reduction will help to bring this facility on a glide slope towards closure in FY 1984 or 1985.

Air Force

The original Carter Administration budget proposed the phase out of 18 Dew line radars in FY 1982. This reduction in Dew line radars was estimated to save \$19.4 million. The Air Force did not like the decision as made by the Office of the Secretary of Defense and found offsetting funds and restored the reduction prior to submitting the original Carter Administration budget. The Reagan Administration March supplemental provided an addition of \$19.4 million to continue operation of these radars. Since the Air Force never reduced its planned funding of the Dew line system in the first place there is not need to provide an additional \$19.4 for base operating support for these systems.

In recent fiscal years 1978, 1979 and 1980 costs of operating the Cadin/Pine Tree Radar line have increased significantly for the United States as a result of changing policies with respect to their operation. The agreement with the Canadian Department of National Defence and the Department of Defense basically requires that the Canadian government provide for the personnel to operate and maintain these radars while the United States would pick up the contractual and related support cost. Over the years the amount of direct military support has declined while contractual support has increased significantly. The budget for FY 1982 request an increase from \$44.8 million to \$52.1 million. The Committee considers this excessive and has reduced the request by \$3.8 million. The Department of Defense should consider renegotiation of this working agreement with the Canadian Department of Defence.

The Air Force budget for FY 1982 proposes the phase-out of two F-106 squadrons and the phase-in of one F-15 squadron. The Air Force budget made the appropriate flying hour adjustment but failed to make a reduced base operating cost adjustment. A reduction of \$2.1 million is recommended.

The General Accounting Office issued a report on July 8, 1981 (MASAD-81-27) on the Air Force's use of contractor operated supply stores. The General Accounting Office basically concludes that these contractor operated stores are unmanagable and vulnerable to abuse. These stores were once envisioned as a practicable and cost effective means for buying vehicle repair parts and civil engineering supplies, but are now plagued by pricing irregularities, contract abuses and repeated allegations of fraud. The GAO be-

lieves that the Secretary of Defense should discontinue the use of contractor-operated base supply stores. Workable, cost-effective alternatives such as the government-operated store should be used to reestablish purchasing control. The Committee agrees with the GAO position and has included the addition of \$3.0 million in the bill to support the phase-out and conversion to in-house operation contractor-operated civil engineer supply stores (COCESS) and contractor-operated parts stores (COPARS) as soon as possible. Existing contracts are not to be renewed.

TRANSPORTATION MANAGEMENT

Study after study during the past ten years has addressed the need for the Department of Defense to unify and realign its traffic management functions. The Conferees on the FY 1981 Defense Appropriations Act recommended that the DoD move expeditiously in the direction of establishing a unified Military Traffic Management Agency or Command. The creation of such a command has been recommended by the GAO, two studies by the Committee's Surveys and Investigations Staff and by a recent contractor study.

While the Committee did not have an opportunity to conduct a detailed hearing on the plan to improve deployment planning and traffic management, there is every indication that the Department of Defense is moving in the right direction. On June 29, the Deputy Secretary of Defense notified the Committee of his intentions to reorganize management of the Defense Transportation System to make it more compatible with the commercial transportation resources on which the Department must rely in peace and war. This involves the transfer of the Sealift Cargo/Passenger Booking and Contract Administration functions from the Military Sealift Command (MSC) to the Military Traffic Management Command (MTMC). This action, when completed, will establish MTMC as the single manager for all surface cargo movements from origin in the U.S. to overseas destination in peace and war.

There is also under development a plan to clearly delineate passenger movement responsibilities of the Military Airlift Command and the MTMC and the various installation transportation officers.

On September 16, 1981, the Deputy Secretary of Defense further informed the Committee of a decision to consolidate the Military Sealift Command and the Military Traffic Management Command into a single agency. This is to be done in conjunction with a plan to strengthen the Joint Deployment Agency giving it responsibilities for contingency and time-phased deployment planning.

The Committee heartily supports all of the above efforts and looks forward to receiving additional information on the proposal as various aspects are finalized. The proposals presented in summary fashion by the Department of Defense appear to offer the potential for reducing logistic support costs while improving the ability of our deployment and transportation management systems to react to emergency situations.

TRANSPORTATION ADJUSTMENTS

The budget request for the Department of Defense includes about \$3.2 billion in the operation and maintenance appropriation for transportation expenses. Included is all second destination transportation, most first destination transportation funds and funds to operate the LOGAIR/QUICKTRANS commercial contract airlift systems. This represents an increase of about \$1.4 billion from the fiscal year 1980 level.

The bill as reported by the Committee contains some minor adjustments for transportation activities. The Committee found that the Air Force request contained about \$14.6 million for what was referred to as "readiness shipments". These shipments of munitions and lumber are scheduled for the near term pre-positioned ships. The ships will not be ready to receive the equipment in fiscal year 1982. The bill also includes a reduction of \$14.7 million to the Army second destination transportation request. The Army did not justify this portion of the program growth. This reduction is offset by the transfer of \$25 million for first destination transportation of ammunition from the ammunition procurement account, Army.

PERSONAL SERVICES/CONSULTING TYPE CONTRACTS

On March 31, 1981, the General Accounting Office issued another in a series of reports showing serious and pervasive problems in DoD's use of consulting services and other management support service contracts. This report was based on a review of 256 randomly selected contract awards valued at about \$175.4 million. The sample was drawn from contracts for (1) consulting services; (2) management and professional services and special studies and analysis; and (3) management support services for RDT&E.

In fiscal year 1979, DoD spent about \$2.6 billion for these types of contracts according to the GAO. The contracts range from relatively simple studies to aid in management decisions to contracts involving complex engineering support for major weapons systems.

No one really knows how much is spent for this type of contract. A special analysis on Consultants, Studies and Analysis and Management Support Contracts submitted in conjunction with the budget shows a total of about \$1.6 billion for such contractual efforts. However, the amount of funds shown on this special analysis have varied greatly in each of the past three years. The \$1.6 billion reported by DoD differs from the \$2.6 billion estimate of the GAO or from a \$3.2 billion estimate which was reached by analyzing the Commerce Business Daily for a category contract award called Expert and Consultant Contracts. On the other hand a review by DoD using the contracting reporting system (DD-350 form) showed that there was only \$156 million of such contracts.

The latest GAO reports disclosed many of the same problems that have been repeated in these annual reports dealing with defense appropriations for the past three years. Much additional information on this subject is provided in Part 5 of the Committee's hearings for FY 1982 (pages 575 to 1042). Despite considerable attention having been focused on this matter in recent years, misuse of consulting service contracts remains a serious, pervasive problem which has been documented in these hearings.

There remains almost a complete absence of competition and awarding consulting type contracts initially and even when the initial contract award is made on a competitive basis there is a tendency to lump task order on top of task order never completing the contract. It is not at all unusual to find contracts where the amounts paid under the contract exceed the face value by ten times or more.

The use of unsolicited proposals remains high. Over 40 percent of the contracts randomly selected and reviewed by GAO resulted from unsolicited proposals. Many of the contracts turn out to be a complete waste because the organizations awarding them never use the resulting studies.

Last June the GAO issued an overview report on the use of consulting service contracts to perform work that rightfully should be done by federal employees. ("Civil Servants and Contract Employees: Who Should Do What For the Federal Government" FPCD-81-43). This report discussed several previous GAO audits that found many agencies using contractors on work which involved basic management decisions. Generally, the agencies, including DoD, claim that the contractors are not making final decisions. However, there remains much concern that contract personnel are influencing the Department's control of federal programs and policies.

GAO found that DoD contractors were playing a significant role in identifying defense needs and, in effect, articulating and performing DoD management functions. The result is that DoD is weakening its ability to perform in-house work essential to its mission. Several contracts reviewed by DoD appeared to be preempting DoD's prerogatives and directing national defense and in managing and directing the Armed Services. The Department uses contractors to:

- Develop plans and organizational responsibilities in the event of mobilization;
- Review the performance of other contractors;
- Prepare basic contracting documents, evaluate other contractor's proposals and help negotiate the final contract.

These functions are the responsibility of the Secretary of Defense and should be delegated only to other federal officials. Many witnesses appearing before the Committee in recent years have repeatedly stated that the expertise to perform these government functions was not available. Personnel ceilings and to a lesser extent pay ceilings were cited as reasons why the government must rely so heavily on personal service type contracts.

This same GAO report contains an interesting dichotomy. At the same time that federal agencies, including the DoD, are using contractor personnel for work that should be done in-house they are using government employees to provide commercial services that contractors could provide in many cases at a lower cost. The Committee continues to believe that appropriate and proper application of the policies contained in OMB circular A-76 would be effective in freeing positions and thereby having room under currently existing ceilings to perform government management functions by government employees. Another alternative long support-

ed by this Committee is to eliminate the civilian personnel ceilings in their entirety.

The bill as presented by the Committee contains adjustments in personnel service type contracts. In many cases, these adjustments have been allocated to individual line items within the various appropriations contained in the bill.

Included are reductions to programs of the Naval Air, Sea and Supply systems commands, the Joint Cruise Missile project office, engineering service support at overseas bases, and various research and development programs.

EFFICIENCY REVIEW PROGRAM

The Committee is continually interested in promoting efforts to improve efficiency in the operations of the Department. One particularly promising initiative toward this goal is the efficiency review process required under Circular A-76 for activities being considered for contracting out. Circular A-76 requires that an activity being studied for conversion to contract must use the most efficient possible organization in comparing the cost of each operation.

The General Accounting Office, in a report issued September 30, 1981, documents that for those activities where efficiency reviews are conducted, an average 5 percent savings results. However, about 80 percent of DoD's 15,000 commercial activities are exempt from the program for various reasons. The Committee believes the Department should substantially expand the scope of these efficiency reviews to include activities not under consideration for contracting. A conservative estimate of the savings that would result from these reviews is \$50 million. Thus, the Committee recommends a reduction of this level to be allocated among the services based on their proportion of the Department's commercial activities. The Committee has tentatively allocated this reduction as follows:

	<i>Million</i>
Army.....	\$12
Navy	17
Marine Corps	1
Air Force.....	14
Defense Agencies.....	6

FOREIGN MILITARY SALES

On May 21, 1981, the Subcommittee on Defense conducted a hearing on the Defense Department's continued failure to establish an adequate accounting and financial management system to eliminate U.S. subsidies to the foreign military sales program. Testimony was presented by the U.S. General Accounting Office, and the Defense Security Assistance Agency.

Background

Foreign military sales are authorized by the International Security Assistance and Arms Export Control Act of 1976 which amended and revised the Foreign Military Sales Act of 1968. During the past decade, a decade in which foreign military sales have grown from an annual rate of \$1 billion to \$12 billion, this committee has

been critical of the Department of Defense's unwillingness and/or inability to comply with the Arms Export Control Act and related laws to ensure that the cost of this program is, in fact, borne by foreign governments and not by the United States Department of Defense and ultimately by the U.S. taxpayer.

The FMS sales program continues to grow. Even though the previous Administrator adopted a policy to restrain arms sales, annual sales and active cases continued to increase in value. As of June 30, 1979, the Defense Security Assistance Agency was managing about 15,500 cases valued at \$72.5 billion.

By the end of April 1981, this had grown to 16,891 cases valued at \$96.3 billion. Annual sales are currently running at a \$15.0 billion level. When dealing with management effort of this size "minor" mistakes and shortcomings can translate into tens of millions of lost dollars to the U.S. Treasury.

Foreign military sales accounting and financial management involves more than 40 Defense organizations. The Security Assistance Accounting Center in Denver, Colorado, was established in November 1976 and is Defense's central foreign military sales billing and collection organization. The Center is responsible for providing foreign customers an accounting of what has been done with their deposits into the foreign military sales trust fund.

The trust fund contains advance payments from foreign governments as required by the Arms Export Control Act. Each year between \$8 billion and \$9 billion is deposited into and disbursed from the trust fund. The average trust fund balance is about \$6 billion. The Center was created to (1) provide a single point in the Defense Department for foreign countries' inquiries concerning financial aspects of sales agreements and (2) assure uniformity in billing and collecting. The military departments previously were responsible for these functions, but they have done a poor job, and their efforts to standardize billing and collecting have failed.

The military departments are responsible for detailed obligation, expenditure, and cost accounting; for paying contractors; and for reporting these disbursements as well as other financial information to the Center. Each department developed its own system to account for and report sales transactions. The Center is dependent upon their input, which is nonstandard, to prepare foreign customer's bills, reimburse the departments' appropriations, and account for trust fund expenditures.

OVERVIEW OF PROBLEMS IDENTIFIED IN ACCOUNTING FOR FMS

For years, Defense has experienced serious accounting and financial management problems with regard to the foreign military sales program. Over the past decade, GAO and Defense internal audit staffs have issued numerous reports on the Department of Defense's continued failure to recove hundreds of millions of dollars in costs incurred for foreign military sales and Defense's inability to give foreign governments a proper accounting of how their money was spent. The military departments and Defense agencies have not adequately implemented Defense pricing policies and Defense policymakers have not performed sufficient followup or monitoring of actual cost recovery. Further, Defense has not

developed an adequate centralized accounting and financial management system for foreign military sales.

Testimony during the hearings showed that corrective action has been taken by Defense on some of the problems noted in the GAO and Defense internal audit reports. This action, however, has usually been slow in coming, narrowly confined, and implemented in an inconsistent manner. Moreover, Defense's attention to the overall problem of inadequate foreign military sales cost recoupment has been largely limited to policy formulation with considerable less impact on program execution.

In April 1981, the Deputy Secretary of Defense alerted the military departments and Defense agencies to the need for particular emphasis on certain financial management areas. A memorandum by the Deputy Secretary of Defense pointed out that less than full recovery of costs when billing foreign customers must be borne by Defense appropriations. In addition, the memorandum recognized that Congress has reduced Defense appropriations because of past failures to recover full costs and stressed the need to avoid such cuts in the future.

Although testimony indicated that some improvements have been made and management awareness has increased, it also was apparent that more must be done.

The Department of Defense still has serious financial management problems in accounting for Foreign Military Sales. Many millions of dollars are not being recovered from foreign customers as required by law. Further, a centralized accounting system has not been developed, although a study/test program has finally got underway. Many of the more important recommendations made by GAO and endorsed by this committee to improve accounting systems for foreign military sales have not been implemented.

Major unresolved problems that continue to plague accounting and financial management of the foreign military sales program include the following:

- Defense's foreign military sales policies have not been uniformly implemented because each of the military departments has a different accounting system. There has been little progress by Defense in moving toward the development of a centralized accounting system.
- Personnel ceilings have affected the ability of the military services to improve their accounting and financial management systems for the foreign military sales program.
- Defense needs to establish and implement pricing policies that result in full cost recovery.
- Congress is not provided with adequate information to exercise oversight and control over the waiving of nonrecurring research, development, and production charges on sales to foreign customers.
- A huge backlog of unclosed cases because billing data cannot be matched with delivery data.

CENTRALIZED ACCOUNTING SYSTEM FOR FOREIGN MILITARY SALES

Defense has continued to experience accounting and financial management problems during the past decade because it lacks an adequate centralized accounting system. The existing accounting

systems were not designed to accommodate the phenomenal growth of the foreign military sales program, and a standard Defense-wide system was not developed. The inability to properly manage the finances of the foreign sales program will, in all probability, continue until a comprehensive centralized accounting and financial management system is developed solely for foreign military sales. Even then problems will remain, and it will probably be years before centralization is completed.

Foreign military sales are unique in that funds of another country are involved. The United States has a fiduciary responsibility that goes beyond normal Government appropriation and expenditure accounting. By the terms of the Arms Export Control Act, the cost of the program must be assessed foreign governments, and, therefore, good accounting, costing, and financial management systems are required.

In the past decade, Defense has been criticized by the Congress for its inability to properly manage the finances of the foreign sales program. Defense has acted to improve accounting, costing, billing, and collecting. Several systems, have been developed and are under development. Nevertheless, serious problems still exist.

The advantages of developing a comprehensive centralized accounting and financial management system include:

- Uniform accounting and financial reporting, thus eliminating the reporting of nonstandard accounting data and providing greater accounting control. Each of the military departments has a different accounting system for foreign military sales.
- Timely and complete adoption of Defense Department accounting policies such as direct cost accounting.
- Improved control over foreign military sales disbursements to preclude such problems as the Navy's inability to reconcile \$554 million in differences between foreign government cash balances shown on its records and the balances shown in the foreign military sales trust fund. Further, as of September 1979, detailed accounting records for foreign military sales customers differed by \$1.5 billion from trust fund records showing cash on hand. After considering manual processing delays, system deficiencies, and identifiable accounting errors, unexplained differences were still about \$390 million.
- Improved accounting for the program, thus better enabling the Department to meet its fiduciary responsibility to its foreign customers. Because the correct balance of Defense's foreign military sales trust fund was unknown, Defense did not have adequate control over foreign military sales accounting. As a result, it could not provide foreign customers with an accurate accounting for funds deposited in trust accounts. Also, Defense could not determine the amount of money available to foreign customers for purchasing military goods and services.
- Better programwide planning because accounting and financial management will not be fragmented.

Under the central accounting proposal, military departments will still be responsible for implementing foreign sales agreements. The centralized accounting system would provide for supporting systems to be used by the military departments to report certain needed financial data. The military departments, however, would

no longer be responsible for accounting and case management of the program.

In 1979, GAO identified the advantages of developing a comprehensive centralized accounting and financial management system. However, since that time, Defense has allowed each military department and the Security Assistance Accounting Center to continue to operate their own financial management and accounting systems. Because of this need for a centralized accounting system, Defense has continued to experience problems in identifying costs incurred to operate the foreign military sales program and has not been able to provide foreign countries with an accurate accounting for funds deposited in their trust fund accounts.

Because Defense has not developed an adequate accounting system, its problems in identifying costs incurred to operate the foreign military sales program and in providing foreign countries with an accurate accounting for their funds have continued. To remedy this serious problem, in May 1979, GAO recommended that the Congress require Defense to produce a plan for centralizing accounting and financial management of its foreign military sales program. This plan was to include obligation and expenditure accounting and disbursing of funds, and was to ensure that all costs properly chargeable to the program were fully recovered.

This committee, in its fiscal 1980 report, recommended that Defense produce a plan for centralizing accounting and financial management. The plan was to be developed by March 1980.

However, Defense did not develop a plan addressing the committee's recommendation. Instead, in March 1980, the Department provided a detailed schedule for completing a centralized disbursement test and providing the findings, conclusions, and recommendations by January 31, 1980. Defense stated that it recognized the need to improve the financial management of the program, but had reservations about centralizing the accounting and disbursing.

By June 1980, it became evident that the centralized disbursement test would not result in valid conclusions, primarily because the number of contracts and cases were considered by Defense to be inadequate to constitute a valid test. Also, because significant delays were encountered, the remaining time available for the test was insufficient. The Defense Audit Service, in September 1980 recommended, and Defense agreed, to expand the test and change the established milestone dates given to the Committee.

A revised test plan was developed in October 1980. The revised plan increased the test size and called for completion by September 30, 1981, with a final report to the Congress by December 31, 1981. However, significant interim milestone dates have been missed. For example, the transfer of the additional contracts for the test was not accomplished by the date planned.

The test addresses centralizing disbursement of funds for selected contracts, and expenditure accounting for contracts. However, the test does not address problems in obligation accounting, expenditure authority, or case level accounting, and does not ensure that all costs properly chargeable to the foreign customers are fully recovered. Although Defense has taken other actions to address its problems, it has not developed a comprehensive plan for an integrated foreign military sales accounting system.

DoD efforts to centralize financial management have, in the past, been primarily limited to billing and collecting. In establishing the Security Assistance Accounting Center in November 1976, Defense sought to centralize billing and collecting. Although the Center has provided standardized billing, collecting, and other financial management controls, it still depends on the military departments' accounting systems for its financial information. For the most part, the Center acts as a clearinghouse operation that reports to foreign customers only what it is told.

Although one of the Center's primary fiduciary responsibilities is to advise foreign customers how their money was spent, the Center has had little, if any, input into the design of the military department systems for reporting financial information. As a result, these systems, which were developed independent of each other, have not provided accurate or timely financial data. For example:

In June 1977, the Assistant Secretary of Defense (Comptroller) directed that a new foreign military sales financial reporting system be adopted. The system, when fully implemented, was intended to give the Department a better view of and control over the use of foreign military sales budget authority and to improve management of the trust fund. Nearly four years after its implementation was mandated by the Assistant Secretary, the system has not been fully implemented and actions by the military services to implement it have varied.

Currently, each service is developing a separate customer order control system and data base that will not be integrated or standardized. The Navy is designing its system, while the Army and the Air Force have partially implemented their systems. These systems, if completely implemented, would give each military department a system to control obligations and expenditures. However, these developments are a step toward three separate accounting systems—not one integrated Defense system at the Security Assistance Accounting Center.

The hearings demonstrated that, as a result of the need for a centralized accounting case level system accompanied by centralized standardized case management, past problems are continuing. Although there was general agreement on this point, there was disagreement on the extent of the problems. However, the hearings made it apparent that, until a centralized accounting system is developed, problems such as inadequate accounting for trust funds can be expected to continue.

The proposed DoD approaches are likely to prove unsuccessful and only waste additional time and money. The Committee once again reiterates the need for Defense to move expeditiously in the establishment of a centralized accounting system for FMS sales. This system need not include centralized disbursing initially, since there is some information that disbursing against the FMS trust fund, if limited to a reasonable number of disbursing activities and reported promptly and accurately to the Security Assistance Accounting Center (SAAC) can be done more economically using existing disbursing offices. The Committee does not wish to preclude centralization of FMS disbursing, if it proves necessary in order to gain effective management control.

STAFFING LIMITATIONS IMPAIR EFFORTS TO IMPROVE ACCOUNTING
AND FINANCIAL MANAGEMENT

One of the most serious constraints on the development of an adequate accounting system for the foreign military sales program, has been limitations on staffing. Security Assistance Accounting Center personnel, although agreeing with the principle of centralization, indicated that the Center does not have adequate personnel or computer capabilities to design and operate the required system.

Additional personnel and resources would probably be needed to develop and carry out a detailed implementation plan for centralization and to assure that any new system provided accurate and timely data before its adoption. The Arms Export Control Act requires foreign countries to reimburse Defense for the cost of administering the foreign sales program. The cost of any additional personnel or computer equipment needed to administer the program will be covered by reimbursements. However, military and civilian personnel ceilings imposed by the Congress and OMB restrict the hiring of additional personnel to administer the foreign sales program. Defense officials said that personnel ceiling and restraints on the purchase of computer equipment have affected their ability to improve their accounting and financial management systems for the program.

Once a centralized system has been developed and thoroughly tested, existing personnel positions in the military departments could be transferred to the central accounting organization, and duplicate accounting operations could be stopped. The new system should conform to the accounting principles and standards prescribed by the Comptroller General and should be submitted to him for approval as required by the Budget and Accounting Procedures Act of 1950.

Because the additional personnel needed to improve accounting and financial management of the FMS program would not cost the U.S. taxpayer any money, personnel ceilings should not be imposed. The Committee believes the personnel ceiling should exclude personnel who spend fifty percent or more of their time on FMS functions. If there is trouble in gaining OMB approval in removing FMS management personnel from Department of Defense ceiling limitations, the Committee recommends that the positions be converted to non-appropriated fund status. These positions are in fact non-appropriated fund because Foreign Governments pay the bill even though they are not counted as non-appropriated fund employees.

PRICING PROCEDURES DO NOT RESULT IN FULL COST RECOVERY

During the past decade, DOD has repeatedly failed to recover all costs of foreign military sales. This failure has resulted in large subsidies to the sales program—a practice which this committee has previously gone on record as wanting Defense to avoid. Continuing weaknesses in pricing procedures and practices have, according to over thirty GAO audits, resulted in hundreds of millions of dollars not being recouped from foreign governments.

Failure to charge the right amount for equipment and spare parts is the most significant overall problem Defense has experi-

ence in pricing foreign sales. However, GAO and Defense auditors have also identified a wide range of other problems regarding the failure to recover full costs such as those for

- administrative support of the program,
- use of U.S. Government-owned plant and equipment, and
- normal inventory losses.

Some of the more serious deficiencies discussed during the hearings require prompt corrective action by Defense.

Pricing of Secondary Equipment Items and Spare Parts

In 1978, Defense was not charging foreign governments the replacement cost of items sold from its inventories as required by law. Defense's failure to charge the replacement cost resulted from

- pricing policies that were ambiguous, conflicting, and difficult to apply; and
- an unworkable system of identifying item replacement cost.

A more current review of pricing for stock fund and secondary items, performed by GAO at the request of Senators Percy and Hollings, showed that Defense is still not recovering replacement costs because item prices are established without

- considering the most recent purchase price,
- accumulating inflation factors, and
- consistently and accurately apply Defense policies and procedures.

As a result, Defense is still losing millions of dollars each year because of underpricing of stock fund and secondary items sold to foreign customers. Accordingly, the Committee is recommending a reduction of \$16.0 million to the procurement accounts, and \$120 million to the stock fund requests. It should be relatively easy for DOD to recover these funds from the customers since final billing or case close-out has not been completed. Procedures for repricing these items can be updated rather quickly.

Recovery of Administrative Support Costs

GAO reports issued in 1977 and 1978 showed that inadequate methods of accounting for and recovering personnel costs incurred in administering the foreign military sales program resulted in millions of dollars of costs not being properly billed to foreign governments. A followup review by GAO indicates that millions of dollars are still not being recovered for administrative costs associated with the foreign purchases of military equipment and services.

In addition, both GAO and the Defense Audit Service have found that the Defense Security Assistance Agency has adopted the position that only those costs that can be proven to vary with fluctuations in the military sales program will be recovered. In the Committee's opinion, this is a restriction upon the military services that will not allow them to budget for identifiable expenses. Examples of identifiable expenses that will not be allowed are:

- Salaries and related expenses for personnel working less than 10 percent of their time on supporting the foreign military sales program.
- Pro rata rent or utilities at locations that are not considered to be 100 percent dedicated to supporting foreign military sales.

—Other miscellaneous expenses, such as base support personnel, that could be prorated based on applicable direct man-years of effort.

An idea of the effect of this restriction can best be conveyed by quoting a high level Air Force official regarding the Air Force's fiscal 1981 administrative budget. Commenting on the restriction, the official said:

This budget estimate was computed by using Defense Security Assistance Agency's interpretation of "full costing." However, if we had used the GAO interpretation, the estimates would be some 750 man-years or \$21 million higher.

Production Costs Still Not Fully Recovered

Since early 1970, GAO has reported that the costs of using Government-owned assets to produce items sold to foreign governments were not being recovered. In all, six GAO reports have been issued disclosing millions of dollars in unrecovered costs. A GAO report, issued in June 1979, recognized that DoD had made a marked improvement in its effort to recover in accounting and billing systems still existed. During fiscal 1979 and early 1980, Defense, acting on GAO's recommendations, collecting over \$52 million in asset-use and rental charges from foreign governments.

DoD has not solved all of its problems in this area. In September 1980, the Defense Audit Service disclosed that DoD had not billed foreign customers for nearly \$1 million in asset-use charges on selected foreign military sales cases. These undercharges resulted because the military services did not ensure that customers were charged for contractors' use of Government-owned facilities and plant equipment and because of cost reporting problems.

Normal Inventory Losses Still Not Recovered

In September 1977, August 1978, and May 1979, GAO reported that Defense appropriations were being used to subsidize the foreign military sales program because customers were not assessed a portion of the cost of normal inventory losses. GAO reported that the Department of Defense was losing millions of dollars on sales to foreign governments each year.

Inventory losses are a normal cost of operating the Defense supply system and include such elements as disposal of excess or obsolete equipment caused by technological improvements and errors in estimating needed quantities, damage and deterioration due to normal wear, shortages and overages discovered in physical inventories, and pilferage.

The Arms Export Control Act was amended in September 1978 to expressly require the recovery of these costs on Defense items sold under cooperative logistics supply support arrangements. However, more recent audits show the military service still have not implemented this requirement.

In a recent report, GAO recognized that the Arms Export Control Act does not expressly require that normal inventory losses be charged on sales under other than cooperative logistics supply support arrangements. GAO has long contended that inventory loss costs should be included on all sales of secondary items. Informa-

tion developed as part of the followup work requested, indicates that Defense will lose several million dollars on secondary item sales each year if a factor for normal inventory losses is not included in sales prices of these items.

There is little doubt that noncooperative logistics supply support arrangement customers benefit from Defense's maintenance of an inventory system. Allocating indirect costs such as inventory losses to all customers benefiting from the system which generated those costs is a standard accounting practice. While the act does not expressly require that inventory loss costs be recovered on noncooperative logistics supply support arrangements, it does not prohibit such charges, and their inclusion would be consistent with the intent of the act that Defense appropriations not subsidize the foreign military sales program. It is also pointed out that the selling price of stock fund items does include a surcharge for normal inventory loss whether or not the sales are under cooperative logistics supply support arrangements. No specific reduction is recommended for inventory losses, but this loss has been taken into consideration in the reduction made for pricing procedures for secondary and stock funded items.

Need To Monitor Implementation of Pricing Policy

The persistence of pricing problems over several years resulted in a GAO recommendation in August 1978, which this Committee supported, that a new or existing organization be given specific responsibility for ensuring effective and consistent implementation of foreign military sales pricing policies. The Security Assistance Accounting Center was told, in September 1978, to periodically perform quality assurance pricing tests. At the time of the Committee's hearing (June 1981), this function has not been fully staffed.

The continuing nature of the many pricing problems discussed during the hearings serves to illustrate the need for one activity to have specific responsibility for administering pricing policy and monitoring pricing systems. Until this activity effectively provides the needed surveillance over the pricing function, problems can be expected to continue. In view of the Committee's earlier guidance concerning staffing limitations and personnel ceilings there is no reason not to provide personnel needed to conduct these pricing reviews.

WAIVERS OF NON-RECURRING COSTS

Congressional oversight and control over the foreign military sales program is necessary to ensure compliance with congressional intent that foreign governments not be subsidized through the program. To carry out this oversight and control, the Congress must have adequate information.

One of the most significant problems of this nature reported by both GAO and Defense auditors is that DoD has not kept the Congress informed of waivers for non-recurring research, development, and production costs. Since 1976, Defense has authorized cost waivers of over \$800 million without being required to report to the Congress on how the United States benefits from the waivers. The Arms Export Control Act provides that the President may waive or reduce charges for non-recurring costs if the sale would significant-

ly advance U.S. interests in NATO weapons standardization or foreign procurement in the U.S. under coproduction arrangements.

In 1976, a Defense Audit Service report stated that the Air Force had not included over \$31 million in recoverable non-recurring production costs on selected sales to foreign countries. Similar practices continued and in 1978, GAO reported on the need for more attention to and control of cost waivers under the foreign military sales program. The report addressed actions taken by DoD to authorize, account for, and report significant costs waived for foreign military sales and the pricing of these sales. The report showed that the Congress had not been informed of the amounts being waived and the specific reasons for granting waivers although this information would have improved its oversight of the program.

GAO, the Defense Audit Service, and the Army Audit Agency all have recently issued audit reports on cost waivers and the failure to recoup the appropriate nonrecurring costs. These reports emphasize the need for compliance with nonrecurring cost recovery requirements and recommend improvements to protect the interests of the United States. Although these deficiencies have been continually reported for the last several years, costs still are either not computed, not computed correctly, or computed but not billed.

Defense did not concur with the GAO recommendations and has waived several hundred million dollars in costs since the GAO report was issued without reporting to the Congress on the amounts of and justifications for these waivers. As a result, the Congress is not being provided a complete picture of the costs excluded from proposed foreign military sales prices. These waived costs are often significant in relation to the total sales price and should be disclosed so that the Congress can carry out its oversight and control responsibility.

A report by the Legislation and National Security Subcommittee of the House Government Operations Committee disclosed that foreign governments waiver requests are granted routinely. The report goes on to state that:

Since DoD is not required to get Congressional approval before authorizing waivers or to report to Congress the amount of the waivers, the value of these amounts are not included in the U.S. financial contributions to NATO.

According to the Director of the Defense Security Assistance Agency, no written criteria for reductions or waivers of pro rata non-recurring costs exist. DoD has rejected GAO's recommendations that such criteria be stated publicly and approved by the Congress. Currently, most waivers are granted on the basis of NATO standardization if a member of the alliance purchases the U.S. manufactured weapon systems.

Aside from NATO standardization, the Defense Security Assistance Agency has granted a waiver when the number of units purchased by a foreign government is increased over the original contract. The sale of F-18 aircraft to Canada resulted in a waiver of \$70 million in non-recurring costs and a matching contribution by the Canadian Government which enabled the Canadian Government to purchase additional airplanes.

It also appears that waivers are granted to facilitate the sale of U.S. weapon systems to other countries. By waiving non-recurring charges, the unit price of the weapon systems can be reduced. The Defense Security Assistance Agency, therefore, often acts as a "salesman" for U.S. manufacturers and also is in the position of influencing the unit price of an item, an apparent conflict of interest.

The bill as reported includes a provision (Section 779) which requires prior notification to the Appropriations Committees whenever DoD proposes to waive cost otherwise required to be recovered under the Arms Export Control Act.

FOREIGN MILITARY SALES, SUMMARY AND CONCLUSIONS

DoD has failed to operate the foreign military sales program at no cost to the U.S. taxpayers. Although the amount lost is in dispute, the U.S. undoubtedly has absorbed hundreds of millions of dollars in costs which should have been recovered from foreign customers. Centralization of foreign military sales accounting and financial management should, in the long term, be the best alternative for solving the accounting and financial management problems now plaguing the foreign military sales program.

The Committee recognizes that full centralization of accounting and financial management for foreign military sales could take several years and, in the short run, require additional staff resources. However, in the long run, this centralization will undoubtedly reduce the overall costs of administering this program. As a result, it is believed that now is the time to move from the study phase to the implementation phase and that personnel whose time is primarily funded by foreign customers should be exempted from personnel ceilings.

DoD pricing policies and practices for foreign military sales of stock fund and secondary items still do not recover estimated replacement costs as required by law. As a result, many millions of dollars continue to be lost and Defense appropriations continue to subsidize the foreign military sales program. To comply with this statutory requirement and the intent of the Congress that these sales not be subsidized, DoD must correct the weaknesses in its pricing policies and practices. The Committee is recommending certain financial adjustments in the bill as discussed earlier.

Defense should also make a reasonable attempt to collect from foreign customers the undercharges that resulted from failure to charge a reasonable approximation of replacement cost.

Action should be taken to attempt to collect undercharges as expeditiously as possible before the military services make final billings for contracts on which the undercharges have occurred. Also, final billings should be adjusted when unauthorized deviations from DoD pricing policies are discovered. The longer it takes to attempt to collect undercharges, the more difficult it will be to recover these amounts from foreign governments.

Also evidence presented at the hearing clearly indicates that Defense may be routinely waiving non-recurring charges without adequately considering whether the sale would significantly enhance U.S. interests in NATO standardization. Although the committee supports the goal of greater standardization within the

NATO alliance, the Committee believes that this exception to the general requirement of recovery of all costs associated with foreign military sales should be more specifically justified. If the laudable goal of increasing NATO standardization is viewed as an automatically applied marketing tool, the chance exists that Congress may rightfully conclude the U.S. taxpayer is being unfairly burdened by a program that is not closely managed. The committee believes that clearly defining and documenting the justification for each waiver is in our national interest and will sustain the support needed for this program.

Finally DoD is directed to: (1) move promptly to phase-in centralized accounting and financial management of the foreign military sales program. This centralization should be accomplished by (a) establishing centralized case level accounting and financial management for all new sales cases, (b) maintaining current accounting systems for existing sales cases, (c) taking action to expedite closure action for existing sales cases, and (d) developing and designing the new centralized accounting and case management system in accordance with the Comptroller General's principles and standards; (2) provide relief from personnel ceilings for individuals who spend more than 50 percent of their time performing foreign military sales functions for which Defense is reimbursed by the foreign customers. This relief will permit Defense to add the necessary personnel to phase in the centralized accounting and financial management system for all new foreign military sales cases while maintaining the present accounting system for existing foreign military sales cases; (3) assign sufficient staff to the quality assurance unit recently established at the Security Assistance Accounting Center to ensure that Defense components adequately and uniformly implement equitable and effective pricing of stock fund and secondary items to avoid subsidies to foreign customers; and (4) report to Appropriations Committee the amounts and justification for waiving non-recurring production and RDT&E cost of the FMS program.

PROCUREMENT OF EAST GERMAN TYPEWRITERS

Testimony was received by the Committee concerning the purchase of manual typewriters, to be used by the military services, from Communist East Germany to the detriment of free-world manufacturers.

There is no prohibition in the Defense Acquisition Regulation against purchases of office equipment from East Germany manufacturers. Office sized manual typewriters from East Germany are sold in the United States far below fair market value, at about half the cost of almost all free-world manufactured manual typewriters. American importers, wholesalers, and retailers cannot compete using products of free-world countries when the manufactured products of a state-controlled economy are allowed into the United States at half the fair market value.

The Committee recommends to the Department of Defense that an examination of existing regulations be made, to consider regulations which would correct purchases of this kind, notwithstanding the Treasury Department's contention that it would not be in our best interest to disqualify East German manufacturers from bid-

ding on ordinary commercial items like manual typewriters considering the excellent balance of trade in favor of the U.S. economy.

MEDICAL OPERATIONS

FIELD HOSPITAL PROGRAMS

The Army, the Navy, and the Air Force are embarking on major programs to provide wartime medical care capability behind the combat zone. The capability is directed to both a NATO and a rapid deployment force scenario. The cost of this program for the Navy alone is estimated to be about \$700 million. The need for this capability is not questioned. In fact, it is doubtful whether we could now provide effective medical care in a war situation involving the RDF. However, the Committee is concerned that there is lack of coordination between the services. This situation can cause overlap, duplication, and the wasteful expenditure of large sums of money. The concern is highlighted by the appearance that the services are taking different approaches to providing this capability.

The Committee believes, therefore, that it is premature to approve procurement funding. There is apprehension with respect to the procurement of this type of hospital because the Committee feels that the Services may not have adequately planned for joint use and support of available medical resources in a NATO/Warsaw Pact conflict or in a rapid deployment scenario. Facilities and personnel may not be employed and/or utilized to their maximum advantage.

The Services are individually responsible for programming funds and resources to provide peacetime medical support. However, in wartime, medical facilities should support United States forces without regard to the parent service of the casualty. The Committee believes plans should be drawn to ensure that maximum usage is made of hospitals regardless of Service affiliation. There are hospitals that the Services have not made plans to expand to maximum capacity to support wartime efforts. There are physical plants which could be expanded to 1,000 beds or more in an emergency. It would seem that this would be a better alternative than a fleet hospital projected to contain 1,000 beds that will cover 60 acres; stored in Oakland, California; and to be flown to a "hot spot" and then probably wouldn't be fully operational for 30 days. There appears to be little or no comprehensive planning for the use of existing facilities (hospitals, schools, or other buildings) that could be converted into hospitals in a more efficient manner than trying to deliver plane loads of collapsable type shelters. More consideration should be given to using troop barracks, dependents' quarters, buildings of opportunity with their related equipment to reduce the anticipated shortfall in bed capacity.

For these reasons, the Committee recommends reductions of \$87,800,000 in Other Procurement, Navy, and \$19,500,000 in Other Procurement, Air Force.

The Committee also recommends that the DoD create a joint project office to coordinate the planning and procurement for field hospitals.

CONTRACTING-OUT HOSPITAL OPERATIONS

For a number of years the Appropriations Committee has been urging the Department of Defense to test the contracting out of an entire military medical facility. In fiscal year 1981 the Committee appropriated \$19.4 million for contracting-out the operation of three non-tertiary care in-patient medical treatment facilities. These funds were not used to contract-out hospital operations but were reprogrammed "to offset higher cost of care provided at PHS and VA facilities" and higher priority "must pay" requirements.

The fiscal year 1982 estimate for contracting out hospital facilities totaled \$29.3 million. The Defense Authorization Bill for 1982 contains a provision prohibiting the contracting-out of an entire medical facility. The authorizing bill also recommends deletion of \$15 million of the \$29.3 million requested for contracting out. The bill as reported by the Committee deletes the remaining \$14.3 million.

Significant administrative foot dragging occurred with respect to testing contract operations of a military hospital. The Appropriations Committee viewed this approach as a means of challenging the status-quo to induce efficiencies and economies in the in-house system. Contracting has been successfully used by city and county governments and by non-profit institutions. The Surgeons General saw contracting as a threat to their organizations.

The Committee believes that contracting-out would have helped the services staff other hospitals where medical personnel shortages exist and improved medical care at locations having high proportions of active duty personnel. The contracted hospitals could have concentrated on areas of high retired population. Also there is good reason to believe that expansion of the in-house system through contracting in certain geographical areas would reduce the need to issue thousands of non-availability certificates making personnel eligible to seek medical assistance elsewhere because the in-house system cannot provide it. The incremental cost of treating additional persons in already operating but under-utilized in-house facilities would have been much less than the cost of CHAMPUS care.

Finally, it was argued that contracting-out would have been detrimental to military readiness and war time health care. This argument assumes that military personnel would not be available in war time because they would have been replaced by contract personnel. Certainly, availability of personnel who are already working for the DoD, even if in a contract status, is more assured than is the availability of a physician or other health provider serving CHAMPUS patients in private practice. Contracting hospital operations, if properly administered, could insure the early availability of additional health care providers to the military health care system.

A larger, more efficient in-house military medical program would reduce dependence on the billion dollar CHAMPUS program that the surgeons general are quick to complain about. The Committee is not unmindful of the many complaints directed at the CHAMPUS program as well as those directed at in-house military medical facilities as they are currently operated. Challenging the existing

system in this way offered an opportunity to make real management improvements in the Defense health care system.

CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES (CHAMPUS)

The revised budget request for the Civilian Health and Medical Program of the Uniformed Services for fiscal year 1982 is \$938,631,000, an increase of \$57,867,000 over the \$880,764,000 appropriated for fiscal year 1981. The original January budget estimate was \$1,006,535,000.

The Committee is recommending a reduction of \$2.5 million of CHAMPUS funds relating to "study monies". CHAMPUS has programmed \$1,231,600 for studies in fiscal year 1982. Also, the DoD stated that an additional \$2 million of CHAMPUS funds are withheld annually to finance studies/projects which are initiated by the Assistant Secretary for Health Affairs. The Committee recommends deletion of the \$2 million in CHAMPUS funds, which are withheld annually to finance studies for the Assistant Secretary of Defense for Health Affairs. The Committee is recommending that \$1 million of this money be transferred to the Office of the Secretary of Defense where it can be identified and justified as money for studies. The Department agrees that several projects funded with CHAMPUS monies should have been charged to the DoD studies and analysis program rather than CHAMPUS. The CHAMPUS request for fiscal year 1982 includes an estimate of \$500,000 to make a "study to determine factors which influence beneficiary access to civilian medical care and providers acceptance of CHAMPUS." The \$500,000 award of a contract that DoD is considering is a study to determine why more physicians do not participate in CHAMPUS. This study would, in effect, test physician participation under outdated procedures. The Department has already taken action on what many perceive are the two possible factors affecting physician participation in CHAMPUS: (1) legislation to make physician reimbursement levels more reflective of current reasonable charges and (2) CHAMPUS has taken major steps to simplify claims processing, including adopting the American Medical Association's claim form and requiring less physician documentation. The provision recommended by the House Armed Services Committee would correct many of these problems and would result in improved health care delivery to military families.

HEALTH CARE PROVIDED IN NON-DEFENSE FACILITIES (PUBLIC HEALTH SERVICE HOSPITALS AND CLINICS)

For fiscal year 1982, the Department of Defense requested funds totaling \$48.9 million to pay for health care provided by Public Health Service hospitals and clinics. The Services' operation and maintenance break-out for fiscal year 1982 shows the Army requesting \$20.4 million, the Navy requesting \$19.9 million, and the Air Force requesting \$8.6 million.

The Committee recommends a total appropriation of \$32.9 million, a reduction of \$16,000,000 distributed as follows: a reduction of \$6.7 million for the Department of the Army; a reduction of \$6.5

million for the Department of the Navy, and a reduction of \$2.8 million for the Department of the Air Force.

The Committee believes that savings to the DoD will be realized since many persons using the Public Health facilities will return to the "in-house" medical system which will only bear the incremental costs, not the full cost of this cost. Obviously, the workload that these dollars pay for will not entirely disappear.

ABORTION

The Committee concurs with the President's recommendation concerning federal funding of abortions. The budget amendment proposal of March 10, 1981, permits the use of Defense funds for abortions only in cases where the mother's life would be endangered if the fetus were carried to term. The recommended language is the same as contained in the House-passed version of the fiscal year 1980 Defense Appropriations Bill.

The language is as follows:

SEC. 757. None of the funds provided by this Act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.

CAPITATION BUDGETING

The Department of Defense had been engaged in a program to test whether a plan to manage medical resources on a population served basis rather than by using past workload data would result in improved medical care and efficiency. Under pressure from rising health care costs that were drawing revenues from other priority military needs, the military health service system engaged a private company in 1976 to develop and test a capitation budgeting system for its hospitals. In one region, capitation budgeting followed traditional lines of authority for budget development and execution (based on past workload data). In the second test region, a tri-service regional committee developed and executed the budget.

Based on independent evaluation of the four year capitation budgeting test, along with comments from the three Services, the Assistant Secretaries of Defense for Health Affairs, Manpower, Reserve Affairs, Logistics, and the Comptroller, the Department concluded: (1) the methodology and regional management aspects tested did not result in significant improvements over the traditional budgeting system, and (2) the management flexibilities included in the test deserve further study as they indicate potential for improving operations.

The net result was that the test was terminated at the end of fiscal year 1981, and that a study of the management flexibilities will be pursued for possible integration into the existing planning, programming, budgeting structure. Therefore, the Committee recommends deletion of the capitation budgeting provision (Sec. 750 of last year's Defense Appropriation Act).

MILITARY GRADUATE MEDICAL EDUCATION PROGRAMS

The number of Army physicians involved in graduate medical education and training programs continues to increase and remains considerably higher than the Navy and the Air Force. The total number of Army physicians engaged in residency education and training as of March 1979 was 1,068; as of June of this year, the number had increased by 192, totaling 1,250, or an 18 percent increase over the March 1979 level. Two years ago the Committee strongly recommended that the Army reduce its graduate medical education programs over a period of years. The Office of Secretary of Defense backed up the Committee on this matter at that time—March 1979 but it is apparent that no progress has been made.

In 1979 the Army had approximately 35 percent of their physicians engaged in graduate medical education and teaching programs; a large portion of these students and instructor physicians were located at the Army medical centers generally distant from the active duty and active duty dependent population. Today the same situation prevails. Information made available to the Committee by the Army Surgeon General on June 23, 1981 shows a total of 3,151 military physicians in the continental United States. Of this total, 1,260 were residents in training. Thus, over 40 percent of the total CONUS Army physicians are in a training status.

The Institute of Medicine stated in its report of July 1981 that almost 60 percent of active duty Army physicians are assigned to eight Army medical centers where most of the Graduate Medical Education is provided. Thus, five percent of Army hospitals employ or teach 60 percent of Army physicians. Most of these large hospitals (medical centers) are located in large cities and are not near posts with major troop concentrations. This results in a significant portion of the patients treated in these centers being retirees, their dependents, and other secondary beneficiaries.

The increase in graduate medical education programs is designed to assist in recruiting and retaining physicians but it has also caused serious mal-distribution of active duty physicians among the facilities operated by each military medical department. Some posts in relatively remote areas are unable to provide essential medical services for the active duty personnel and dependents primarily because of physician shortage—the shortage being caused, in considerable part, by the large percentage of physicians and support staff being used to operate Graduate Medical Education programs in metropolitan areas.

It is obvious that the assignment of 60 percent of Army physicians at large Graduate Medical Education facilities and major medical centers has, and still does have an adverse consequence for the staffing of the military hospitals operated by the Army. It also drives up the numbers of physicians that must be employed by the Army.

The Committee continues to believe that closure of one or two of these facilities would be in the best interest of the Army and the taxpayer.

UTILIZATION OF MEDICAL FACILITIES

For several years, the Committee has discussed the subject of low active duty utilization of medical facilities, particularly Fitzsimons and Letterman Hospitals. The Department of Defense health officials have stated that the government is wasting money in some of these underutilized areas because of political pressure.

Two years ago, the Army Surgeon General testified that "I am probably the first Army Surgeon General who has ever been willing to say that perhaps some of the Army medical centers are located in the wrong place, but don't put the padlock on the door tonight . . ." Two years have passed and there hasn't been any padlock put on any door. As a matter of fact not one step has been taken to relocate these resources.

Senate Report No. 97-67, accompanying the Supplemental Appropriations and Rescission Bill, 1981, states that "The Committee believes the Public Health Service hospital and clinic system no longer can be justified as a Federal expense The Committee is advised by the Administration that occupancy rates of the hospitals have averaged about 67 percent since 1976 compared to national minimum standards of 80 percent occupancy." Testimony reveals that there were over 100 military hospitals that reported occupancy rates of less than 80 percent or the national minimum standard. There were over 30 military hospitals below the 67 percent occupancy rate—the rate that was used as a criteria for closing PHS facilities but not a single military hospital is even being considered for closure. Certainly, the occupancy rates are informative only when interpreted in light of the location, mission, size and to some extent, the supported population, of the health care facility. Nevertheless, if the Administration's criteria for closing the Public Health Service hospitals is based on the fact that the hospitals have averaged about 67 percent occupancy rates since 1976 compared to the national minimum standard of 80 percent occupancy rates, then it would seem that at least some streamlining of the military medical facilities could be accomplished. One way to streamline operations and improve utilization of medical personnel is to close some of the underutilized military medical facilities and transfer the manpower and equipment elsewhere to better serve the active military personnel and their dependents.

ARMY MEDICAL INTELLIGENCE AND INFORMATION AGENCY

The Army Medical Intelligence and Information Agency (MIIA) is located at Fort Detrick, Maryland, and is principally funded in the intelligence budget. Additional funding is provided by the Office of the Surgeon General in Program 8. Also this Agency has used CHAMPUS funds to conduct operations. The mission of the MIIA is to produce scientific and technical medical intelligence studies and reports; administer the exploitation of foreign medical materiel for the Army; to utilize the medical research and development successes of other countries to improve U.S. efforts; and to develop, manage and control medical data bases. As accomplishments, MIIA claims: production of 120 Health Alert and Threat Summaries in support of deployed U.S. forces and for contingency planning; provision of information to medical personnel related to

expected diseases from Cuban and Vietnamese boat people; provision of general medical information to the Air Force in support of VIP trips to foreign countries; evaluation of dangers to medical teams designated to go to El Salvador and other politically unstable areas; and participation in planning for medical support for RDJTF deployments.

A review of the mission and particularly the past accomplishments of this Agency leads the Committee to seriously question its need and utility. The Agency appears to duplicate the efforts of other military and civilian medical hospitals, institutions, agencies, and medical libraries in the United States. The Agency is not an intelligence activity but serves as a medical information agency and as a staff support agency for the Army Surgeon Generals' Office.

The total direct funding estimate of the Army Medical Intelligence and Information Agency amounts to \$1,214,000 for fiscal year 1982. The Committee recommends a reduction of \$485,000 in the Operation and Maintenance account and the closing of the Army Medical Intelligence and Information Agency no later than September 1, 1982. To effect this closing by September 1, 1982, the Committee is recommending the following general provision in the bill:

SEC. 783. None of the funds provided in this Act shall be available for operation of the Army Medical Intelligence and Information Agency after September 1, 1982.

READINESS COMMAND

The Committee considered imposing a reduction to the budget of the Readiness Command with a view toward disestablishing this Headquarters. There is reason to believe the roles and missions of the Command have become unclear since the creation of the Rapid Deployment Joint Task force.

This concern was heightened when the previous Commander of the Command testified he intended to recommend abolishing the headquarters.

The Committee wants to be certain that critical missions would continue to be carried out should Readiness Command be abolished or reorganized in a major way. Certain essential transportation and communication functions and units come under this headquarters. Precipitous action to dissolve the Command at this time could well be counter-productive both from a fiscal and organizational standpoint even though the record suggests that major changes are warranted.

Given this misgiving, the Committee recommends full funding for the Readiness Command headquarters and will pursue the matter in next year's hearings, hopefully, leading to a Committee decision in connection with the fiscal year 1983 budget.

The Department of Defense and Readiness Command leaders should prepare themselves for questioning as to the future requirements for this headquarters to include the planning for alternative command arrangements.

EQUAL OPPORTUNITY PROGRAM GROWTH

The Air Force budget request includes an increase of \$300,000 to start a new journal called "Defense Equal Opportunity Management Institute Journal". This new publication would be produced by a civilian firm and would replace the publication called "Reflections" produced in-house by the Air Force. The Committee believes that such an important effort as Department of Defense-wide equal opportunity policies should continue to be done in-house rather than be farmed out to a civilian firm. Consequently the Committee is deleting the requested increase of \$300,000.

The Navy has requested a real program increase of \$400,000 in fiscal year 1982 in order to advertise the United States Government as an equal opportunity employer. The Committee believes that it is important to insure that there is a representative number of minority personnel within the Department of Navy. However, when the Committee requested specific data to indicate how many additional minority personnel would be hired or if the advertising would be targeted to difficult to recruit areas such as scientists or engineers, the Navy was unable to provide justification. The Committee is consequently deleting the \$400,000 and suggesting that prior to requesting funds to increase this effort, the Navy should be in a position to provide a comprehensive plan as to the targeted audiences, the anticipated improvement in recruiting which would result, and so forth.

AUDIO-VISUAL TRANSFER

In July the Administration submitted a budget amendment to the Congress which made a reduction of \$45.9 million for audio-visual and related activities. In presenting this amendment all of the reduction was applied against the operation and maintenance appropriation even though the procurement and military personnel appropriations contained significant resources to support audio-visual activities.

The Air Force and Navy have requested that the Committee reallocate this reduction in order to make it more equitable and feasible of accomplishment. The bill makes adjustments to the audio-visual program which nets to zero.

WORLD WIDE COMMAND AND CONTROL SYSTEM—TRANSFER

The bill as reported by the Committee also reflects the transfer of \$16 million in WWMCCS (World Wide Military Command and Control System) from the operation and maintenance Air Force appropriation to the O&M, Defense Agencies appropriation—\$2.5 million; the RDT&E Defense Agencies Appropriation—\$8.0 million; and the Procurement, Defense Agencies appropriation—\$5.5 million. The above transfer is required for the Defense Communication Agency to accomplish improvements to the WWMCCS information system and the WWMCCS inter computer network.

OPERATION AND MAINTENANCE, ARMY

Appropriations, fiscal year 1981.....	¹ \$13,160,533,000
Estimate, fiscal year 1982.....	15,207,500,000
Recommended in the bill.....	14,788,712,000
Change	-418,788,000

¹ In addition, \$5,000,000 transferred from other accounts.

The Committee recommends an appropriation of \$14,788,712,000 for Operation and Maintenance, Army. This amount is a decrease of \$418,788,000 from the budget estimate of \$15,207,500,000. The amount appropriated for fiscal year 1981 to date is \$13,160,533,000. The amount recommended herein for fiscal year 1982 is an increase of \$1,628,179,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Army operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, have been allocated as reflected in the following table and the classified annex:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, ARMY					
GENERAL PURPOSE FORCES					
UNIFIED COMMANDS.....	5,981	6,766	7,749	7,749	---
ALASKA FORCES.....	16,990	13,323	13,891	13,891	---
EUROPE FORCES.....	572,559	765,951	1,046,904	1,037,701	-9,203
PACIFIC FORCES.....	134,569	170,557	211,201	211,201	---
SOUTH FORCES.....	5,717	6,457	6,722	6,722	---
CONUS FORCES - FORSCOM.....	386,709	546,681	735,762	735,762	---
OTHER CONUS FORCES.....	60,018	148,861	197,117	197,017	-100
JCS DIRECTED & COORDINATED EXERCISES.....	34,621	51,584	79,623	61,623	-18,000
COMBAT DEVELOPMENT ACTIVITIES.....	414,596	126,447	175,214	175,214	---
BASE OPNS - FORSCOM AND OTHER CONUS.....	428,277	469,976	525,114	525,114	---
BASE OPNS - RPMA - FORSCOM & OTHER CONUS.....	337,603	395,832	512,589	512,589	---
BASE OPNS - EUROPE.....	409,272	535,191	672,382	612,382	-60,000
BASE OPNS - RPMA - EUROPE.....	492,852	640,275	859,954	859,954	---
BASE OPNS - PACIFIC.....	151,096	183,359	232,464	221,914	-10,550
BASE OPNS - RPMA - PACIFIC.....	196,138	196,916	226,941	226,941	---
ECONOMIC ASSUMPTIONS.....	---	---	-166,800	-166,800	---
TOTAL, GENERAL PURPOSE FORCES.....	3,646,998	4,258,176	5,336,827	5,238,974	-97,853
INTELLIGENCE & COMMUNICATIONS					
WORLD-WIDE MIL COMMAND & CON SYS - ADP.....	7,257	8,730	16,638	14,638	-2,000
TRAFFIC CONTROL AND LANDING SYSTEMS.....	17,357	19,564	23,318	23,318	---
FOREIGN COUNTER-INTELLIGENCE.....	5,388	5,952	6,135	6,135	---
SECURITY AND INVESTIGATIVE ACTIVITIES.....	10,693	12,128	12,277	12,277	---
MANAGEMENT HEADQUARTERS - OTHER.....	103	20	---	---	---
BASE OPERATIONS - OTHER.....	32,227	2,812	3,944	3,944	---
BASE OPERATIONS - RPMA - OTHER.....	24,602	2,484	3,217	3,217	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
MISSION INFO IN SEPARATE INTELL JUSTIF BOOK.....	117,268	120,235	143,820	139,835	-3,985
BASE OPERATIONS - INTELLIGENCE.....	---	2,447	1,624	1,624	---
BASE OPERATIONS - RPMA - INTEL.....	---	3,788	5,379	5,379	---
WORLD-WIDE MIL CMD & CON SYS (WWMCCS) FACIL.....	8,353	11,335	7,764	7,764	---
LONG HAUL COMMUNICATIONS.....	223,905	273,738	302,237	300,237	-2,000
COMMUNICATIONS SECURITY (COMSEC).....	14,518	18,832	18,428	18,428	---
MANAGEMENT HEADQUARTERS - COMMUNICATIONS.....	22,985	27,695	28,544	28,544	---
BASE COMMUNICATIONS.....	117,757	144,898	200,595	198,995	-1,600
BASE OPERATIONS - COMMUNICATIONS.....	---	33,976	36,601	36,601	---
BASE OPERATIONS - RPMA - COMMUNICATIONS.....	---	27,239	23,643	23,643	---
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	602,413	715,873	834,164	824,579	-9,585
CENTRAL SUPPLY & MAINTENANCE					
SUPPLY DEPOT OPERATIONS.....	412,157	558,646	683,327	671,627	-11,700
SUPPLY MANAGEMENT OPERATIONS.....	140,083	163,326	173,242	173,242	---
CENTRAL PROCUREMENT ACTIVITIES.....	136,638	166,435	207,910	207,910	---
LOGISTICS ADMIN SUPPORT.....	85,964	101,464	123,688	123,688	---
AUDIOVISUAL SUPPORT - LOGISTICS ELEMENT.....	---	3,892	3,161	3,161	---
RESALE COMMISSARIES.....	146,980	166,100	171,782	166,782	-5,000
TROOP ISSUE SUBSISTENCE ACTIVITIES.....	18,149	22,098	28,087	25,387	-2,700
MANAGEMENT HEADQUARTERS.....	98,407	110,431	106,426	106,426	---
FIRST DESTINATION TRANSPORTATION.....	32,427	40,222	28,831	53,831	+25,000
SECOND DESTINATION TRANSPORTATION.....	561,017	799,804	965,203	941,403	-23,800
INDUSTRIAL PREPAREDNESS OPERATIONS.....	94,814	112,666	111,166	111,166	---
LOGISTICS SUPPORT ACTIVITIES.....	435,125	184,770	167,503	167,503	---
OVERSEAS PORT UNITS.....	41,190	53,697	62,850	62,550	-300
REAL ESTATE ADMIN & CONSTRUCTION SUPERVISION.....	52,871	56,295	60,219	60,219	---
BASE OPERATIONS.....	118,747	154,453	159,748	158,148	-1,600
BASE OPERATIONS - RPMA.....	113,837	124,546	134,893	134,893	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
DEPOT MAINTENANCE.....	790,052	955,320	1,070,855	1,070,855	---
MAINTENANCE SUPPORT ACTIVITIES.....	297,118	377,239	411,167	411,167	---
TOTAL, CENTRAL SUPPLY & MAINTENANCE.....	3,575,576	4,151,404	4,670,058	4,649,958	-20,100
TRN, MED, OTHR GP					
RECRUIT TRAINING.....	5,660	8,773	9,881	9,881	---
ONE STATION TRAINING.....	22,764	22,224	32,950	32,950	---
OFFICER ACQUISITION.....	25,105	25,678	28,802	28,802	---
SENIOR ROTC.....	32,637	40,605	45,775	45,775	---
SPECIALIZED TRAINING.....	116,665	159,982	174,012	174,012	---
FLIGHT TRAINING.....	89,264	105,198	113,811	113,811	---
PROFESSIONAL EDUCATION.....	20,546	26,907	33,144	33,144	---
TRAINING SUPPORT.....	223,737	299,680	330,781	284,881	-45,900
BASE OPERATIONS - TRAINING.....	393,506	462,097	532,685	532,685	---
BASE OPERATIONS - RPMA - TRAINING.....	321,747	406,432	468,740	468,740	---
CARE IN REG DEFENSE FACILITIES.....	220,181	278,646	289,380	289,380	---
STATION HOSPITALS AND MEDICAL CLINICS.....	287,537	366,281	428,972	424,472	-4,500
DENTAL CARE ACTIVITIES.....	42,665	54,636	54,800	54,800	---
CARE IN NON-DEFENSE FACILITIES.....	49,042	42,203	43,064	36,364	-6,700
EDUCATION AND TRAINING - HEALTH CARE.....	37,827	51,335	53,050	53,050	---
COMMAND - HEALTH CARE.....	8,137	8,791	8,704	8,704	---
RECRUITING AND EXAMINING.....	12,761	14,589	15,360	15,360	---
OTHER MEDICAL ACTIVITIES.....	102,448	101,171	105,192	105,192	---
AUDIOVISUAL SUPPORT.....	4,034	4,120	5,545	5,545	---
BASE OPERATIONS - MEDICAL.....	17,914	21,792	22,459	22,459	---
BASE OPERATIONS - RPMA - MEDICAL.....	35,402	38,606	40,722	40,722	---
RECRUITING ACTIVITIES.....	78,821	105,889	132,701	110,201	-22,500
ADVERTISING ACTIVITIES.....	58,308	58,978	67,770	45,270	-22,500
EXAMINING ACTIVITIES.....	26,373	33,216	45,151	40,151	-5,000
OTHER PERSONNEL ACTIVITIES.....	30,036	23,611	28,446	28,446	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
CIVILIAN EDUCATION.....	52,651	69,598	75,271	75,271	---
JUNIOR RESERVE OFFICER TRAINING PROGRAM.....	11,576	14,958	14,690	14,690	---
ARMY CONTINUING EDUCATION SYSTEM.....	81,548	106,619	127,390	102,790	-24,600
AUDIOVISUAL SUPPORT.....	---	8,957	8,606	8,606	---
DOUBLE SUBSISTENCE PAYMENTS.....	---	---	---	-10,000	-10,000
ARMY GUARD AND RESERVE EQUIPMENT.....	---	---	---	-21,300	-21,300
TOTAL, TRN, MED, OTHR GP.....	2,418,912	2,961,572	3,337,854	3,174,854	-163,000
ADMIN & ASSO ACT					
DEPARTMENT HEADQUARTERS SUPPORT.....	82,895	93,177	89,294	89,294	---
PERSONNEL ADMIN SUPPORT.....	85,132	91,617	108,784	108,784	---
PUBLIC AFFAIRS.....	6,439	7,927	7,603	7,603	---
CRIMINAL INVESTIGATION ACTIVITIES.....	14,410	16,174	18,677	18,677	---
SERVICE-WIDE SUPPORT.....	445,872	534,925	615,203	561,353	-53,850
AUDIOVISUAL SUPPORT.....	3,690	4,779	4,396	4,396	---
BASE OPERATIONS.....	28,583	36,271	35,855	35,855	---
BASE OPERATIONS - RPMA.....	25,416	26,107	31,995	28,595	-3,400
TOTAL, ADMIN & ASSO ACT.....	692,437	810,977	911,807	854,557	-57,250
MILITARY ASSISTANCE ACTIVITY					
INTERNATIONAL MILITARY HQ AND AGENCIES.....	84,717	108,177	114,553	114,553	---
MISCELLANEOUS SUPPORT OF OTHER NATIONS.....	1,623	2,505	2,237	2,237	---
TOTAL, MILITARY ASSISTANCE ACTIVITY.....	86,340	110,682	116,790	116,790	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
OTHER ADJUSTMENTS					
FUEL PRICE ADJUSTMENT.....	---	---	---	-19,000	-19,000
SUPPLY ACTIVITIES.....	---	---	---	-9,000	-9,000
OSHA/EPA.....	---	---	---	-4,000	-4,000
REAL PROPERTY MAINTENANCE, WASTE, FRAUD AND ABUSE.....	---	---	---	-8,000	-8,000
QUALITY OF LIFE.....	---	---	---	-10,000	-10,000
ALCOHOL AND SOFT DRINKS.....	---	---	---	-9,000	-9,000
EFFICIENCY REVIEW PROGRAM.....	---	---	---	-12,000	-12,000
TOTAL, O&M, ARMY.....	11,022,676	13,008,684	15,207,500	14,788,712	-418,788

INDIRECT HIRE FOREIGN NATIONAL EMPLOYEES

The Army budget for FY 1982 includes approximately \$4,573,000,000 to pay civilian personnel. During fiscal years 1981 and 1982 the Army proposes to add about 15,600 more foreign national employees out of a total addition of 21,200. By far the largest allocation of these spaces is to replace borrowed military manpower in order to return a soldier back to his unit. Other increases in Army civilian personnel strengths involve additions to depot maintenance, procurement activities, supply and contract administration. The netted increase to the Army's FY 1982 budget resulting from the addition of these civilian workers is approximately \$285 million.

The bill as proposed by the Committee deletes 5,000 of the foreign national hires and directs that the Army seek ways to hire U.S. citizens on a non-PCS basis to fill a large portion of the other 5,000 foreign nationals requested for FY 1982. A general provision is proposed in the bill which would prohibit hiring foreign national employees in overseas area when a U.S. citizen is available at the overseas area. This provision is added to insure that the Army can make maximum use of American citizens (largely dependents of military personnel) in filling these positions.

POMCUS

The Committee reports of the last two years have expressed some of the Committee's concerns with respect to the proposals to increase the numbers of division sets of equipment prepositioned in Europe as a part of the POMCUS program. (See report 96-1317, FY 1981 pages 167-170 and report 96-450, FY 1980 pages 229-231). The POMCUS approach to reducing response times for U.S. forces to Europe was first used in conjunction with the 1961 Berlin crisis. The objective of the POMCUS program is to reduce U.S. deployment time in response to a Warsaw Pact attack against NATO's central region. By prepositioning combat and support equipment, the initial war time movement requirement is reduced since only the personnel and their personal equipment need be moved by aircraft.

In the Committee's opinion the proposals to expand the number of division sets of equipment in storage in Europe from four to six represents too much of a good thing. The United States has a very limited number of active Army combat divisions. (Sixteen divisions, three of which are only partially manned by active personnel). Considering this nation's worldwide military requirements and the limited numbers of Army forces available to meet this threat the addition of more equipment in Europe further reduces already limited capabilities to deploy elsewhere. The Army is fully aware of this problem as reflected from the following quotations taken from the Army white paper which was written to provide a framework to structure the Army of the 1980's:

The threats to US interests beyond Europe likely to emerge in the decades ahead will be extraordinarily diverse. The increased demand for limited resources worldwide is likely to undergird confrontations. They include not only the USSR, but heavily armed Soviet surrogates

and independent, militarily sophisticated Third World nations. Threats to US security outside of Europe in the 1980s will span an increased spectrum of conflict ranging from terrorism to insurgency to highly intense conventional warfare. Such contingencies could occur in a variety of militarily demanding environments, from deserts to mountainous regions to tropical rain forests. The requirement for flexibility is apparent. * * *

Our capabilities to project combat power worldwide must be improved. We are approaching the upper limits of feasibility in the POMCUS programmed for Europe. Further improvement must come from improved strategic mobility (particularly fast sealift) force structure changes, Host Nation Support, and, where possible, lighter more capable forces. The strategic deployability of the Army's rapid deployment forces must make a quantum improvement. There will be no major near term improvement in the capability of airlift to move heavy forces. We must seek alternatives such as deployment by fast moving Roll-On Roll-Off ships, and light, mobile anti-armor capable forces that can be deployed by air. * * *

Our current program for the rapid reinforcement of NATO has focused on the early deployment of heavy forces. However, we must continually examine the utility of light, rapidly deployable divisions in Central Europe to achieve a balance of heavy and light forces that will provide a better overall defense given the terrain variations and urban sprawl that exists and is projected in much the region. * * *

Given the limited sustainment capability of most potential adversaries, the critical phase of the conflict is likely to take place within the first few weeks as enemy forces attempt a quick, decisive victory. In most cases where a sophisticated threat is present, there will be a need for some anti-armor capability early. The limitations posed by strategic airlift argue in favor of further development of fast sealift and some form of limited prepositioning. A force element, incorporating new technologies in conjunction with light infantry, could enhance flexibility and achieve the early presence necessary to preclude an unopposed threat victory and permit US forces to gain the initiative. This concept would be enhanced by designing follow on heavy forces that could begin immediate movement on prepositioned Roll-On Roll-Off ships when the decision to commit forces is made.

The Committee believes that the philosophy expressed in the above paragraphs from the Army's own white paper is correct. There is a clear need to retain flexibility with respect to the deployment of remaining Army divisions, less those already forward deployed or those for which equipment is pre-deployed in Europe, through the increased use of rapid deployment ships. The Committee fully supports the budget proposals to provide a near term roll-on roll-off ship capability to our Armed Forces.

A study by the Congressional Budget Office determined that if an attack on Western Europe came without warning, or with little warning, the POMCUS stocks might be vulnerable to destruction by both ground and air attack because units from the United States could not arrive soon enough to withdraw the equipment from storage sites. On the other hand this study showed that if the attack occurred following a lengthy Warsaw Pact buildup and the U.S. reacted to that buildup, programs to increase the number of divisions in POMCUS are less effective than spending equal sums to modernize the Army more rapidly or to increase the overall size of the Army.

The reserve forces policy board has also stated that increasing the POMCUS goal from the original three full division sets to the currently proposed six division sets means the withdrawal of equipment from the Army guard and reserve or further delays in providing these reserve components with modern equipment compatible with that in the active force. Continued drawdowns of reserve component equipment hampers training and reduces morale in addition to inhibiting the training of additional units and replacements in the early months of a national defense emergency. While the Army has made a commitment not to further drawdown reserve component equipment for POMCUS purposes current policy will have the effect of slowing down the flow of equipment into reserve components and continue to degrade reserve component readiness.

The fiscal year 1982 request includes \$166.6 million for support of the POMCUS program. Included in this amount is approximately \$12.5 million for procurement of tool kits and load list items and for preparation of vehicles to transfer to division set five. The bill as reported by the Committee deletes this \$12.5 million and contains a general provision prohibiting the expenditure of funds for division sets five and six. The Committee hopes that this action will put to rest the issue of additional POMCUS sets for Europe and cause the Department of Defense to move forward expeditiously with programs to improve fast sealift.

The Committee realizes that international relations type arguments will be raised against the Committee's position including the "old hat" of not living up to our agreements. The fact remains that the United States has made a major new commitment to the NORTHAG region in recent years. This major new commitment was done without any changes to formal agreements and only the implied consent of the Congress. Also, the division sites under construction, principally division site five, are being built with NATO infrastructure funding and thus the facility could be used for the storage of war reserve equipment by any of the NATO allies. Finally, since the decision to "POMCUS" more division sets in Europe, the United States has incurred major new military responsibilities in Southwest Asia as a result of the Soviet invasion of Afghanistan and the revolution in Iran. These responsibilities can not be met by Army divisions when their equipment is stored in Europe.

FORCE MODERNIZATION AND INTRODUCTION OF NEW WEAPON SYSTEMS

The Army's operation and maintenance request for fiscal year 1982 contains a major increase for introducing new weapon systems into the Army force structure. The amount requested is \$977 million compared with \$421 million in FY 1981. The Committee has considerable doubts as to the accuracy of some of the individual increases proposed within this effort but has provided funding as requested for all items except one. For example the request does not reflect slowed deliveries of equipment from procurement. The bill as reported deletes an increase of \$5.9 million. This increase is for studies and analysis (computer programming, etc.) at the TRADOC Combat Development Activities Center. This increase cannot be justified as an item of force modernization.

The Committee will also request the General Accounting Office to undertake a detailed review of the Army's system for programming, budgeting and accounting for these force modernization efforts. The Army projects the cost of introducing new weapon systems to increase from the current annual rate of \$421 million to \$2.6 billion during the next five years.

RUSTPROOFING VEHICLES IN HAWAII

The budget request includes \$4.5 million in FY 1982 and \$3.1 million in FY 1981 to repair rust damage to vehicles which have been stored outside in Hawaii. As of the end of October 1981, no contract had been awarded even though fiscal year 1981 funds were available. The budget proposal estimates labor costs on this contract at \$29 an hour. The Committee's alternative would propose a more reasonable labor rate of \$20 an hour. Even if the contract agreement exceeds the labor cost estimates in the bill, delays in contract awards make the reduction feasible.

EUROPEAN AMMUNITION PROGRAM

The Army budget request included an increase of \$26.9 million related to the on-going ammunition build-up in Europe. Transportation funds are not included in this portion of the increase. The increase was to finance a level of effort in FY 1982 which would be about 35,000 tons greater than that accomplished in FY 1981. There has been a continuing problem in overcoming the storage space shortages caused by safety considerations, environmental problems and delays in construction. The Army's own figures indicate that it will not have room ready on time to store the ammunition. The Committee recommends a reduction of \$17.1 million to more closely reflect the storage capacities.

ARMY NATO CONTRIBUTION

The Army has budgeted an increase of \$5.9 million in fiscal year 1982 for anticipated increases required in the U.S. contribution to the NATO military budget. The Army has revised the estimate of its share of the NATO contribution and a reduction of \$3.4 million is recommended.

NEW CUMBERLAND ARMY DEPOT

The Committee has not provided funding to transfer personnel from the helicopter maintenance program at the New Cumberland Army Depot. The Committee recommends that all such maintenance activity be continued at New Cumberland through fiscal year 1982.

ARMY STOCK FUND

Appropriations, fiscal year 1981.....	\$34,000,000
Estimate, fiscal year 1982.....	211,300,000
Recommended in the bill.....	163,300,000
Change	-48,000,000

The change in the estimate for the Army stock fund is explained in the Foreign Military sales section of the report.

OPERATION AND MAINTENANCE, NAVY

Appropriations, fiscal year 1981.....	¹ \$17,728,799,000
Estimate, fiscal year 1982.....	19,611,170,000
Recommended in the bill.....	19,258,970,000
Change	-352,200,000

¹ In addition, \$135,500,000 transferred from other accounts.

The Committee recommends an appropriation of \$19,258,970,000 for Operation and Maintenance, Navy. This amount is a decrease of \$352,200,000 from the budget estimate of \$19,611,170,000. The amount appropriated for fiscal year 1981 to date is \$17,728,799,000. The amount recommended herein for fiscal year 1982 is an increase of \$1,530,171,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Navy operation and maintenance budget, as previously discussed or as discussed elsewhere in the report have been allocated is reflected in the following table and the classified annex:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, NAVY					
STRATEGIC FORCES					
FBM SHIP OPERATIONS.....	57,247	74,067	80,232	73,232	-7,000
FBM SHIP CHARTER.....	25,492	30,045	24,709	24,709	---
FBM SHIP MAINT. & MOD.....	524,570	652,526	517,555	517,555	---
FBM SUPPORTING PROGRAMS.....	11,491	15,054	15,648	15,648	---
STRATEGIC WEAPONS SYSTEMS.....	398,944	455,248	478,397	460,397	-18,000
TRIDENT SYSTEM OPERATIONAL SUPPORT.....	91,268	130,212	219,112	214,112	-5,000
TRIDENT COMMAND & MANAGEMENT.....	2,891	3,880	4,225	4,225	---
FLEET COMMAND (FBM).....	3,637	3,760	3,670	3,670	---
FBM AIRBORNE COMMUNICATIONS.....	14,458	18,399	27,598	27,598	---
FBM SHIP/SHORE COMMUNICATIONS.....	16,303	17,857	18,380	18,380	---
MISSILE AND SPACE DEFENSE.....	5,639	7,065	7,363	7,363	---
CRUISE MISSILE (TRANSF TO BA 2 IN FY 1981).....	5,186	---	---	---	---
ACTIVATIONS/INACTIVATIONS.....	32,297	3,535	---	---	---
BASE OPERATIONS.....	82,411	97,035	86,157	80,057	-6,100
LESS FY 1982 ANTICIPATED PAY RAISE.....	---	---	-7,822	-7,822	---
LESS STOCK FUND CREDIT.....	---	-10,000	-3,000	-3,000	---
TOTAL, STRATEGIC FORCES.....	1,271,834	1,498,683	1,472,224	1,436,124	-36,100
GENERAL PURPOSE FORCES					
TACAIR/ASM.....	898,452	1,040,889	1,137,935	1,153,935	+16,000
FLEET AIR OPERATIONS SUPPORT.....	116,555	156,399	144,210	144,210	---
AIR LOGISTIC SUPPORT SHIPS.....	3,401	3,667	3,580	3,580	---
GENERAL PURPOSE SHIP OPERATIONS.....	1,461,684	1,935,404	2,189,384	2,289,384	+100,000
GENERAL PURPOSE SHIP CHART.....	254,838	382,212	423,199	423,199	---
GENERAL PURPOSE SHIP MAINT. & MOD.....	2,719,333	3,367,823	3,936,825	3,917,225	-19,600

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
GENERAL PURPOSE SHIP OPS, SUPPORT.....	19,291	31,717	30,805	30,805	---
BASE OPERATIONS.....	1,072,918	1,282,177	1,291,077	1,285,277	-5,800
AIR SPECIAL SUPPORT.....	15,683	23,184	26,980	26,980	---
CONSTRUCTION BATTALION OPERATIONS.....	33,266	36,007	38,925	38,925	---
SPECIAL COMBAT SUPPORT.....	25,877	39,076	39,672	39,672	---
FLEET AIR TRAINING.....	193,331	241,793	271,409	271,409	---
FLEET AIR TRAINING SUPPORT.....	11,347	15,605	16,649	16,649	---
FLEET SHIP TRAINING SUPPORT.....	3,292	3,791	4,218	4,218	---
FLEET COMMANDS & STAFFS.....	84,432	114,755	208,647	208,147	-500
UNIFIED COMMANDS.....	13,958	20,079	22,483	22,483	---
UNDERSEA SURVEILLANCE PROGRAMS.....	9,308	10,160	13,234	13,234	---
CRUISE MISSILE.....	---	6,999	13,283	9,883	-3,400
JCS DIRECTED & COORD. EXERCISES.....	2,267	8,194	18,663	6,463	-12,200
FINANCING CHANGE ORDERS SCOPE OF EFFORT SHIP OVERHAULS	---	---	---	58,000	+58,000
ADVANCE FUNDING SHIP OVERHAULS.....	---	---	---	-82,400	-82,400
NAVAL COMMAND & CONTROL SYSTEM.....	21,829	23,036	27,374	27,374	---
FOREIGN CURRENCY.....	19,510	22,400	---	---	---
LESS FY 1981 ANTICIPATED PAY RAISE.....	---	---	-66,777	-66,777	---
DEPOT LEVEL REPAIRABLE CREDITS.....	---	-100,700	-39,500	-39,500	---
CPETE CREDITS.....	---	---	-6,600	-6,600	---
ECONOMIC ASSUMPTIONS.....	---	---	-53,000	-53,000	---
TOTAL, GENERAL PURPOSE FORCES.....	6,980,572	8,664,667	9,692,675	9,742,775	+50,100
INTELLIGENCE & COMMUNICATIONS					
CONSOLIDATED CRYPTOLOGIC PROG.....	54,226	73,342	77,758	77,758	---
GENERAL DEFENSE INTELL PROG.....	76,302	85,471	98,850	98,250	-600
FOREIGN COUNTER-INTELLIGENCE.....	2,127	2,589	3,294	3,294	---
SPECIAL ACTIVITIES.....	47,085	40,883	50,009	50,009	---
STATION OPERATIONS (T&CCP).....	49,228	52,727	62,904	62,904	---
LEASED COMMUNICATIONS (T&CCP).....	85,281	102,540	117,860	176,260	+58,400

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
EQUIPMENT INSTALLATION (T&CCP).....	25,275	23,079	35,059	35,059	---
COMMUNICATIONS SECURITY.....	10,048	14,282	14,046	14,046	---
OTHER TELECOMMUNICATIONS.....	314	358	406	406	---
WORLD-WIDE MIL COMMAND & CONTROL.....	13,436	14,229	14,597	13,197	-1,400
MANAGEMENT HEADQUARTERS (T&CCP).....	5,292	6,025	6,403	6,403	---
ENVIRONMENTAL SUPPORT FOR STRATEGIC SYS.....	41,840	52,034	56,193	56,193	---
ENVIRONMENTAL SUPPORT FOR TAC & SURVEIL SYS.....	39,127	45,791	54,728	54,728	---
ENVIRONMENTAL SUPPORT FOR NAVIGATION & CHART.....	10,754	24,546	22,446	22,446	---
PREDICTION SUPPORT FOR COMMAND AND CONTROL.....	7,748	11,591	11,723	11,723	---
NAVAL INVESTIGATIVE SERVICE.....	22,745	26,728	30,796	30,796	---
NAVAL OBSERVATORY.....	3,668	4,442	4,676	4,676	---
BASE OPERATIONS.....	83,203	102,426	109,457	107,857	-1,600
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	577,699	683,083	771,205	826,005	+54,800
CENTRAL SUPPLY & MAINTENANCE					
AIRCRAFT REWORK & MAINTENANCE (NASC).....	994,849	1,388,492	1,474,115	1,474,115	---
AIR LAUNCHED WEAPONS REWORK (NASC).....	35,038	57,274	78,089	78,089	---
CALIBRATION (NASC).....	34,655	47,187	59,698	59,698	---
GROUND SUPPORT EQUIPMENT REWORK (NASC).....	36,182	50,376	76,113	76,113	---
OTHER AVIATION SUPPORT(NASC).....	15,912	18,593	24,818	24,818	---
PROCUREMENT OPERATIONS (NASC).....	29,601	31,447	31,062	31,062	---
COMMAND & ADMINISTRATION (NASC).....	15,559	14,304	14,884	14,884	---
OPERATIONAL SUPPORT-FIELD (NASC).....	50,985	54,338	53,847	53,847	---
INDUSTRIAL PREPAREDNESS (NASC).....	1,412	1,351	1,841	1,841	---
INACTIVE ACFT STORAGE & DISPOSAL (NASC).....	2,727	2,074	1,885	1,885	---
FIELD OPERATIONS (NASC).....	99,279	104,294	110,897	109,297	-1,600
LOGISTIC SUPPORT SERVICES (NASC).....	41,720	50,866	70,833	66,833	-4,000
MAINTENANCE ENGINEERING & SPT SVCS (NASC).....	46,000	52,574	58,819	53,819	-5,000
MATERIAL MNGT & INFO SYSTEM (NASC).....	---	1,867	1,441	1,441	---
OPERATIONAL EQUIP./SYS. TESTING (NASC).....	17,993	21,145	21,041	21,041	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
TECHNICAL SUPPORT (NASC)	70,977	76,140	115,325	109,325	-6,000
ASW TECHNICAL SUPPORT (NASC)	9,512	11,793	6,740	6,740	---
BASE OPERATING SUPPORT (NASC)	4,019	9,018	11,775	11,775	---
RSS&I (NSSC)	46,051	51,179	56,064	56,064	---
PROCUREMENT OPERATIONS (NSSC)	157,310	173,937	186,584	186,584	---
COMMAND (NSSC)	27,813	27,951	27,234	27,234	---
OPERATIONAL SUPPORT (NSSC)	92,622	102,783	100,521	100,521	---
INDUSTRIAL PREPAREDNESS (NSSC)	1,552	1,871	2,496	2,496	---
FIELD OPERATIONS (NSSC)	35,972	45,438	48,390	44,590	-3,800
LOGISTICS SUPPORT SERVICES (NSSC)	20,141	19,803	19,549	19,549	---
OPERATIONAL EQUIP./SYS TEST (NSSC)	13,077	11,014	13,418	13,418	---
SALVAGE (NSSC)	7,047	6,670	6,320	6,320	---
MATERIAL MGMT & INFO SYS (NSSC)	13,147	23,316	18,087	18,087	---
SMS LOGISTICS & MAINTENANCE (NSSC)	63,761	78,699	115,331	115,331	---
SEARCH RADAR (NSSC)	17,482	22,265	30,922	30,922	---
MAINTENANCE ENG & SPT SVCS (NSSC)	11,829	16,492	24,933	24,933	---
SHIPS & ORDNANCE MAINT, ACT, (NSSC)	24,513	25,850	26,994	26,994	---
IMPROV. OF OPERATIONAL EQUIP SYS (NSSC)	30,414	34,479	42,411	42,411	---
ASW SUPPORT (NSSC)	77,147	84,890	107,682	107,682	---
INACT SHIPS MAINT FAC (NSSC)	4,449	6,630	6,976	6,976	---
MAJOR EQUIP SUPPORT (NSSC)	22,201	30,386	49,837	49,037	-800
NECULEAR PROP TECH LOG (NSSC)	29,515	32,998	36,188	36,188	---
MAINTENANCE SYSTEMS (NSSC)	14,443	15,176	17,668	17,668	---
ELECTRONIC SUPPORT (NSSC)	---	---	210	210	---
TECHNICAL SUPPORT (NSSC)	59,842	60,511	76,892	64,592	-12,300
SURFACE ORDNANCE MAINT, SPT, (NSSC)	13,884	18,042	24,541	18,541	-6,000
PLANNING & ENGINEERING PERA (NSSC)	14,206	15,092	17,925	17,925	---
SURFACE ORD REWORK (NSSC)	23,571	34,164	58,067	58,067	---
SHPRD/ELEC MAT'L REWORK (NSSC)	145,927	147,202	83,409	83,409	---
CALIBRATION (NSSC)	8,300	10,451	15,227	15,227	---
AS'ASW MAINTENANCE SUPPORT (NSSC)	86,125	91,044	144,928	144,928	---
OTHER SEA MAINTENANCE SUPPORT (NSSC)	36,570	42,705	45,460	44,760	-700

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
TRAINING SUPPORT (NSSC).....	6,700	---	---	---	---
BASE OPERATIONS RPMA (NSSC).....	23,047	22,783	26,533	26,533	---
BASE OPERATIONS, OTHER (NSSC).....	5,515	3,373	8,129	8,129	---
COMMAND & ADMINISTRATION(NESC).....	5,684	5,490	6,342	6,342	---
FIELD OPERATIONS (NESC).....	21,689	24,655	23,487	23,487	---
OPERATIONAL SUPPORT-FIELD (NESC).....	16,872	17,663	17,247	17,247	---
PROCUREMENT OPS (NESC).....	4,635	18,845	18,972	18,972	---
AIR STATION ELECT SYS (NESC).....	15,953	22,034	34,605	34,605	---
SHIPBOARD ELECT SYS SPT(NESC)*.....	7,870	7,254	7,251	7,251	---
TACTICAL ELECTRMAG PROGRAMS (NESC).....	10,254	13,696	17,225	17,225	---
REMOTE SENSORS (NESC).....	5,433	6,162	6,608	6,608	---
SHIPBOARD ELECT MAT'L REWORK (NESC).....	32,104	27,448	14,648	14,648	---
CALIBRATION (NESC).....	14,271	19,777	29,052	29,052	---
OTHER ELECT MAINT SPT (NESC).....	7,933	9,800	6,331	6,331	---
INDUSTRIAL PREPAREDNESS (NESC).....	269	494	492	492	---
LOGISTIC SUPPORT SERVICES (NESC).....	1,725	2,701	2,885	2,885	---
MAINT ENG & SPT SERVICES (NESC).....	6,797	10,120	10,511	10,511	---
SHIPBOARD SURVEILLANCE (NESC).....	18,951	31,552	37,722	37,722	---
ELECTRONIC SUPPORT(NESC).....	15,026	16,914	16,901	16,901	---
UNDERSEA SURVEILLANCE (NESC).....	66,534	87,191	102,142	102,142	---
OTHER TRAINING SUPPORT (NESC).....	6,262	---	---	---	---
OMEGA (NESC).....	6,792	---	---	---	---
BASE OPERATIONS (NESC).....	3,764	4,091	4,360	4,360	---
SUPPLY DEPOTS (NSUPSC).....	129,478	162,777	182,425	182,425	---
INVENTORY CONTROL POINTS (NSUPSC).....	135,269	154,558	169,502	169,502	---
PROCUREMENT OPERATIONS (NSUPSC).....	31,829	28,447	31,370	27,170	-4,200
COMMISSARY STORES (NSUPSC).....	55,027	59,552	62,985	58,985	-4,000
COMMAND (NSUPSC).....	19,911	21,297	22,177	22,177	---
TRANSPORTATION (NSUPSC).....	334,796	402,826	413,314	413,314	---
BASE OPERATIONS RPMA (NSUPSC).....	42,601	51,370	51,274	51,274	---
BASE OPERATIONS, OTHER (NSUPSC).....	61,761	63,700	65,320	65,320	---
COMMAND (NFEC).....	12,969	13,787	14,350	14,350	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
ENGINEERING FIELD DIV. (NFEC).....	36,267	44,142	46,126	46,126	---
FACILITIES LOGISTIC SUPPORT (NFEC).....	36,779	42,466	82,139	82,139	---
BASE OPERATIONS (NFEC).....	96,845	125,178	172,269	172,269	---
COMMAND (CNM).....	21,747	30,241	31,887	30,241	-1,500
FIELD OPERATIONS (CNM).....	---	11,870	18,258	18,258	---
EMPLOYEE COMP FUND (CNM).....	85,745	84,800	98,820	86,820	-12,000
NAVY IND. & STOCK FUND SUPPORT (CNM).....	501,854	204,256	---	---	---
BASE OPERATIONS (CNM).....	278	262	---	263	---
NAVY REGIONAL DATA AUTOMATION CNTRS (CNO).....	63,572	75,366	93,897	84,797	-9,100
LOGISTIC SUPPORT SERVICES (CNO).....	295	4,921	8,858	8,858	---
BASE OPERATIONS (CNO).....	5,110	7,575	7,306	7,306	---
TOTAL, CENTRAL SUPPLY & MAINTENANCE.....	4,601,544	5,165,605	5,581,470	5,510,470	-71,000
TRN, MED, OTHR GP					
RECRUIT TRAINING.....	3,068	3,003	3,243	2,843	-400
SPECIALIZED SKILLS.....	50,962	75,827	84,133	81,833	-2,300
OFFICER ACQUISITION.....	30,098	32,848	35,499	33,999	-1,500
PROFESSIONAL DEVELOPMENT & EDUCATION.....	13,961	16,268	15,940	15,940	---
NROTC.....	19,756	21,795	23,702	23,702	---
FLIGHT TRAINING.....	148,094	173,761	210,782	209,582	-1,200
ROUTINE MAINTENANCE.....	12,337	19,318	22,461	22,461	---
OTHER TRAINING SUPPORT.....	73,908	109,997	144,968	144,968	---
CARE, REGIONAL DEFENSE FACILITIES.....	82,723	92,500	98,971	98,971	---
STATION HOSPITALS & MEDICAL CLINICS.....	92,891	113,114	137,268	130,868	-6,400
DENTAL CARE ACTIVITIES.....	8,938	10,432	11,048	11,048	---
CARE IN NON-DEFENSE FACILITIES.....	44,161	42,327	45,952	39,452	-6,500
OTHER HEALTH ACTIVITIES.....	21,346	28,242	28,080	28,080	---
EDUCATION & TRAINING HEALTH CARE.....	17,522	22,314	26,124	26,124	---
COMMAND-HEALTH CARE.....	6,411	6,856	7,091	7,091	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
RECRUITING ACTIVITIES.....	50,845	62,521	66,955	60,955	-6,000
ADVERTISING ACTIVITIES.....	21,481	20,214	22,180	17,180	-5,000
OTHER PERSONNEL SERVICES.....	40,657	56,170	62,024	61,524	-500
OFF-DUTY VOLUNTARY ED.....	15,638	20,232	22,833	21,833	-1,000
CIVILIAN EDUCATION.....	11,813	14,339	15,892	15,192	-700
NJROTC.....	3,871	4,299	4,678	4,678	---
BASE OPERATIONS.....	432,243	531,395	568,024	566,524	-1,500
TOTAL, TRN, MED, OTHR GP.....	1,202,724	1,477,772	1,657,848	1,624,848	-33,000
ADMIN & ASSO ACT					
SECNAV STAFF OFFICES.....	22,432	25,256	25,148	24,548	-600
CNO STAFF OFFICES.....	21,752	22,921	25,315	25,315	---
NAVY FINANCE ACTIVITIES.....	56,484	65,157	71,346	71,346	---
NAVY AUDIT SERVICE.....	17,149	18,859	18,963	18,963	---
NAVAL DISTRICTS.....	789	---	---	---	---
BOARD OF INSPECTION & SURVEY.....	1,321	1,292	1,850	1,850	---
NAVAL DATA AUTOMATION COMMAND.....	7,098	8,449	8,863	8,863	---
NAVAL SAFETY CENTER.....	3,958	4,368	4,509	4,509	---
NAVAL HISTORICAL CENTER.....	1,430	1,612	1,746	1,746	---
JUDGE ADVOCATE GENERAL-FIELD.....	1,227	2,032	2,191	2,191	---
NAVAL LOGAL SERVICES OFFICES.....	3,055	4,414	4,719	4,719	---
PUBLIC AFFAIRS.....	1,929	2,192	2,264	2,264	---
HISTORICAL SHIPS.....	626	666	999	999	---
OPNAV SUPPORT ACTIVITY.....	5,195	5,300	5,380	5,380	---
CONSOLIDATED CIVILIAN PERSONNEL OFFICES.....	7,676	8,650	8,602	8,602	---
NAVAL CIVILIAN PERSONNEL COMMAND-FIELD.....	6,912	7,341	8,591	7,991	-600
NAVY MANPOWER & MAT'L ANALYSIS CNTRS.....	10,813	14,775	16,339	14,839	-1,500
MANAGEMENT HEADQUARTERS.....	12,556	11,157	12,558	12,158	-400
NAVAL MILITARY PERSONNEL COMMAND.....	45,158	51,494	56,625	56,625	---
ENLISTED PERSONNEL MANAGEMENT CENTER.....	3,283	3,251	3,251	3,251	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommend	Recommended versus 1982 Budget
NAVY FAMILY ALLOWANCE ACTIVITY.....	1,729	1,995	2,032	2,032	---
NAVY PERSONNEL EVALUATION BOARDS.....	3,102	3,539	3,622	3,622	---
HUMAN RESOURCES MANAGEMENT CENTER.....	175	217	248	248	---
BASE OPERATIONS.....	82,024	100,091	108,806	81,106	-27,700
PAYMENTS FOR POSTAL SERVICES.....	30,532	35,293	37,257	37,257	---
VICE PRESIDENT'S GROUNDS SUPPORT.....	161	162	168	168	---
WHITE HOUSE/MCDEC HELICOPTER SUPPORT.....	2,830	3,153	3,477	3,477	---
CONGRESSIONAL TRAVEL.....	104	89	112	112	---
NCR FACILITIES & SERVICES STAFF.....	600	616	602	602	---
TOTAL, ADMIN & ASSO ACT.....	352,100	404,341	435,583	404,783	-30,800
OTHER ADJUSTMENTS					
INTERNATIONAL HQTS. & AGENCIES.....	113	148	165	165	---
DOUBLE SUBSISTENCE PAYMENTS.....	---	---	---	-10,000	-10,000
PER DIEM COMMITTEE.....	---	---	---	-3,000	-3,000
ARMY GUARD AND RESERVE EQUIPMENT.....	---	---	---	-27,500	-27,500
FUEL PRICE ADJUSTMENT.....	---	---	---	-181,000	-181,000
AUDIO VISUAL ACTIVITIES.....	---	---	---	5,900	+5,900
SUPPLY ACTIVITIES.....	---	---	---	-13,000	-13,000
REAL PROPERTY MAINTENANCE - WASTE, FRAUD, AND ABUSE.....	---	---	---	-2,000	-2,000
ALCOHOL AND SOFT DRINKS.....	---	---	---	-6,000	-6,000
PERSONAL SERVICE CONTRACTS.....	---	---	---	-32,600	-32,600
EFFICIENCY REVIEW PROGRAM.....	---	---	---	-17,000	-17,000
TOTAL, O&M, NAVY.....	14,986,586	17,894,299	19,611,170	19,258,970	-352,200

SHIP OPERATIONS

The budget for ship operations includes an addition of \$100.0 million to partially offset the reduction of \$173.0 million proposed in the September amendment. The addition was made because the Committee has doubts if a reduction of this size can realistically be made in view of the operating tempo in the Persian Gulf area. In addition testimony by the Chief of Naval Operations indicated that the Navy would probably have to steam additional hours in response to direction from higher authority.

The bill as adjusted by the Committee also reflects a reduction of about \$38.0 million for Navy Strategic Force Operations. This reduction is made as a result of continued delays in the operational deployment of the TRIDENT submarine and failure to adequately adjust the budget estimates to reflect the phase-out of the ten Polaris submarines during the past two years.

FINANCING CHANGE ORDERS

SCOPE OF EFFORT CHANGES ON SHIP OVERHAULS

As Naval ships became more complex and the average age of those ships retained in the fleet increased, so did the effort of estimating a definitive overhaul work package. Frequently, post induction open and inspection procedures disclose repair requirements not previously allowed for. This results in either a reduction in the original work package for a given ship or a program reduction elsewhere to accommodate for the increased scope of effort. Consequently, some years ago the Navy commenced budgeting for a funding wedge in the subsequent year for scope of effort changes relative to the initial ship overhaul repair package.

The Committee also attempted to address this problem through the use of a two year appropriation since multiyear funding of ship overhauls from an annual appropriation is not proper. Navy indicated that a two year availability which "fenced" ship overhaul would be unnecessarily restrictive, and the proposal was dropped in conference.

The Committee is now recommending new language in the fiscal year 1982 Bill, Section 708 (n) and (o), which will allow Navy to budget for scope of effort changes in the same fiscal year in which the ship is inducted. The Committee believes this procedure will alleviate the problem Navy has encountered in maintaining accountability of fiscal year funds used to finance increased scope of effort changes. These funds will remain unobligated at the end of the fiscal year and remain available to finance scope of effort changes. It should be noted that the language is restricted to depot level maintenance related work on ships. The Office of the Secretary of Defense and the Military Departments should take whatever action deemed necessary to assure availability of resources at end year. The Committee proposes an increase of \$58 million in fiscal year 1982 to cover change order costs related to ship overhauls based on an average of such costs identified for the last three fiscal years.

Such costs for other depot maintenance programs should be covered from unobligated balances available at end year from within the appropriation which funded the initial repair effort.

Language has also been included which would allow the use of current year appropriations to cover unusual cost overruns, with prior congressional approval, associated with depot repair work inducted in the previous fiscal year.

ADVANCED FUNDING FOR SHIP OVERHAULS

The ship overhaul program includes an estimate of \$144.6 million in fiscal year 1982 for work to be accomplished prior to actual induction of the ship into the shipyard for repair and overhaul in fiscal year 1983. The use of advanced funding has become more and more prominent in the ship overhaul program as the complexity and duration of overhauls has increased. Justification of these funds is on a total basis computed on a factor per ship (there is no allocation by ship in the justification material). Advanced funding is provided on the premise that it is necessary to accomplish pre-induction planning and design effort and long lead time material procurement in order to minimize actual time the ship is retained in the shipyard in performance of the overhaul. The Committee agrees with the concept. However, numerous audit reports have indicated an impropriety in the application of advanced planning funds with funds given to the shipyard to accomplish the overhaul effort. This situation occurs when the advance planning effort is conducted concurrent with accomplishment of the overhaul and extends over two fiscal years. Last year the Committee attempted to address this problem by making ship maintenance funds available for two years. This approach was rejected in conference with the Senate.

The Committee has discussed with the Navy alternative means of financing; namely, the possibility of using either the industrial fund or the stock fund to initially purchase long lead time material. Navy response has repeatedly been in support of maintaining the current method of funding. However, use of the stock fund has a two fold benefit. First it moves towards single year financing of the repair effort and second, by allocating stock fund resources to the shipyard, material and supplies are held in the stock fund until issued. Having the stock fund hold the inventory allows for redistribution of material assets, an issue which has also been addressed in numerous audit reports. The Philadelphia shipyard has been procuring material via the stock fund for several years, thus there is no reason to believe that the other shipyards could not operate in a similar manner.

Reimbursement to the stock fund would be made from funds made available to the shipyard upon induction of the ship for overhaul. Advanced funds would then provide for only those efforts which are either labor intensive or under contract and more controllable. Subsequent to induction of the ship into the shipyard, all costs including those related to continuing advance planning efforts, will be charged to the project order financing the overhaul. Navy should take action at that time to lapse all funds initially allocated for advanced planning efforts which have not been used.

A reduction of \$82.4 million has been made to the request of \$144.6 million for advanced funding based on direction to Navy to finance the procurement of long lead time material by using the stock fund. Payment to the stock fund should be included in the Navy's cost estimate by ship in the fiscal year of induction; identification of such amounts included in the overall cost per ship should be maintained.

"BARTENDER" FOR DIEGO GARCIA

The bill as reported by the Committee deletes \$5.0 million of the \$9.5 million contained in the bill for the "Bartender/MARBARGE" floating support facility in Diego Garcia.

This project was conceived and developed during the first quarter of 1981. The concept was to provide a self sustaining floating base maintenance/repair facility to support the ships of the near term prepositioned force. This large floating platform was envisioned to encompass and consolidate the maintenance, administration, and recreational requirements under one functional area of operation.

As the program began to take shape cost estimates rose sharply. Reducing the scope of the concept became necessary due to financial and budgetary constraints. It is now clear that the Navy will have difficulty in getting under way even a much smaller program. The Navy has not identified the additional support surface requirements for the near term prepositioning fleet and estimates that bringing this armada of land craft, lighterage, tugs and crew boats will cost about \$2.0 million in FY 1982. The bill includes funds for this purpose.

TARBATNESS

During consideration of fiscal year 1981 supplemental the Congress provided funds for the Navy to lease the RFA TARBATNESS and LYNESS from the British Navy. At that time, the Appropriations Committee contended that while there was some urgent need for the early lease of the LYNESS, the TARBATNESS should not be leased but should be purchased in FY 1982 because there was no urgent requirement for its immediate use. The Navy saw fit to argue otherwise and contended that it needed to place the TARBATNESS into service immediately. The Committee has since learned that the Navy intends to place the ship in a ship yard for modifications in lieu of using the vessel to support the Pacific Fleet. Accordingly the bill deletes \$5.0 million programmed for operation of this ship.

BERTHING BARGES

In view of the General Accounting Office findings transmitted to the Committee via letter on June 23, 1981, covering "Navy's berthing facilities for ships undergoing overhaul" has recommended deletion of ten berthing barge overhauls from the bill. This deletion is also in agreement with the Committee's policy to reduce to the absolute minimum the numbers of personnel assigned to ships undergoing overhaul. The bill as reported by the committee includes funds to build four new berthing barges.

NAVY AIR OPERATIONS

The bill as reported by the Committee contains a general increase of \$25.0 million to partially offset the reductions made in the September amendment. This increase is partially offset by reductions of \$9.0 million allocated against the S-3A flying hour budget. This aircraft is experiencing an unbelievably low fully-mission capable rate and the partially-mission capable rate is not much better. The Navy contends that the budgeted flying hour program for this aircraft is well within the capability of the fleet. This may be correct but it does not alter the fact that much of the avionics equipment is not working at any given point in time and therefore any training received is degraded. The bill as proposed by the Committee provides for a flying rate of approximately 450 hours per year per airplane compared to the request of 553 hours per year.

TOMAHAWK MISSILE, TECHNICAL SERVICE SUPPORT

The Navy O&M budget contains about \$3.4 million for increased technical support to the Tomahawk submarine launch cruise missile program as part of an overall increase of \$6.4 million. This program still has research and development funds and procurement funds available. General practice has in the past been to continue technical service support and engineering support in the procurement and RDT&E appropriations until all production has been completed.

COMMANDER IN CHIEF, U.S. NAVAL FORCES, EUROPE

The Commander-in-Chief, U.S. Naval Forces, Europe (CINCUSNAVEUR) has three command roles: (1) under the joint European Command, he has operational control over forces; namely, the Sixth Fleet in the Mediterranean and the Mideast Force in the Persian Gulf (the latter operating under the Pacific Command since November 1979 where it may remain for some while); (2) under Commander, Atlantic Fleet, he serves a subordinate role as Commander, Eastern Atlantic (COMEASTLANT), in which he operationally controls and logistically supports units operating in northern European waters; and (3) under the Chief of Naval Operations, he administratively supports and supervises Navy shore activities in Europe through a number of subordinate commands. CINCUSNAVEUR has no role in controlling forces under NATO in crisis or war, because the Sixth Fleet forces chop to NATO command headed by a British Admiral.

The Committee Surveys and Investigations staff conducted a detailed review of the CINCUSNAVEUR organization this spring. A copy of the lengthy classified report is available for reading by members of Congress, who desire more information on the role of this headquarters. In a number of alleged Navy-wide personnel decrements since 1973, particularly applicable to headquarters management staffs, cuts purportedly were taken in CINCUSNAVEUR staffing; however, documents obtained by the Committee disclose a practice of "stashing" personnel in other commands and units and ceasing the counting of them against headquarters staff, thus not actually taking the alleged cuts. A system of allocating

personnel under accounting codes unrelated to the actual functions of the personnel but thereby ambiguously spreading the manpower authorizations among a variety of designations serves to avoid revealing the authorizations as actually being in support of CINCUSNAVEUR management. Of 847 personnel authorizations for FY 1981 in the building housing CINCUSNAVEUR, only 264 are counted against the headquarters management ceiling.

A new Fleet Command Center is an example of the fragmentation of personnel and empire building that results. A center for computerized manipulation and display of data to support the command and control responsibility of CINCUSNAVEUR in exercises or an actual crisis already exists (and it has been one of the separate commands in which personnel authorizations have been stashed); but a separate new control center is planned for more elaborate manipulation and display of data so that both centers will be engaged in overlapping functions (one for "control" and the other for "command"). The new Fleet Command Center has 74 positions authorized for FY 1982 though the necessary equipment and construction for them to perform planned duties will not be available for several years—nine newly graduated ensigns already have arrived and are being assigned among various sections to learn about Navy field operations generally. Aside from the premature transfer in of unneeded manpower, the Investigative Staff has strong misgivings in funding the new center at all—in the absence of a command/control role for CINCUSNAVEUR over NATO forces in crisis. Construction of this new center should be terminated.

In reviewing individual functions against workloads and manning levels, the Investigative Staff identified 127 positions for FY 1982 (including the aforementioned 74 in the Fleet Command Center) susceptible of elimination. Considering areas in which time constraints did not permit indepth job audits and considering the prior history of concealing alleged cuts not really taken, the Committee recommends an across-the-board reduction of 150 to 200 positions in the FY 1982 request, with the Navy providing satisfactory documentation that ordered cuts are, in fact, taken. Annual savings thereby derived would be \$2.7 to \$3.5 million in salary costs and at least a like amount in support costs involved in overseas assignments.

Examination of possible alternative command arrangements under which functions of CINCUSNAVEUR, still could be performed, disclosed no alternative that would be militarily or economically effective. Any attempt to combine CINCUSNAVEUR with other existing commands, in Europe or at Norfolk, Virginia, would result in augmented personnel to continue the COMEAST-LANT functions sited in London, which would more than offset personnel savings in such combination. Other military and economic disadvantages weigh against an alternative structure, and no worthwhile advantage really would be realized by giving a NATO role to CINCUSNAVEUR under existing command arrangements. Thus the alternatives, to the extent they exist, are either a substantial reduction in the bloated manning levels for this headquarters with a view towards further reductions in later years following a review of this slimmed down organization or alternatives for the

total abolishment of CINCUSNAVEUR. The later course of action is not recommended at this time, but could be pursued if the Navy fails to take corrective action.

CHIEF OF NAVAL MATERIAL

The request to operate the Chief of Navy Material Headquarters contains real program growth of \$1.5 million. The Committee sees no reason to enlarge the size of this staff when there is considerable disagreement over the need for a Material Headquarters to oversee the various Navy Systems Commands.

NAVAL ARCTIC RESEARCH LABORATORY

The Congress directed closure of this research laboratory in 1978. The Navy is still in the process of closing the facility. The fiscal year 1982 budget includes \$2.0 million for operations and \$4.3 for one-time closure costs. It now appears that the Navy will not be able to accomplish the closure in FY 1982. Therefore, \$4.3 has been deleted from the bill.

There are also indications that better cooperation between the U.S. Geological Survey which will use some of the buildings and the Navy could result in operating cost reductions.

CARRIER ACTIVATION STUDY

After the Congress deleted all funds for the activation of the aircraft carrier Oriskany, the Navy undertook to reprogram funds, without notifying the Congress, to study carrier reactivations. Since this matter was clearly a matter of special congressional interest, a reprogramming was required. Due to the failure to follow the agreed upon procedures, one reduction of \$5 million has been made to NAVSEA's technical support program which served as the source of funds.

CONTRACT HELICOPTER MAINTENANCE

The Navy Air Systems Command using its Naval Air Logistic Center has over the years developed an efficient and cost effective method for contracting aircraft maintenance in support of training operations. The Naval Education and Training Command now wants to take over these contracts and use a different contract procedure which will place a higher salary cost and overhead burden on the contractors and increase government labor costs as well.

Recent studies and the award of the TH-57 helicopter maintenance contract indicate that the change from the existing contractual concepts to the Chief of Naval Air Training philosophy would increase contract logistics cost by as much as 40 percent. The contract for TH-57 maintenance was awarded at \$5.2 million—about \$1.2 million less than the budget. In addition, the Navy now plans to continue military personnel support of the program until the end of the year. Had the Navy not changed the practice of how it budgets for such support, the actual cost would have been about \$2.5 million below the budgeted estimates based on alternative contract proposals. The Committee directs the Navy to return man-

agement of these contracts to the Naval Air Systems Command's Air Logistics Center unless valid reasons can be found for using the new approach.

LEASESAT

The LEASESAT satellite system is a communications satellite system for the Navy. It is scheduled to be launched on the shuttle. The original contract between the Navy and the manufacturer of the satellite called for payments to begin after the successful operation of the initial LEASESAT satellite. Due to slippage of the shuttle, the Committee has no objection to the modification of the contract, as outlined in the "AIDE MEMOIRE" on this program. The Committee recommends an increase of \$59,000,000 in Operations and Maintenance, Navy for the LEASESAT program.

NAVAL DATA AUTOMATION COMMAND AND REGIONAL DATA COMMANDS

In last year's report (96-1317, pages 156-157) the Committee expressed strong reservations that the Naval Data Automation Command (NAVDAC) was fulfilling the responsibilities for which it was established in 1977. As a result, the Committee's Surveys and Investigations Staff was directed to look into various aspects of NAVDAC including its effectiveness in managing not only its own resources (including its regional data processing centers), but the overall Navy Automatic Data Processing (ADP) program as well. The Investigative Staff found that NAVDAC has been relatively ineffectual in carrying out its mission responsibilities from a Navy-wide standpoint. Internally, i.e., NAVDAC and its subordinate Navy Regional Data Processing Centers (NARDAC's), there has been some success in providing ADP service to "customers" in the geographic areas served by the NARDAC's; however, many users complained regarding the level and quality of the service.

It appears that most of the problems in Navy ADP at this time are beyond NAVDAC's ability to correct. The principal underlying reason why Navy ADP is relatively uncontrolled is that it is not a major concern of top level Navy management. Even though NAVDAC is a command under the Chief of Naval Operations (CNO), it is too low in the hierarchy. ADP is perceived to be unimportant in the overall scheme of things to merit the interest and concern of several CNO staff echelons. As a result, there is no cohesiveness in the management of ADP. Each Navy organization operates fairly independently in accordance with the Navy's policy of decentralized program execution. NAVDAC is unable to gain control of its Navy-wide mission responsibilities nor is it able to bring about those actions necessary for it to be completely successful in the ADP service center business.

NAVDAC represents the results of a reorganization effort intended to correct numerous long standing deficiencies in Navy ADP management. A 1976 internal Navy study and reorganization plan culminated in the establishment of NAVDAC and six NARDAC's located in San Francisco, San Diego, Pensacola, Jacksonville, Norfolk, and Washington, D.C. It was intended that the establishment of NAVDAC would improve the Navy's ADP posture by

correcting the problems and shortcomings that were known to exist throughout the Navy.

Unfortunately, the Committee's Investigative Staff found that NAVDAC has not fulfilled the goals for which it was established. Some of the problems that were mentioned frequently in earlier studies still exist today, with NAVDAC having had little influence toward their correction. There are several reasons why NAVDAC has been relatively ineffectual and somewhat controversial to date.

ADP IS NOT A MAJOR CONCERN OF THE TOP LEVEL NAVY MANAGEMENT

NAVDAC has been handicapped by its location in the Navy organizational hierarchy. Although it is in the CNO chain in command, it is "buried" at too low a level to be effective. Commanded by a junior two-star admiral who is several flag rank positions below even the Vice Chief of Naval Operations (VCNO), there is practically no opportunity for major problems or positive initiatives to surface at a level where senior level visibility, acceptance, and support is necessary. As a result, commands with more senior level support (three- and four-star flag rank) are able to influence the actions of NAVDAC, irrespective of the merits of the issue. Also, it was noted that NAVDAC has made practically no inroads on molding the direction of the Navy as a whole in terms of Navy-wide standards, procedures, planning, etc. The major claimants, e.g., Naval Materiel Command's (NAVMAT's) systems commands, bureaus, etc., were each observed to be abiding by their own policies and procedures which had been established long before the advent of NAVDAC. In essence there continues to be little integration of effort on a Navy-wide basis. Even if initiatives are generated in NAVDAC (which have been minimal), it is doubtful that they would be embraced and implemented by other Navy organizations. The low level of NAVDAC in the Navy organization is more than countered by the higher flag rank commands, particularly in NAVMAT.

The Committee believes organizational relocation is the key to improvement of Navy ADP. Unless ADP is elevated in the command hierarchy, and in terms of its importance in the Navy, there is little hope for success in further improvement endeavors.

BETTER USE OF CENTRAL DESIGN ACTIVITIES—POTENTIAL FOR IMPROVED MANAGEMENT AND RESOURCE SAVINGS

One of the mission objectives established for NAVDAC was to design, develop, implement and maintain standard, multi-activity and fleet non-tactical data systems, and to provide advice on the development of standard systems for Navy-wide use.

The Investigative Staff found serious shortcomings in the Navy meeting the standardization objectives. Although clearly one of the goals which NAVDAC was to fulfill, after over four years the results are almost nonexistent. Although NAVDAC has recently begun to develop some "standard" systems at NARDAC San Diego, it is believed that there are insufficient resources and top level management attention devoted to the task. Also, it is doubtful that the systems would ever be truly implemented Navy-wide because

there is no official at the "top" who is likely to "champion" the standardization effort against expected resistance from those outside the NAVDAC community.

Standardization of application systems software would conserve many man-years of effort throughout the Navy. Although the major claimants through their Central Design activities (CDA's) have standardized systems within their functional areas, e.g., Uniform Automated Data Processing Systems for Stock Points (supply), there has been practically no standardization of functional systems across command lines, e.g., personnel or accounting systems. Some 50 functional applications have been identified as having the potential for systems development where the system could be implemented at Naval bases and stations throughout the Navy. Yet, at this time, there is no CDA established for the development of these "common" Navy systems. As a result, many systems which could be common to many Naval activities are being replicated throughout the Navy and wasting ADP personnel resources in the process. If one CDA were responsible for development and maintenance of systems which are implementable across Navy lines, many man-years of effort could be eliminated at Naval activities throughout the world. This is a most fruitful area for improvement and one in which NAVDAC has not achieved measurable success.

Another problem regarding standard systems relates to those developed by NAVMAT's systems command CDA's for operation at the NARDAC's, or in some cases, at their own data processing installations. In this instance, systems which are supposedly standard for all activities of the command or functional area (e.g., supply) actually require the development of many "local unique" programs (programs used only at one installation) to meet local needs. A survey taken by NARDAC Jacksonville indicated that over 200 local unique systems had been developed and are being maintained by the NARDAC's alone, over and above the systems developed by the Naval Air Systems Command (NAVAIR) and Naval Supply Systems Command's (NAVSUP) CDA's for their users. The Investigative Staff estimated that well over 50 percent of the NARDAC's systems and programming efforts are devoted to programming and maintenance of local unique systems to supplement NAVAIR and NAVSUP systems.

The Committee believes that to preclude this waste of manpower there needs to be greater control exercised over the development of local unique systems, and secondly, a better understanding by the command CDA's of local (activity level) needs to preclude the need for the development of most local uniques. Until the Navy is able to bring these two factors under control, particularly within NAVSUP and NAVAIR, the NARDAC's will be saddled with a workload of questionable value, while consuming personnel resources needed in other areas.

AUTOMATIC DATA PROCESSING SELECTION OFFICE (ADPSO)—A
CHANGE IS NEEDED

ADPSO, as a subordinate office of NAVDAC, is responsible for the acquisition of computer hardware, software and services. ADPSO predates NAVDAC by some 10 years, although as a staff

function of the Navy Secretariat and later CNO, its responsibilities were limited to hardware acquisitions.

There has been considerable controversy regarding ADPSO and its effectiveness, personnel capabilities, organizational location, etc. The Investigative Staff found morale to be poor and considerable dissension in the organization. ADPSO personnel feel that there is inordinate pressure from NAVDAC to bring about actions which ADPSO personnel believe are counter to their best judgment. Essentially, they feel their prerogative of making objective decisions has been preempted. Also, contributing to low morale is the internal organization of ADPSO with its two major functions, procurement and technical (ADP). Both groups feel their function is predominate in the acquisition process. Consequently, little "meeting of the minds" exists, and, therefore, the ability to work in harmony on a given task is impeded.

A second major problem is that communication between ADPSO, and elements of NAVDAC headquarters is inadequate to allow both organizations to do the best job in behalf of the Navy organizations which require their services.

ADPSO is also performing work that might be more appropriately done elsewhere. Contract administration consumes an inordinate amount of personnel resources in an organization whose principal reason for being is ADP acquisition. At one point during the investigation, there were 164 contracts valued at \$833 million being administered, consuming about 80 percent of the procurement personnel resources.

The Committee believes a hard look needs to be taken at ADPSO, how it is organized, to whom it should report, etc. It is believed that a more productive arrangement would be to merge ADPSO with NAVDAC headquarters Code 10 functions of review and approval of claimant ADPSO requests. The Investigative Staff suggested that internally, the organization might best be structured on a team basis whereby each team becomes totally knowledgeable of a major claimant's functions and needs and therefore able to reduce the time necessary for review and acquisition.

NARDAC's—AN IMPERFECT SOLUTION

The NARDAC's represent a concept that may have been overtaken by time and technology, i.e, the centralization of data processing into large service center organizations. Although this concept was an acceptable approach some 10 years ago, some modification to the basic idea as exemplified by the present NARDAC's may be desirable.

NAVDAC as the parent command has expended a great deal of effort on the NARDAC's. This is undoubtedly a part of the reason that NAVDAC has had relatively little effect on the Navy as a whole. It was estimated that over 80 percent of NAVDAC's Code 30, 40, and 50 effort is geared to coordination and management of the NARDAC's.

The Investigative Staff found considerable dissatisfaction with the service provided to its customers by the NARDAC's although some said improvements had occurred over time. The service problems and the causes cited were numerous, including hardware failure and inadequate capacity for the workload. Other problems

such as inadequate management attention to user problems reflected poorly on the NARDAC's.

The general feeling of dissatisfaction on the part of NARDAC customers had led to some aberration of the NARDAC concept including the purchase of service elsewhere, and the establishment, by NAVAIR, of small computer facilities within its depot maintenance facilities which do some information processing over and above the service already provided by the NARDAC's.

It is believed that an improvement to the NARDAC situation can be brought out through one of several initiatives which include reorienting the NARDAC's as service centers for processing standard systems. Another would be to return the NARDAC's to the major user of ADP services where each is currently located. Suffice it to say, that there are a number of issues to be addressed regarding the NARDAC's which could range anywhere from maintaining the status quo (temporarily at least) to essentially doing away with them as currently structured. In actuality, a more appropriate solution will probably represent a number of practical accommodations. One accommodation would be to permit major users to have a single, small or medium scale computer devoted to its processing needs regardless of whether it is user or NARDAC operated. This would preclude chaotic disruptions when large multiple user computers are phased out.

The Naval Audit Service in a Special Review numbered S30628 dated May 23, 1980, has also recommended that NAVDAC reevaluate reliance on multiprogramming and large centralized computer systems, and where appropriate, decentralize work to central site or customer-operated minicomputers. A similar finding is contained in a regular audit (A31059, dated February 26, 1981) of NAVDAC operations.

DECENTRALIZED CENTRAL DESIGN ACTIVITIES—A CONTINUING NEED

An important question in Navy ADP at this time is the role of central design activities—should they continue to exist with their present organizational and functional relationships; or should they be subordinate to a single organization such as NAVDAC. At present each CDA provides the systems and programming support for its parent (functional) command, e.g., Naval Sea Systems Command.

The Investigative Staff concluded that command CDA's such as the Chief of Naval Education and Training's (CNET) CDA, the Management Information and Instructional Systems Activity (MIISA), and NAVSUP's Fleet Material Support Office (FMSO) should remain under the control of the functional Command. There appears to be no substantive reason for doing otherwise, and more importantly, with the CDA under the parent command, responsiveness to the function being served is more likely to be achieved if for no other reason than it is directly in the user's chain of command.

SUMMARY AND RECOMMENDATIONS, NAVDAC/NARDAC

In view of the fact that NAVDAC was established to correct a number of long standing deficiencies in Navy ADP and has been unable to do so, more decisive action appears necessary.

The fact that the Surveys and Investigations Staff found conclusively that NAVDAC has been unable to gain control of, and effectively direct and manage ADP in the Navy after more than four years indicates that the Navy must alter its views on how it will manage this resource which relates so strongly to the efficient management and control of other Navy assets and functions.

The Committee believes the recommendations in the April 1981 report of its Surveys and Investigations Staff entitled, "Effectiveness and Operations of the Naval Data Automation Command" to be reasonable and well-founded and that they merit most serious consideration as a means of improving the Navy ADP program. This is particularly true regarding the relocation of various functions of ADP management at a higher level within CNO as this appears to be the keystone to the acceptance of other actions throughout the Navy.

The Committee, therefore, directs the Secretary of the Navy to evaluate the recommendations contained in the April 1981 report, and to report back to the Committee by March 30, 1982, on its action to implement the policies and recommendations contained therein, or, as to the reasons why the recommended action has not been taken. Under the circumstances, the Committee sees no need to increase the level of funding provided NAVDAC/NARDAC's in FY 1982, and recommends that the \$9.1 million budgeted for "program growth" be deleted. The Committee also recommends, pending further justification from the Navy, that the existing customer payback or charge-back system be retained. This will require that \$6.5 million currently budgeted in the NARDAC "line" be reallocated to the user organization. Finally, the Committee directs that 40 to 50 positions assigned to NAVDAC code 30, 40, and 50 be financed via the NARDAC charge-back system since their duties are primarily related to NARDAC operation and use of a charge-back procedure as required by OMB Circular A-121.

WASHINGTON NAVY YARD

Over the past several years the Appropriations Committee (including both the Military Construction and Defense Subcommittees) has been concerned over the growing amount of leased space used by the Navy in the greater Washington, D.C. area. One option which has been proposed to reduce the requirement for leasing is to convert vacant and unused space at the Washington Navy Yard. The Navy has testified that over 720,000 square feet of existing industrial type facilities in the Navy Yard could be renovated and used as administrative space. The Committee encourages this approach especially in view of the exorbitant reimbursements required by the General Services Administration.

NAVY HEADQUARTERS ADMINISTRATIVE SYSTEMS

The Secretary of the Navy staff support offices have requested an increase of \$600,000 for what sounds like an overly ambitious

program to tie together all Navy headquarters administrative systems into one large interactive system. While the Committee fully supports the increase in productivity that is possible with advances in word processing, the Navy request states the new system will be used for appointment scheduling, "to do" lists, calendars, directories, calculators, etc. The Navy has also suggested that this increase for state of the art administrative systems is necessary because "the Navy's office workers, principals, and their support staffs have become paper bound to the point that the movement of paper has set the pace for decision and policy making." The Committee is deleting the full \$600,000 requested and suggests that the Navy focus its efforts on reducing the paper work required to conduct its business.

NAVY OVEREATERS ANONYMOUS

The Navy is requesting an increase of \$300,000 to support what is called Overeaters Anonymous. This additional funding is for conferences, counselors, vans to transport personnel to meetings, pamphlets, media material, etc. In response to the Committee's inquiry the Navy stated that the current program has resulted in significant variation from one commanding officer to another as to the time and attention devoted to physical conditioning and fitness. As a result of this lack of uniformity the Navy has budgeted a total of \$500,000 in fiscal year 1982 for this Overeaters Anonymous effort where weight loss will be done through "positive control" of the individuals at all times. The Committee questions the wisdom of spending half a million dollars in fiscal year 1982 on this effort and suggests the Navy concentrate instead on proper command emphasis of physical conditioning and fitness. A reduction of \$500,000 is therefore included in the budget request.

CIVILIAN "SCARCE SKILLS" SURVEY

The Navy is requesting \$100,000 to collect information on the benefits offered by the private sector for "scarce skill" civilian employees. The Committee believes that there is no requirement for this funding since such information is available from the Department of Labor and the Office of Personnel Management. Furthermore, the Navy is not in a position to offer "improved benefits and changes to the leave system" as stated because civil servants in DoD are necessarily bound by the same rules and regulations that apply government wide to civil service. The Committee is therefore deleting the entire \$100,000.

NAVY SEVERANCE PAY

Last year the justification material provided by the Navy indicated that a one time increase in fiscal year 1981 of \$1.5 million was required for severance pay. The fiscal year 1982 request reflects no such offsetting reduction. Therefore, the Committee is recommending deletion of the entire \$1.5 million.

MANPOWER STANDARDS TRAVEL AND MOVE

The Navy Manpower and Material Analysis Center (NAVMMAC) is charged with the responsibility of developing shore Navy manpower standards. Although the Committee continues to urge the Navy to expedite this process, the current budget request appears to be overstated. For example, the request reflects an average cost for travel and per diem of \$2,000 per employee per week for travel outside the continental United States and \$420 per employee per week inside the continental United States. The Navy has also requested an increase of \$1 million to move the entire NAVMMAC to new quarters because of an increase of only 22 personnel. The Committee believes that this move is unnecessary since the 22 personnel are temporary only for the period of developing the additional standards. A total reduction is therefore recommended of \$1.5 million.

NAVY STOCK FUND

Appropriations, fiscal year 1981.....	\$309,000
Estimate, fiscal year 1982.....	17,435,000
Recommended in the bill.....	5,435,000
Change.....	-12,000,000

The change in the estimate for the Navy stock fund is explained in the Foreign Military Sales sections of the report.

OPERATION AND MAINTENANCE, MARINE CORPS

Appropriations, fiscal year 1981.....	¹ \$1,072,206,000
Estimate, fiscal year 1982.....	1,176,940,000
Recommended in the bill.....	1,169,240,000
Change.....	-7,700,000

¹In addition, \$9,700,000 transferred from other accounts.

The Committee recommends an appropriation of \$1,169,240,000 for Operation and Maintenance, Marine Corps. This amount is a decrease of \$7,700,000 from the budget estimate of \$1,176,940,000. The amount appropriated for fiscal year 1981 to date is \$1,072,206,000. The amount recommended herein for fiscal year 1982 is an increase of \$97,034,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Marine Corps operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, have been allocated as reflected in the following table:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, MC					
GENERAL PURPOSE FORCES					
LAND FORCES.....	120,531	220,796	216,903	225,403	+8,500
NAVAL FORCES.....	4,860	7,098	10,282	10,282	---
TACTICAL AIR FORCES.....	21,184	32,118	32,788	32,788	---
BASE OPERATIONS - FORCES.....	330,812	401,652	459,801	459,801	---
BASE COMMUNICATIONS - FORCES.....	7,332	10,274	9,993	9,993	---
ECONOMIC ASSUMPTIONS.....	---	---	-3,000	-3,000	---
TOTAL, GENERAL PURPOSE FORCES.....	484,719	671,938	726,767	735,267	+8,500
CENTRAL SUPPLY & MAINTENANCE					
SUPPLY DEPOT OPERATIONS.....	32,035	30,785	31,621	31,621	---
INVENTORY CONTROL POINT.....	17,177	12,893	14,833	14,833	---
TRANSPORTATION OF THINGS.....	30,507	30,114	37,372	37,372	---
CENTRALLY MANAGED PROGRAMS.....	38,768	28,860	29,440	29,440	---
COMMISSARY STORES OPERATIONS.....	11,479	11,893	12,074	11,074	-1,000
EQUIPMENT MAINTENANCE.....	47,973	56,741	60,785	68,785	+8,000
BASE OPERATIONS - SUPPLY & MAINTENANCE.....	37,399	40,299	41,592	41,492	-100
BASE COMMUNICATIONS - SUPPLY & MAINTENANCE.....	1,245	1,330	1,909	1,909	---
TOTAL, CENTRAL SUPPLY & MAINTENANCE.....	216,583	212,915	229,626	236,526	+6,900
TRN, MED, OTHR GF					
RECRUIT TRAINING.....	4,469	3,975	4,248	4,248	---
SPECIALIZED SKILL TRAINING.....	6,384	7,273	7,498	7,498	---
PROFESSIONAL DEVELOPMENT.....	1,374	1,138	1,165	1,165	---
OFFICER ACQUISITION.....	454	243	236	236	---
FLIGHT TRAINING.....	48	47	51	51	---
TRAINING SUPPORT.....	10,861	13,409	15,005	15,005	---

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
RECRUITING.....	23,723	31,227	35,472	32,472	-3,000
ADVERTISING.....	15,023	13,719	13,217	12,217	-1,000
OFF-DUTY EDUCATION.....	3,403	5,175	4,476	4,476	---
MCJROTC.....	1,368	1,668	1,735	1,735	---
OTHER PERSONNEL SUPPORT.....	547	751	764	764	---
BASE OPERATIONS - TRAINING.....	61,428	73,149	76,946	76,946	---
BASE COMMUNICATIONS - TRAINING.....	1,263	1,371	1,467	1,467	---
TOTAL, TRN, MED, OTHER GP.....	130,345	153,145	162,280	158,280	-4,000
ADMIN & ASSO ACT					
DEPARTMENTAL ADMINISTRATIVE.....	3,712	4,246	4,310	4,310	---
NON-DEPARTMENTAL ADMINISTRATIVE.....	14,525	15,912	16,248	16,248	---
OTHER ADMINISTRATIVE.....	26,702	29,985	32,878	32,878	---
BASE OPERATIONS - ADMINISTRATIVE.....	2,451	5,122	3,508	3,508	---
BASE COMMUNICATIONS - ADMINISTRATIVE.....	1,140	1,243	1,323	1,323	---
TOTAL, ADMIN & ASSO ACT.....	48,530	56,508	58,267	58,267	---
OTHER ADJUSTMENTS					
DOUBLE SUBSISTENCE PAYMENTS.....	---	---	---	-5,000	-5,000
PER DIEM COMMITTEE.....	---	---	---	-3,500	-3,500
ARMY GUARD AND RESERVE EQUIPMENT.....	---	---	---	-1,600	-1,600
FUEL PRICE ADJUSTMENT.....	---	---	---	-4,000	-4,000
AUDIO VISUAL ACTIVITIES.....	---	---	---	-700	-700
SUPPLY ACTIVITIES.....	---	---	---	-1,500	-1,500
OSHA/EPA.....	---	---	---	-800	-800
ALCOHOL AND SOFT DRINKS.....	---	---	---	-1,000	-1,000
EFFICIENCY REVIEW PROGRAM.....	---	---	---	-1,000	-1,000
TOTAL, O&M, MC.....	880,177	1,094,506	1,176,940	1,169,240	-7,700

CAMOUFLAGE UNIFORMS

Because of production problems, the Committee was unable to finance these uniforms in the fiscal year 1981 supplemental when requested. Funds have been added to finance the purchase in FY 1982 because the contractor will be able to produce the uniforms this year.

LVT-7 OVERHAULS

Because of a slow down in the service life extension program for LVT-7 vehicles, the Marine Corps must run an "inspect, repair only as necessary" program during FY 1982 to overhaul 90 vehicles to get them in usable condition until they can receive the full service life extension. The cost is approximately \$8 million and has been added to the bill.

MARINE CORPS STOCK FUND

Appropriations, fiscal year 1981.....	\$4,108,000
Estimate, fiscal year 1982.....	13,334,000
Recommended in the bill.....	13,334,000

OPERATION AND MAINTENANCE, AIR FORCE

Appropriations, fiscal year 1981.....	¹ \$14,769,614,000
Estimate, fiscal year 1982.....	16,696,076,000
Recommended in the bill.....	15,895,276,000
Change.....	-800,800,000

¹In addition, \$56,000,000 transferred from other accounts.

The Committee recommends an appropriation of \$15,895,276,000 for Operation and Maintenance, Air Force. This amount is a decrease of \$800,800,000 from the budget estimate of \$16,696,076,000. The amount appropriated for fiscal year 1981 to date is \$14,769,614,000. The amount recommended herein for fiscal year 1982 is an increase of \$1,125,662,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Air Force operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, have been allocated as reflected in the following table and the classified annex:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, AIR FORCE					
STRATEGIC FORCES					
AIRCRAFT.....	1,136,087	1,280,178	1,378,014	1,389,914	+11,900
MISSILES.....	78,069	99,475	109,426	109,426	---
OTHER OFFENSIVE OPNS.....	27,751	58,695	62,637	59,137	-3,500
TELECOMMUNICATIONS & COMMAND CONTROL.....	78,095	89,723	113,843	113,843	---
BASE OPERATIONS.....	428,488	513,994	561,168	551,368	-9,800
SURVEILLANCE & WARNING-RADARS.....	231,797	250,073	280,066	249,266	-30,800
SURVEILLANCE SATELLITES.....	59,599	95,315	113,246	111,246	-2,000
OTHER DEFENSIVE OPNS.....	110,178	126,100	137,461	137,461	---
TELECOMMUNICATIONS & COMMAND CONTROL.....	52,588	71,591	87,743	87,743	---
BASE OPERATIONS.....	251,961	291,200	319,765	315,015	-4,750
TOTAL, STRATEGIC FORCES.....	2,454,613	2,876,344	3,163,369	3,124,419	-38,950
GENERAL PURPOSE FORCES					
TACTICAL FIGHTERS & WEAPONS.....	871,042	1,014,603	1,191,052	1,185,652	-5,400
TACTICAL RECON ELECT WARFARE & SPEC OPS FORCE.....	123,088	97,166	111,845	109,845	-2,000
JCS EXERCISES.....	133,352	200,049	299,710	32,910	-266,800
COMBAT SUPPORT.....	309,001	467,999	555,205	550,605	-4,600
OTHER COMMAND & CONTROL.....	94,055	176,512	160,946	160,946	---
OTHER TACTICAL OPERATIONS.....	59,892	78,166	95,515	95,515	---
MAJ RANGE & TEST FACILITIES.....	11,964	34,129	40,637	40,637	---
TACTICAL INTEL & SPEC ACTIVITIES.....	6,307	77,976	101,589	101,589	---
TELECOMMUNICATIONS & COMMAND CONTROL.....	68,612	84,021	96,674	96,674	---
BASE OPERATIONS.....	940,337	1,081,153	1,273,730	1,234,830	-38,900
FOREIGN CURRENCY REDUCTION (GERMAN MARK).....	---	---	-13,000	-13,000	---
TOTAL, GENERAL PURPOSE FORCES.....	2,617,650	3,311,774	3,913,903	3,596,203	-317,700

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
INTELLIGENCE & COMMUNICATIONS					
CONSOLIDATED CRYPTOLOGIC PROGRAM.....	103,063	92,679	95,682	95,682	---
GENERAL DEFENSE INTEL PROGRAM (GDIP).....	169,969	212,860	228,420	226,120	-2,300
FOREIGN COUNTERINTEL PROGRAM.....	1,758	2,008	2,204	2,204	---
COMMUNICATIONS SECURITY PROGRAM.....	7,453	8,321	9,654	9,654	---
OTHER COMMUNICATIONS.....	122,753	136,724	163,008	163,008	---
STATION OPERATIONS COMMUNICATIONS.....	68,870	88,699	114,026	112,426	-1,600
LEASED COMMUNICATIONS.....	146,750	175,603	212,327	210,327	-2,000
SERVICE-WIDE ACTIVITIES.....	76,954	129,518	122,206	122,206	---
SPACE SUPPORT.....	94,189	135,127	185,530	185,530	---
BASE OPERATIONS.....	22,799	25,230	28,982	28,982	---
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	814,558	1,006,769	1,162,039	1,156,139	-5,900
AIRLIFT & SEALIFT					
ASSIGNED AIRLIFT MISSION.....	369,203	505,097	557,253	544,753	-12,500
MISSION SUPPORT.....	140,310	167,512	199,687	199,687	---
COMMAND SUPPORT.....	9,273	16,781	20,504	20,504	---
TELECOMMUNICATIONS & COMMAND CONTROL.....	14,233	15,942	19,970	19,970	---
BASE OPERATIONS.....	322,655	347,556	402,522	391,022	-11,500
TOTAL, AIRLIFT & SEALIFT.....	855,674	1,052,888	1,199,936	1,175,936	-24,000
CENTRAL SUPPLY & MAINTENANCE					
SUPPLY DEPOTS.....	223,349	237,089	260,324	260,324	---
INVENTORY CONTROL.....	319,074	344,407	388,276	388,276	---
PROCUREMENT OPERATIONS.....	111,374	120,398	140,510	140,510	---
DEPOT MAINTENANCE.....	1,801,044	2,449,801	2,655,759	2,707,059	+51,300
INDUST FUND/STOCK FUND SUPPORT.....	279,993	45,700	-58,591	-58,591	---
TRANSPORTATION.....	409,112	470,142	579,788	565,188	-14,600

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
MISC LOGISTIC SUPPORT ACTIVITIES.....	114,713	157,431	189,416	186,016	-3,400
PRINTING/PUBLICATIONS DISTRIBUTION.....	40,831	31,206	46,449	46,449	---
TEST RANGES.....	173,677	187,308	214,944	204,944	-10,000
COMMAND.....	55,843	56,808	57,678	57,678	---
COMMISSARY OPERATIONS.....	146,988	158,657	168,799	163,799	-5,000
TELECOMMUNICATIONS & COMMAND CONTROL.....	18,915	22,300	24,527	24,527	---
BASE OPERATIONS.....	404,850	416,305	468,019	440,119	-27,900
INFLATION REDUCTION.....	---	---	-14,900	-14,900	---
TOTAL, CENTRAL SUPPLY & MAINTENANCE.....	4,099,763	4,692,552	5,120,998	5,111,398	-9,600
TRN, MED, OTHR GP					
RECRUITING AND ADVERTISING.....	35,770	50,074	53,895	43,895	-10,000
RECRUIT AND SPECIALIZED TRNG.....	98,898	135,852	176,247	176,247	---
OFFICER ACQUISITION.....	38,453	44,045	48,978	48,978	-100
FLIGHT TRNG.....	239,880	260,030	322,876	322,876	---
PROFESSIONAL DEVELOPMENT EDUCATION.....	22,597	30,708	33,921	32,521	-1,400
MEDICAL TRAINING.....	17,359	22,572	25,592	25,592	---
OTHER PERSONNEL ACTIVITIES.....	56,446	74,333	89,308	86,508	-2,800
OTHER TRNG SUPPORT.....	37,434	47,944	51,173	51,173	---
T&CCP - TRAINING.....	13,769	15,846	17,729	17,729	---
BASE OPERATIONS.....	328,111	354,622	416,257	405,257	-11,000
HOSPITAL OPERATIONS.....	320,876	398,446	413,254	409,854	-3,400
CARE IN NON-SERVICE FAC.....	30,045	21,328	30,529	27,729	-2,800
T&CCP - MEDICAL.....	2,903	3,331	3,726	3,726	---
BASE OPERATIONS.....	67,975	75,637	86,043	85,943	-100
TOTAL, TRN, MED, OTHR GP.....	1,310,516	1,534,768	1,769,528	1,737,928	-31,600
ADMIN & ASSO ACT					
DEPARTMENTAL HEADQUARTERS.....	55,621	59,825	64,107	64,107	---
SERVICE-WIDE SUPPORT.....	133,896	235,154	207,431	200,031	-7,400

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
PERSONNEL ACTIVITIES.....	28,862	34,781	38,909	38,459	-450
OTHER SUPPORT ACTIVITIES.....	18,039	9,113	9,501	9,501	---
TELECOMMUNICATIONS & COMMAND CONTROL.....	5,222	5,529	6,824	6,824	---
BASE OPERATIONS.....	13,626	18,649	18,629	11,529	-7,100
TOTAL, ADMIN & ASSO ACT.....	255,266	363,051	345,401	330,451	-14,950
MILITARY ASSISTANCE ACTIVITY					
SUPPORT OF OTHER NATIONS.....	3,184	5,668	20,902	20,902	---
TOTAL, MILITARY ASSISTANCE ACTIVITY.....	3,184	5,668	20,902	20,902	---
OTHER ADJUSTMENTS					
DOUBLE SUBSISTENCE PAYMENTS.....	---	---	---	-10,000	-10,000
PER DIEM COMMITTEE.....	---	---	---	-3,500	-3,500
ARMY GUARD AND RESERVE EQUIPMENT.....	---	---	---	-23,400	-23,400
FUEL PRICE ADJUSTMENT.....	---	---	---	-233,000	-233,000
AUDIO VISUAL ACTIVITIES.....	---	---	---	12,400	+12,400
SUPPLY ACTIVITIES.....	---	---	---	-19,700	-19,700
GSHA/EFA.....	---	---	---	-3,500	-3,500
CONTRACTOR OPERATED ENGINEER STORES AND PARTS STORES..	---	---	---	3,000	+3,000
ALCOHOL AND SOFT DRINKS.....	---	---	---	-7,000	-7,000
WWCCS.....	---	---	---	-18,000	-18,000
C-140 PHASEOUT.....	---	---	---	-5,500	-5,500
SAUDI ARABIA AWACS.....	---	---	---	-18,200	-18,200
PREMATURE DEPLOYMENT FUNDING.....	---	---	---	-2,700	-2,700
KOREAN WON REDUCTION.....	---	---	---	-15,000	-15,000
EFFICIENCY REVIEW PROGRAM.....	---	---	---	-14,000	-14,000
TOTAL, O&M, AIR FORCE.....	12,411,224	14,643,814	16,696,076	15,895,276	-800,800

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FLYING OPERATIONS, AIR FORCE

The bill as reported by the Committee contains adjustments to the \$3.5 billion flying hour program of the Air Force totaling \$31.8 million.

The recommended reduction involves adjustments to the following flying hour and flying hour related efforts of the Air Force.

KC-10

Due to the lack of a simulator until FY 1984 and because training requirements have been revised for Air Force reserve personnel, a 2,200 hour shortfall exists in the FY 1982 training program. This equates to a dollar cost of about \$12.4 million which has been added to the bill.

C-140

Last year the Committee directed the phase-out of the extremely fuel inefficient and high maintenance per man hour C-140 aircraft deployed to support administrative flying in Europe. It was felt that the CT-39 aircraft could perform this requirement, maybe with a little less comfort, but adequately. The Air Force paid no attention to the Committee's recommendation which was also agreed to by the Senate Appropriations Committee. This year the Committee recommends the phase-out of all C-140 aircraft except those flown by the Air Force Communications Command for flight inspections of navigational aids and ground-air communications facilities. The reduction of \$5.5 million represents about one-third of the annual operating cost of the 15 space C-140 aircraft. The funding left in the bill can be used to fly additional CT-39 hours. The bill also includes a general provision allowing the Air Force to lease up to six aircraft for the longer range missions currently conducted by the C-140 pending procurement of a replacement aircraft or an economical plan to reengine the existing C-140's.

E-3A (AWACS)

The Air Force claims to incur an additional flying hour bill of between \$18.2 million and \$24.2 million because of the AWACS deployment to Saudi Arabia. The Saudi Arabian government currently provides fuel and other expendables to support the deployment of these aircraft. However, the Air Force claims that the deployment causes training deficiencies since normal training sorties entail directing aircraft on intercepts and this is not accomplished during the deployments. The Committee suggests that the Air Force bill the Saudi Arabian government for this additional requirement in lieu of requesting additional appropriations. A reduction of \$18.2 million is proposed.

C-5 CABIN LOAD RESTRICTION SUBSIDY

Each year the Air Force requests an even larger amount to subsidize C-5A aircraft in order that airlift service industrial fund rates can remain low. This subsidization is supposed to offset the impact of being unable to carry the full design load on the C-5A

because of wing structural problems. The program increases from \$96.8 million in FY 1980 to \$140.3 million in FY 1982. The Committee recommends a \$12.5 million reduction.

UH-1N HELICOPTERS

In the fiscal year 1980 Defense Appropriations Report the Committee noted that the Panama Canal Treaty required certain base realignments in Panama. As a result of these base realignments, the Army and Air Force would be operating the UH-1 helicopters (different models) from the very same installation. It was strongly suggested that the Air Force transfer this mission to the Army and redeploy its helicopters to a different location. The Air Force Audit Service in a classified audit of special operations (project number 809299) dated January 1981 concluded that "Special Operations Forces could improve operational efficiency, attain increased flexibility and be better trained if the UH-1N helicopter units in Panama was consolidated with the 1st Special Operations Wing Helicopter Unit at Hurlbert Field, Florida." The auditors go into considerable detail listing many reasons why it would be in the Air Force's and nation's interest to consolidate these helicopters with the parent unit in Florida. The Committee proposes such action and recommends a reduction of \$2.0 million.

OFFENSIVE TRAINING

The request for offensive training support has increased from \$4.9 million in FY 1980 to \$34.1 million in FY 1982. The original request for FY 1981 was \$25.7 million but it increased during execution to approximately \$31.5 million. There is reason to believe that one-time non-recurring costs were not deleted from the FY 1981 base in developing the FY 1982 request. A reduction of \$3.5 million is recommended in the bill.

C-5A OPERATIONAL SURGE TEST

During the review of the FY 1982 Defense Budget, the Committee asked many questions regarding C-5A readiness and its operational capabilities. These questions centered around the numbers and types of spare parts available and the ability of maintenance personnel and the airlift system in general to support surge operations for the C-5A.

A key factor in this nation's mobilization plans is the C-5A aircraft and its ability to carry certain critical outsized cargo. Mobilization planning is structured on the basis that the C-5A fleet will be able to average 12.5 hours per day during the first 45 days of a crisis. Currently, the C-5A fleet is utilized an average of about 1.7 hours per day carrying a much smaller payload than wartime sorties would demand because of wing structural problems. These and other aspects of the C-5A operations are discussed in more detail in part 4 of the Committee's hearings for FY 1982. (See pages 296-325)

The C-5 represents a critical element in planning for the use of the Rapid Deployment Force. Yet, even a casual reading of the Committee's record will reveal that there is little "hard data"

available to support current assumptions on the C-5A's ability to deliver payloads at the rates envisioned in the operational plans.

The hearings establish that it would require about \$38 million to conduct a surge test of the C-5A. The principal Air Force witness on this subject, General Huyser, the previous commander of MAC stated with reference to such a test that: "I don't think dollars have anything to do with it particularly. . . . If we could do it, it would make sense. I would love to do it if we could. I am just saying with all things considered, the artificialities, and then the wing life that we must preserve, if you want to be honest and realistic about it, it is not feasible."

The principal impediment to conducting such a test appears to be the wing structural problem of the C-5A aircraft. The Air Force is fearful that the aircraft cannot be loaded with out-sized cargo and still preserve enough wing life to cover the potential contingency. It is for this reason that the Committee has not included funding for a C-5A operational surge test in the bill even though the Committee supports conducting a significant test to verify the C-5A's operating capabilities. However, the Committee requests the Air Force in conjunction with OSD/JCS to structure such a test during 1982 with the objective of conducting the test in FY 1983. At that time, some of the rewinged C-5A's (probably 6) will be available to participate in the test. The use of these rewinged aircraft along with the unmodified C-5A's that are next scheduled for induction into the plant for rewinging will be adequate to run a squadron sized test. The outline of a proposed C-5A operational surge test should be made available to the Committee by May 1, 1982.

PREMATURE DEPLOYMENT COSTS

The following item reductions were made in the Air Force operations and maintenance request because the Committee believes that the request is premature in terms of the system involved being ready for operational deployment.

GROUND LAUNCHED CRUISE MISSILE (GLCM) — \$2.2 MILLION

The Air Force's original O&M request for 1982 contained \$6.3 million related to preparation of deployment of the GLCM to Europe. The September budget amendment deleted all but \$2.2 million of this request. In lieu of the certain delays in this program caused by both the compressed development schedule and the problem in reaching a consensus with our European allies on the need to deploy this system, the Committee deleted the remaining \$2.2 million.

HARASSMENT DRONE — \$900,000

This Drone known also as LOCUST is a low cost, expendable, anti-radar system which will be used to suppress enemy air defenses. In view of development problems it is not necessary to start an operational detachment in FY 1982.

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RAPIER — \$1.1 MILLION

The original budget request contained \$6.0 million for operation and maintenance of the Rapier air defense system. Due to relatively minor program delays; the Air Force amended the request to \$1.1 million. The Committee believes that even this portion of the request can be carried over to fiscal year 1983.

COMPASS CALL — \$200,000

As a result of software integration difficulties with the equipment aboard the C-130 aircraft a minor reduction in the program is possible.

B-52 COMPANION TRAINER — \$500,000

Funds for this new training effort are not required until fiscal year 1983.

CONTRACTING ENGINEERING SUPPORT, AIR FORCE

The Air Force has repeatedly assured the Committee that it would attempt to reduce the numbers of contractor support employees located at base level, especially overseas. The Air Force generally refers to this support as "Interim Contractor Support." The Committee has rejected an Air Force request to increase the amount of this interim contractor support for the A-10, F-15 and F-16 by \$3.2 million in FY 1982. The primary portion of the increase is with the F-16 program where a number of man years increases from six to 33.5 and the dollar request from \$500,000 to \$3.2 million. The overall contract engineering support request of the Air Force has grown from \$29.2 million in FY 1980 to \$53.2 million in FY 1982.

EASTERN TEST RANGE

It appears that the Air Force has automatically agreed to pick up all costs associated with ETR which in the past were partially borne by users of the range without attempting to reduce management and support costs. Navy workload is down but overall costs do not decline. Total launches decline from 78 to 67, instrumentation hours from 52,000 to 35,000 and range ship days decline from 488 to 252. Also, funds were included in the FY 1981 program to perform a service life extension program on the USS *Arnold* and *Vanderburg*. It appears that these funds were not removed from the "base" amounts in developing the 1982 request. In summary the Committee feels that the Air Force should be able to obtain savings of approximately \$10.0 million from the budget request for the operation of the Eastern test range in FY 1982.

MX BASING

In view of the Committee's decision to delete all funds for the MX missile in FY 1982 a reduction of \$8.9 million for basing studies has been made to the Operation and Maintenance Appropriation.

KOREA WON/DOLLAR EXCHANGE RATES

The Korean won is one of the currencies not included in the Currency Fluctuation Account because its rate of exchange is fixed by Korea to the dollar. Recently the Korean government reduced or devalued the won relative to the dollar for the second time since implementation of the foreign currency fluctuation appropriation. The Army's September budget amendment reflected a reduction of \$30.0 million as a result of the won devaluation. The Air Force spends about half as much in Korea as does the Army but reflected no change in its budget amendments. The Committee proposes a \$15.0 million reduction.

DESERT AND MOUNTAIN TRAINING

In conjunction with the fiscal year 1982 amendments made last March significant additions were made to the Army, Marine Corps and Air Force budgets for desert and mountain unit training. Since the Air Force does not have any special units designated for either mountain or desert warfare the Air Force was asked to provide additional information in support of this request. The Air Force was unable to provide adequate data with respect to what units would be trained, where the training would take place etc. to justify the addition of \$10.0 million.

GROUND DEFENSE FLIGHTS

The FY 1982 amendment requested \$7 million for operation and maintenance costs of Airborne Ground Defense Flights organized to counter the ground attack threat posed by the Warsaw Pact Special Operations Forces and North Korean Commando/Ranger Forces to airfields. The DOD recently presented a preliminary draft of a plan in which the FRG would add about 90,000 personnel to its wartime military strength to support the U.S. Army and Air Force in Europe. These personnel would remain in various reserve units in peacetime. Included in this 90,000 reserve force is an increase of 13,400 personnel to provide air base security at 8 U.S. main operating bases, 6 Air Force communications and ammo sites and 4 other major Air Force installations. Thus, we should delay the procurement of equipment for U.S. units until this matter is resolved since the U.S. will in all likelihood have to pay for the equipment and other support costs as part of the agreement with the FRG.

AIR FORCE BOOKS AND PERIODICALS

The Air Force is requesting real program growth of \$1.5 million for centrally purchasing such books and periodicals as the "Official Airline Guide" and "Strategic Military Review". The Committee approved an increase last year of \$790,000 based upon the same justification. The Committee is therefore deleting the entire \$1.5 million in growth requested.

AIR FORCE ADMINISTRATIVE MAN YEAR GROWTH

The Air Force is requesting an increase of 242 man years in the administrative activities generally designated as "program nine". The justification submitted to the Committee for this increase was that the additional man years are required because "the increase is a result of end strength increases for fiscal year 1982 over fiscal year 1981 and hiring restrictions during FY 1980 and 1981", and "the initial budget submission understated the FY 1981 man years." The Committee believes this is inadequate justification since what happened in previous years does not justify the need for an increase this year. Such increases should be tied to programs and justification should be provided to indicate the need for the specific increase. The Committee is therefore recommending deletion of \$7.4 million.

TRANSFER OF T-43 AIRCRAFT FROM THE RESERVES TO THE ACTIVE FORCE

The General Accounting Office recently completed a review of the reallocation of T-43 aircraft within the Air Force (PLRD-82-17). This review was made because there was much controversy over the original transfer of the aircraft from the active force to the reserve and to determine if the Air Force's requirement for the aircraft was valid using Air Force generated navigator training requirements. The General Accounting Office concluded that the transfer of two T-43's from Andrews Air Force Base to Mather AFB last September was justified. However, the Air Force has also projected a fiscal year 1983 requirement which will require two more T-43's to be transferred to Mather. The data provided by the General Accounting Office does not support this additional transfer. Since the peak T-43 requirement only slightly exceeds 16 aircraft for a 3-month period, a slight increase in flying time for these aircraft during this period could avoid the transfer of further aircraft from the Air National Guard. Accordingly the Air Force is not to conduct any further transfers without prior notification being given the Appropriations Committee.

AIR FORCE STOCK FUND

Appropriations, fiscal year 1981.....	\$28,300,000
Estimate, fiscal year 1982.....	107,800,000
Recommended in the bill.....	67,800,000
Change.....	-40,000,000

The change in the estimate for the Air Force Stock Fund is explained in the Foreign Military Sales section of the report.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

Appropriations, fiscal year 1981.....	¹ \$4,380,816,000
Estimate, fiscal year 1982.....	4,635,500,000
Recommended in the bill.....	4,941,470,000
Change.....	+305,970,000

¹ In addition, \$20,000,000 transferred from other accounts.

The Committee recommends an appropriation of \$4,941,470,000 for Operation and Maintenance, Defense Agencies. This amount is

an increase of \$305,970,000 from the budget estimate of \$4,635,500,000. The amount appropriated for fiscal year 1981 to date is \$4,380,816,000. The amount recommended herein from fiscal year 1982 is an increase of \$560,654,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Defense Agencies operation and maintenance budget, as previously discussed or as discussed elsewhere in the report have been allocated as reflected in the following table and the classified annex:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, DEFENSE AGENCIES					
DEFENSE INVESTIGATIVE SERVICE.....	38,929	68,619	76,205	76,205	---
DEFENSE MAPPING AGENCY.....	266,249	308,383	326,048	326,048	---
DEFENSE NUCLEAR AGENCY.....	28,935	30,708	33,570	33,570	---
INTELLIGENCE AND COMMUNICATIONS.....	901,805	1,079,026	1,172,144	1,169,614	-2,530
DEFENSE LOGISTICS AGENCY.....	1,081,002	1,232,703	1,292,315	1,281,315	-11,000
OVERSEAS DEPENDENT EDUCATION.....	338,846	390,435	400,548	479,548	+79,000
AMERICAN FORCES INFORMATION SERVICE.....	22,781	30,971	32,109	32,109	---
UNIFORMED SERVICES UNIV OF THE HEALTH SCIENCE.....	17,126	22,301	25,593	25,593	---
CIVILIAN HEALTH & MED PROG OF THE UNIF SERV.....	711,898	880,764	938,631	936,131	-2,500
MEDICAL INFORMATION SYSTEM.....	26,901	37,923	46,921	46,921	---
SECRETARY OF DEFENSE.....	62,109	84,415	98,012	99,012	+1,000
OFFICE OF ECONOMIC ADJUSTMENT.....	1,848	2,080	2,402	2,402	---
DEFENSE AUDIOVISUAL AGENCY.....	---	14,946	16,552	16,552	---
WASHINGTON HEADQUARTERS SERVICE.....	32,492	49,848	54,662	54,662	---
OFFICE OF JOINT CHIEFS OF STAFF.....	13,416	16,984	17,510	17,510	---
DEFENSE CONTRACT AUDIT AGENCY.....	89,600	99,920	102,725	102,725	---
DEFENSE AUDIT SERVICE.....	14,966	16,990	17,753	17,753	---
INFLATION, FOREIGN CURRENCY, ECONOMIC ASSUMPTIONS.....	---	---	-18,200	-18,200	---
LONG DISTANCE TELEPHONE.....	---	---	---	-200	-200
EFFICIENCY REVIEW PROGRAM.....	---	---	---	-6,000	-6,000
ARMY GUARD AND RESERVE EQUIPMENT.....	---	---	---	-8,000	-8,000
STANDARD LEVEL USER CHARGES.....	---	---	---	-3,200	-3,200
JCS DIRECTED AND COORDINATED EXERCISES.....	---	---	---	264,000	+264,000
CIVILIAN WORKERS COMPENSATION PAYMENTS.....	---	---	---	-4,900	-4,900
DATA PROCESSING ACTIVITIES.....	---	---	---	-2,200	-2,200
WWCCS.....	---	---	---	2,500	+2,500
TOTAL, O&M, DEFENSE AGENCIES.....	3,648,903	4,367,016	4,635,500	4,941,470	+305,970

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

The Committee recommends an appropriation of \$479,548,000, an increase of \$79,000,000 over the \$400,548,000 revised budget request for fiscal year 1982, and an increase of \$89,113,000 over the \$390,435,000 made available for fiscal year 1981. The total estimate for the dependents schools prior to the budget revisions made in September was \$426,948,000, excluding the \$75,000,000 being recommended for Section 6 schools.

SECTION 6 SCHOOLS

Public Law 81-874, passed by Congress in 1950, gave responsibility for funding the Section 6 school systems to the Department of Education. The Department of Education was given authority to make payments and arrangements as necessary under Section 6 of Public Law 81-874, in order to insure that children of federal dependents have access to a free and public education.

There are 18 Section 6 schools which are located on military installations, run by Defense employees. In past years all costs were assumed by the Department of Education. Approximately 32,000 military dependents attended these schools in school year 1980-1981.

There are five other situations where the federal government has made arrangements and pays some portion or all of the costs for federal dependents to attend schools in the local civilian community. Three of these Section 6 arrangements with the local districts involve dependents of military personnel. The other two involve dependents of Coast Guard and National Park Service personnel. These five arrangements involve approximately 2,500 dependents.

The Department of Defense is the only agency authorized under the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, to pay for the continued operation and maintenance of these schools in fiscal year 1982 or school year 1981-82. Title 5, Sec. 505 (c) (2) states "Funds appropriated to the Department of Defense shall be available to the Secretary of Defense for payments and arrangements of the kind that may be made by the Secretary of Education under Section 6 of the Act of September 30, 1950 (P.L. 874, 81st Congress)." Section 505(c)(3) states "The Secretary of Defense shall delegate to the Secretary of Education responsibility for the conduct of programs with funds so available." There were no funds provided for this purpose under the reconciliation act. The Department of Education had requested \$75,000,000 for Section 6 schools in the original fiscal year 1982 budget request. This is the level at which the schools were funded in fiscal year 1981. This funding requirement includes monies for those Section 6 arrangements involving Coast Guard and National Park Service dependents also.

The Committee recommends an appropriation of \$75,000,000 be provided for the operation and maintenance of the Section 6 schools. These funds are appropriated with the understanding that they will be administered through the Office of the Secretary of Defense with operational oversight delegated to the Director, Department of Defense Dependents Schools. There is no need for two Departments of the federal government to jointly manage this

effort. Since the Department of Defense is being provided the funds for operating Section 6 schools and since these schools, with two exceptions, are all located on military installations, the Department of Defense should be solely responsible for their management. A general provision (Section 785) to insure DoD management is contained in the bill.

Section 6 school operations established under provisions of P.L. 81-874, and overseas dependents schools operations authorized in P.L. 95-561, will be separately maintained and funded within the Department of Defense through the Department of Defense Dependents School System.

TRANSFER OF DEPENDENTS SCHOOLS TO THE DEPARTMENT OF EDUCATION

Under the current provisions of Section 302, P.L. 96-88, Department of Education Organization Act, the Department of Defense Dependents Schools must transfer to the Department of Education by not later than May 4, 1983. Recently, a bill, S. 1474, was introduced and indorsed by the Administration, to repeal the transfer. The Department of Defense has prepared similar legislation of this nature to retain the Defense schools within the Department of Defense. These legislative initiatives, coupled with the President's stated intention to abolish the Department of Education, provide a strong basis for deferring the expenditure of any appropriated funds to implement the transfer of the Defense schools until Congress has time to act.

In this connection, an additional Department of Defense expenditure which should be deferred relates to the Advisory Council on Dependents' Education established by Section 1411, P.L. 95-561, Education Amendments of 1978, to implement the transfer plan. The Advisory Council on Dependents' Education is an advisory body appointed by the Secretary of Education to provide policy guidance on the operation of Department of Defense Dependents Schools. The Advisory Council has never met however, and the legislative proposals described above will transfer the council back to the Department of Defense. Upon completion of this transfer, the Secretary of Defense will probably select new members of his own choosing.

Notwithstanding the previous inactivity of the Advisory Council on Dependents Education, it is the Committee's understanding that the Department of Education is moving ahead to install appointees and conduct a four day meeting, at Department of Defense expense, in December 1981. This meeting and three quarterly meetings thereafter must be funded by the Department of Defense Dependents Schools at a total cost of over \$130,000. The Department of Education pays no part of this expense. This would appear to be a questionable use of funds in light of the legislative proposals to restore the defense schools and the Advisory Council on Dependents' Education to the Department of Defense.

In order to defer these unnecessary expenditures until Congress can act upon the legislation proposed by the Department of Defense, the Committee is recommending that the following language be included in the bill:

SEC. 784. None of the funds provided in this Act may be obligated or expended to transfer the Defense dependents' schools to the Department of Education, or to fund the activities of the Advisory Council on Dependents' Education until legislative proposals to repeal such transfer of the dependents' schools are considered and acted upon by Congress.

TEACHERS PAY

The teaching staff of the Department of Defense Dependents' Schools is paid in accordance with the salary schedule dictated by P.L. 86-91, as amended, the Defense Department Overseas Teachers Pay and Personnel Practices Act. The Act was amended, by P.L. 89-391, in 1966 to correct inequities with respect to the basic compensation of teachers and teaching positions, which stated that "the fixing of basic compensation for teachers and teaching positions at rates equal to the average of the range of rates of basic compensation for similar positions of a comparable level of duties and responsibilities in urban school jurisdictions in the United States of 100,000 or more population."

The amount contained in the fiscal year 1982 President's budget for anticipated results of that survey was approximately \$15,000,000 for an estimated pay increase of approximately 11 percent. The Administration recommended a reduction of \$9,000,000 which would hold the allowable increase to the 4.8 percent as now provided for all federal employees. This would leave \$6,000,000 for pay increases and longevity (step) increases for teachers for school year 1981-82. The Committee believes the \$9,000,000 reduction recommended by the Department does not provide adequate funds to provide the teachers with a 4.8 percent increase and the step increase to which they are entitled. Therefore, the Committee is recommending an additional \$4,000,000 be appropriated, making \$10,000,000 available instead of the \$6,000,000 budgeted for teachers pay and longevity increases.

The recommended general provision language which would impose a 4.8 percent pay cap on the teachers in the school system during school year 1981-82 is as follows:

SEC. 770. None of the funds provided in this Act shall be available to pay a person whose pay is determined pursuant to Section 903 of Title 20, United States Code (Section 5 of Public Law 86-91, as amended), any increase in basic compensation as the result of adjustments pursuant to section 903(c) of Title 20, United States Code, in excess of 4.8 percent of the amount such person was entitled to receive for the school year 1980-1981.

To prevent an adjustment in teachers' pay in excess of 4.8 percent for August through December 1981, the first five months of the 1981-1982 school year, the following general provision language is also incorporated in the bill:

SEC. 771. None of the funds available to the Department of Defense by this or any other Act shall be available to pay a person whose pay is determined pursuant to Section 903 of Title 20, United States Code (Section 5 of Public

Law 86-91, as amended) any increase in pay in excess of 4.8 percent for the months of August through December 1981 as a result of adjustments in pay made thereafter.

DEFENSE STOCK FUND

Appropriations, fiscal year 1981	\$458,000,000
Estimate, fiscal year 1982	79,000,000
Recommended in the bill	59,000,000
Change	-20,000,000

The change in the estimate for the Defense Stock Fund is explained in the Foreign Military Sales section of the report.

OPERATION AND MAINTENANCE, ARMY RESERVE

Appropriations, fiscal year 1981	\$522,793,000
Estimate, fiscal year 1982	614,900,000
Recommended in the bill	661,635,000
Change	+46,735,000

The Committee recommends an appropriation of \$661,635,000 for Operation and Maintenance, Army Reserve. This amount is an increase of \$46,735,000 from the budget estimate of \$614,900,000. The amount appropriated for fiscal year 1981 to date is \$522,793,000. The amount recommended herein for fiscal year 1982 is an increase of \$138,842,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Army Reserve operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, are as follows:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, ARMY RESERVE					
TRAINING AND ORGANIZATION OF MISSION FORCES.....	248,689	293,321	373,600	418,600	+45,000
DEPOT MAINTENANCE.....	6,173	5,706	7,500	8,500	+1,000
COMMUNICATIONS.....	8,377	9,338	10,063	10,063	---
BASE OPERATIONS.....	124,102	150,455	153,583	157,068	+3,485
RECRUITING AND ADVERTISING.....	28,411	33,518	40,316	40,316	---
MANAGEMENT SUPPORT.....	23,924	29,210	31,838	31,838	---
ECONOMIC ASSUMPTIONS.....	---	---	-2,000	-2,000	---
OSHA/EPA.....	---	---	---	-1,400	-1,400
INCOMPATIBLE POSITIONS.....	---	---	---	-150	-150
CONFEDERATION OF INTER-ALLIED OFFICERS.....	---	---	---	-200	-200
SECOND DESTINATION TRANSPORTATION.....	---	---	---	-1,000	-1,000
TOTAL, O&M, ARMY RESERVE.....	439,676	521,548	614,900	661,635	+46,735

ARMY RESERVE—SUMMARY OF ADJUSTMENTS

Adjustments to the Army Reserve operation and maintenance request include the addition of \$50 million for readiness rated items, primarily stock funded spare parts. The Army Reserve like the Army National Guard has a significant shortage in both major equipment end items and in consumable spares and repair parts. This addition should help in overcoming this prolonged shortage. This increase is partially offset by a series of base operations adjustments totaling \$515,000, a reduction in the request for second destination transportation of \$1.0 million, the elimination of \$1.4 million in OSHA/EPA related projects. The bill as reported by the Committee also includes a reduction of \$150,000 to encourage the Army Reserve to eliminate personnel who hold incompatible technician and military positions. The Committee also recommends a reduction of \$200,000 to the request of \$620,000 for the Confederation of Inter Allied Reserve Officers.

INCOMPATIBLE JOBS

A number of audits report that many technicians in the Army Reserve components are not assigned jobs which closely relate to their military position. For example, 18 percent of the personnel in Michigan and 16 percent of those in Minnesota are not assigned to compatible positions. The Committee expects the Army Reserve components to limit the numbers of technicians that can be in non-compatible jobs to not more than 15 percent in any one state with the objective of reducing this over the next two years to not more than 5 percent. The Committee expects the Reserve components to gather accurate data on the extent of the problem and present that information in conjunction with the fiscal year 1983 hearings. The Army Reserve should also include its "status quo" technicians in determining personnel on the rolls in incompatible jobs.

OPERATION AND MAINTENANCE, NAVY RESERVE

Appropriations, fiscal year 1981.....	\$554,172,000
Estimate, fiscal year 1982.....	578,640,000
Recommended in the bill.....	585,540,000
Change.....	+6,900,000

The Committee recommends an appropriation of \$585,540,000 for Operation and Maintenance, Navy Reserve. This amount is an increase of \$6,900,000 from the budget estimate of \$578,640,000. The amount appropriated for fiscal year 1981 to date is \$554,172,000. The amount recommended herein for fiscal year 1982 is an increase of \$31,368,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimated.

The Committee's recommended changes to the Navy Reserve operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, are as follows:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, NAVY RESERVE					
MISSION FORCES					
NAVAL AIR FORCES.....	152,091	190,872	209,721	223,721	+14,000
SURFACE SUPPORT FORCES.....	2,325	2,519	3,710	3,710	---
SHIP OPERATIONS.....	36,841	47,797	53,583	58,783	+5,200
SHIP MAINTENANCE.....	69,067	100,643	84,299	88,299	+4,000
OVERHAUL MOD, SHIP EQUIP & RELATED SFT.....	2,347	1,013	525	525	---
SPECIAL COMBAT SUPPORT FORCES.....	2,224	2,907	2,583	2,583	---
FLEET OPERATIONS SUPPORT.....	763	677	477	477	---
ECONOMIC ASSUMPTIONS.....	---	---	-2,000	-2,000	---
TOTAL, MISSION FORCES.....	265,658	346,428	352,898	376,098	+23,200
DEPOT MAINTENANCE					
AIRCRAFT MAINTENANCE.....	60,885	77,708	76,071	82,071	+6,000
CONTRACTOR ENG TECHNICAL SERVICES.....	7,274	7,977	8,980	8,980	---
TOTAL, DEPOT MAINTENANCE.....	68,159	85,685	85,051	91,051	+6,000
OTHER SUPPORT					
MANAGEMENT HEADQUARTERS.....	4,386	4,690	4,467	4,467	---
BASE OPERATIONS.....	93,150	117,369	136,224	134,024	-2,200
FUEL PRICE ADJUSTMENT.....	---	---	---	-11,000	-11,000
PAY RAISE RESTORATION.....	---	---	---	-9,100	-9,100
TOTAL, OTHER SUPPORT.....	97,536	122,059	140,691	118,391	-22,300
TOTAL, O&M, NAVY RESERVE.....	431,353	554,172	578,640	585,540	+6,900

NAVY RESERVE

SUMMARY OF ADJUSTMENTS

The bill as recommended includes an increase of \$14.0 million to support Naval Reserve air wings through the additional purchase of operating and war reserve spares. Also included is an increase of \$6.0 million for the overhaul of 91 aircraft engines.

The ship operations account is adjusted to reflect the addition of \$5.2 million deleted by the Administration in the September amendment as part of a plan to phase out four MSO's and two destroyers in fiscal year 1982 instead of fiscal year 1983.

Adjustments to the ship maintenance request include the addition of \$4.0 million to improve the material readiness of the Navy Reserve Mine Sweeper Force.

The Committee rejected the request of \$2.2 million to lease bachelor quarters for Navy personnel in the New Orleans region.

Other changes include a reduction of \$11.0 million as a result of the fuel price adjustment discussed earlier and a reduction of \$9.1 million because certain real property maintenance projects which were originally deleted in the fiscal year 1981 budget to finance pay raises did not have to be deleted as a result of the amended supplemental request for 1981.

NAVAL RESERVE FORCE SHIPS

The September budget amendment proposes the early decommissioning of six NRF ships during FY 1982. Included are four MSO's (Minesweepers)—DOMINANT, DETECTOR, DASH, and DIRECT. Prior to the budget revision, Navy intended to retain these ships in service and had planned a service life extension for them.

Also included are two FRAM I destroyers—CONE and ORLECK. Until the budget revision, these two ships were to remain in commission for another year. Navy also revised its planned decommissioning of 2 additional FRAM I destroyers—ELLISON and LAWE—from FY 84 to FY 83.

The budget recommendation is not in conformance with the FY 1981 Defense Conference Report. The Committee has restored the funds needed to continue operation of these ships in FY 1982.

The Committee takes note of the fact that the FY 1981 Defense Conference Report directed Navy to assign the convoy escort mission to the NRF and bring about significant changes in the assignment, force level, manning, maintenance, operation, command and control, and funding of NRF ships.

The Committee also notes that the Navy has thus far accomplished only a very small part of these actions. Immediate steps are necessary to ensure that the FF's (four of which are being added in 1982 to offset the decommissioning of four older DD's) will operate in a manner which will focus ship operations on combined crew training in the war time mission. While the ships can perform admirably in international fleet exercises, as did the VOGELGESANG and STEINACHER in the recent "Ocean Venture", and as recruiting vehicles, as did the LAWE on this past summer's Great Lakes cruise, such assignments detract from NRF ship readiness unless there is full participation of the combined crew.

The Committee continues to believe that NRF ships should operate under the operational and administrative control of the Chief of Naval Reserve, that Shore Intermediate Maintenance Activities—Naval Reserve Maintenance Facilities (SIMA/NRMF) be established in each homeport under the claimancy of Chief of Naval Reserve, and that the training of the NRF surface combatants be devoted to the training of their combined active duty and drilling Reserve crew in the wartime mission of convoy escort duty. Operations without the combined crew embarked should be limited to emergency situations only; for example, emergency sorties to avoid heavy weather or actions required incident to an attack. The Committee also insists that the Navy proceed to attain a 50 percent active (TAR) and a 50 percent Selected Reserve crew mix with a phase-in of TAR personnel to replace Regular Navy crew members.

The Committee also directs the Navy to submit a plan by April 1, 1982, to reach a total of 24 NRF ASW escorts during the next five years. This could be done by assigning the older LAMPS 1 FFG-7's to the Reserve in lieu of modifying them to the LAMPS III configuration. The Navy's plan should identify the ships for transfer to the NRF by name and by fiscal year, and maintain a force level floor of at least eight surface combatants in the NRF during FY 1982.

The Committee recognizes the need to clarify Reserve funding to ensure responsive program execution. Therefore, the Committee expects that the Director, Naval Reserve (the Chief of the Reserve Component) will be assigned the control and responsibility of all Naval Reserve appropriations. Such assignment would include the planning, programming and budgeting for all NRF ship activities, size of the Selected Reserve, and the payment of the TAR personnel from the RPN account.

TRAINING AND READINESS, NAVY RESERVE

The Committee added a total of \$40.0 million to improve training and overall readiness of the Navy Reserve. A total of \$20 million of the \$40 million is being allocated to the Other Procurement, Navy appropriations for the purchase of electronic warfare equipment for the two carrier air wings. At the current time only one of the two wings has any EW equipment. Also included in the \$40 million is an addition of \$14 million for stock funded spares and flying related to improving the overall readiness of Navy Reserve Carrier Air Wings. Another \$6.0 million has been added to perform rework on 91 Navy Reserve Aircraft engines.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Appropriations, fiscal year 1981	\$28,854,000
Estimate, fiscal year 1982	40,299,000
Recommended in the bill	40,299,000

The Committee recommends an appropriation of \$40,299,000 for Operation and Maintenance, Marine Corps Reserve. This amount is the same as the budget request. The amount appropriated for fiscal year 1981 to date is \$28,854,000. The amount recommended herein for fiscal year 1982 is an increase of \$11,445,000 over the prior

year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee has not recommended any changes to the Marine Corps Reserve operation and maintenance budget.

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, MC RESERVE					
MISSION FORCES.....	8,494	12,980	19,096	19,096	---
DEPOT MAINTENANCE.....	919	1,234	1,349	1,349	---
BASE OPERATIONS.....	7,069	8,910	10,168	10,168	---
OTHER ACTIVITIES.....	4,673	5,730	9,686	9,686	---
TOTAL, O&M, MC RESERVE.....	21,155	28,854	40,299	40,299	---

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OPERATION AND MAINTENANCE, AIR FORCE RESERVE

Appropriations, fiscal year 1981	\$601,980,000
Estimate, fiscal year 1982	678,008,000
Recommended in the bill	668,454,000
Change.....	-9,554,000

* The Committee recommends an appropriation of \$668,454,000 for Operation and Maintenance, Air Force Reserve. This amount is a decrease of \$9,554,000 from the budget estimate of \$678,008,000. The amount appropriated for fiscal year 1982 is an increase of \$66,474,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

* The Committee's recommended changes to the Air Force Reserve operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, are as follows:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, AIR FORCE RESERVES					
MISSION FORCES.....	370,914	429,025	488,041	492,641	+4,600
DEPOT MAINTENANCE.....	52,259	70,910	80,042	80,042	---
OTHER SUPPORT.....	88,216	102,045	112,925	111,425	-1,500
ECONOMIC ASSUMPTIONS.....	---	---	-3,000	-3,000	---
FUEL PRICE ADJUSTMENT.....	---	---	---	-10,000	-10,000
AUDIO VISUAL ACTIVITIES.....	---	---	---	-54	-54
HEADQUARTERS.....	---	---	---	-2,600	-2,600
TOTAL, O&M, AIR FORCE RESERVES.....	511,389	601,980	678,008	668,454	-9,554

AIR FORCE RESERVE SUMMARY

The request for the Air Force Operation and Maintenance Appropriation has been adjusted by the addition of \$4.6 million to the mission forces line. This increase has been offset by base operating support and flying hour adjustments totaling \$1.5 million, a fuel price adjustment totaling \$10.0 million, a headquarters decrease of \$2.6 million and a \$54,000 decrease to audio visual activities.

HEADQUARTERS ACTIVITIES

The bill as proposed by the Committee deletes a total of \$2.0 million for the Army National Guard and \$2.6 million in the Air Force Reserve appropriation for headquarters activities. Both of these reserve components have experienced growth in their headquarters activities during the past two years.

LOGISTICS SUPPORT

A General Accounting Office study and follow-up hearings by the Committee make clear that significant peacetime savings in logistical support to the Air Reserve components are possible if better "bed-down" plans are adopted early in the planning process. There is also an opportunity to save on logistics and other support cost by developing better sharing arrangements within and between the Air Force Reserve and Air National Guard. The proposed reduction of \$3.0 million is designed to draw the Department's attention to the matter of sharing facilities between the Air Force Reserve and the Air National Guard and sharing equipment and facilities within these components. See pages 480 to 491 Part 5 of the Reserve Forces hearings.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

Appropriations, fiscal year 1981.....	\$958,770,000
Estimate, fiscal year 1982.....	1,041,200,000
Recommended in the bill.....	1,087,250,000
Change	+46,050,000

The Committee recommends an appropriation of \$1,087,250,000 for Operation and Maintenance, Army National Guard. This amount is an increase of \$46,050,000 from the budget estimate of \$1,041,200,000. The amount appropriated for fiscal year 1981 to date is \$958,770,000. The amount recommended herein for fiscal year 1982 is an increase of \$128,480,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Army National Guard operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, are as follows:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&H, ARMY NG					
TRAINING OPERATIONS.....	189,785	194,205	186,751	186,751	---
LOGISTICAL SUPPORT.....	595,791	688,726	778,647	828,647	+50,000
HEADQUARTERS AND COMMAND SUPPORT.....	50,342	61,592	70,992	68,992	-2,000
MEDICAL SUPPORT.....	4,051	6,601	7,810	7,810	---
ECONOMIC ASSUMPTIONS.....	---	---	-3,000	-3,000	---
OSHA/EPA.....	---	---	---	-1,600	-1,600
INCOMPATIBLE POSITIONS.....	---	---	---	-350	-350
TOTAL, O&H, ARMY NG.....	839,969	951,124	1,041,200	1,087,250	+46,050

ARMY NATIONAL GUARD, SUMMARY

Included in the bill for the Army National Guard is the addition of \$50 million to buy stock funded equipment. This increase is offset by decreases of \$2.0 million in headquarters activities, \$1.6 million in increases requested for OSHA/EPA compliance and a decrease of \$350,000 related to the employment of technicians who hold positions incompatible with their military positions.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

Appropriations, fiscal year 1981.....	\$1,531,907,000
Estimate, fiscal year 1982.....	1,682,468,000
Recommended in the bill.....	1,643,818,000
Change	-38,650,000

The Committee recommends an appropriation of \$1,643,818,000 for Operation and Maintenance, Air National Guard. This amount is an decrease of \$38,650,000 from the budget estimate of \$1,682,468,000. The amount appropriated for fiscal year 1981 to date is \$1,531,907,000. The amount recommended herein for fiscal year 1982 is an increase of \$111,911,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

The Committee's recommended changes to the Army National Guard operation and maintenance budget, as previously discussed or as discussed elsewhere in the report, are as follows:

	1980 actual amount	1981 current amount	1982 budget amount	Committee recommended	Recommended versus 1982 Budget
O&M, AIR NG					
OPERATION OF AIRCRAFT.....	394,905	500,401	574,650	575,150	+500
LOGISTICAL SUPPORT.....	174,304	202,697	242,398	236,398	-6,000
TRAINING SUPPORT.....	710,616	851,156	865,944	865,944	---
SERVICE-WIDE SUPPORT.....	2,823	3,453	3,476	3,476	---
ECONOMIC ASSUMPTIONS.....	---	---	-4,000	-4,000	---
FUEL PRICE ADJUSTMENT.....	---	---	---	-32,000	-32,000
AUDIO VISUAL ACTIVITIES.....	---	---	---	-350	-350
PAY RAISE RESTORATION.....	---	---	---	-2,700	-2,700
OSHA/EPA.....	---	---	---	-1,500	-1,500
BASE OPERATIONS.....	---	---	---	-3,200	-3,200
WAR RESERVE SPARES.....	---	---	---	10,000	+10,000
CAMOUFLAGE NETS.....	---	---	---	-3,400	-3,400
TOTAL, O&M, AIR NG.....	1,282,648	1,557,707	1,682,468	1,643,818	-38,650

AIR NATIONAL GUARD, SUMMARY

The bill as reported by the Committee includes increases of \$500,000 for operation of aircraft and \$10.0 million for operating spares for the Air National Guard. These increases are offset by decreases of \$6.0 million for logistics support activities, \$32.0 million related to the fuel price adjustment. Other reductions include: \$350,000 for audio visual activities, \$2.7 million because projects which were at one time deferred in 1981 to finance the pay raise did not have to be deferred, \$1.5 million related to OSHA/EPA requirements, \$3.2 million primarily related to the takeover of Rickenbacher Air Force Base, and a reduction of \$3.4 million for camouflage nets because they cannot be produced by FY 1982.

TRAINING AND READINESS, AIR NATIONAL GUARD

The bill as reported by the Committee includes certain adjustments to improve the readiness of the Air National Guard. Included in this category is \$7.6 million to modify the J-79 engine used on Guard F-4 aircraft so that this engine will no longer leave a visible smoke trail. Another \$30.4 million has been added to the Other Procurement, Air Force appropriation to buy communications equipment for Air National Guard units supporting the Rapid Deployment Force. Finally, \$10.0 million was added to the bill for purchase of war reserve spares for high priority Air Guard units. It was also necessary to delete the request of \$3.4 million of camouflage nets because of a production backlog. During the September amendment the Army found it necessary to delete \$16.9 million of the \$53.1 million requested for camouflage screens because available production capacity could not provide all of the camouflage nets budgeted for FY 1982.

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

Appropriations, fiscal year 1981	\$845,000
Estimate, fiscal year 1982	444,000
Recommended in the bill	845,000
Change	+ 401,000

The Committee recommends an appropriation of \$845,000 for National Board for the Promotion of Rifle Practice, Army. This amount is an increase of \$401,000 from the budget estimate of \$444,000. The amount recommended herein for fiscal year 1982 is the same as made available for fiscal year 1981. Pay raise costs are not included in the fiscal year 1982 estimate.

CLAIMS, DEFENSE

Appropriations, fiscal year 1981	\$141,850,000
Estimate, fiscal year 1982	195,500,000
Recommended in the bill	155,700,000
Change	- 39,800,000

The Committee recommends an appropriation of \$155,700,000. This amount is a decrease of \$39,800,000 from the budget estimate of \$195,500,000. The amount recommended herein for fiscal year 1982 is an increase of \$13,850,000 over the fiscal year 1981 appro-

priation of \$141,850,000. Earlier this year, the Department of Defense requested in the fiscal year 1981 supplemental the amount of \$41,000,000 to be paid to the Federal Republic of Germany for maneuver damages. The conferees on the fiscal year 1981 Supplemental appropriation did not approve any funds for maneuver damage claims due to the Department of Defense's failure to undertake negotiations with the NATO allies concerning peacetime host nations support and related status of forces matters.

The fiscal year 1982 revised request for Claims shows that the Department of the Army portion of the request is \$129,995,000. Fifty-three percent of the request, or \$69.1 million, is being used to pay maneuver damage claims in the Federal Republic of Germany.

The Committee is recommending an appropriation of \$29,300,000 of the \$69.1 million being requested for maneuver damages. The \$29,300,000 being recommended for appropriation is a 15 percent increase to the 1980 base of \$25,468,000 to cover inflation. The fiscal year 1981 program hasn't been finalized.

In past years, the Committee has conducted hearings concerning claims, particularly damage claims. In the report accompanying the Defense Appropriation Bill for fiscal year 1980, the Committee suggested that the time had arrived for the Administration to start renegotiating claim procedures with foreign governments, particularly the Federal Republic of Germany. These agreements were written in 1951, when, of course, the dollar was a lot stronger versus the foreign currencies and the Federal Republic of Germany was not the economic power it is today. In the fiscal year 1981 Defense Bill, the Congress deleted from the requested \$146.8 million a total of \$21.9 million to pay for maneuver damage claims incurred by U.S. forces in the Federal Republic of Germany. This continued the Committee's policy of withholding maneuver damage claims in order to obtain some leverage in negotiating revised host nation support agreements for real property maintenance and troop support in Germany. The recommended reduction of \$39.8 million in the fiscal year 1982 request is made for the same reasons.

To date, these reductions have not had an impact on local government jurisdictions in West Germany where most of the payments eventually go, because the FRG has continued to pay the claims pending receipt from the U.S. The shortfall in funds has also not been as large as expected because of the dollars' strength versus the mark during the past year.

COURT OF MILITARY APPEALS, DEFENSE

Appropriations, fiscal year 1981	\$2,310,000
Estimate, fiscal year 1982	2,607,000
Recommended in the bill	2,607,000

The Committee recommends an appropriation of \$2,607,000 for the Court of Military Appeals. The amount appropriated for fiscal year 1981 to date is \$2,310,000. The amount recommended herein for fiscal year 1982 is an increase of \$297,000 over the prior year. Pay raise costs are not included in the fiscal year 1982 estimate.

**TITLE IV
PROCUREMENT**

ESTIMATES AND APPROPRIATION SUMMARY

The amended fiscal year 1982 Department of Defense procurement budget totals \$64,225,904,000. The accompanying bill recommends \$63,603,069,000 in total funding, consisting of \$63,529,169,000 in new budget authority and \$73,900,000 in prior year unobligated funds transferred forward to fiscal year 1982. The total amount recommended is a decrease of \$622,835,000 below the fiscal year 1982 budget estimate and is \$15,571,499,000 above the total provided for fiscal year 1981. The table below summarizes the budget estimates and the Committee's recommendations:

SUMMARY OF FISCAL YEAR 1982 PROCUREMENT BUDGET

[in thousands of dollars]

	Budget estimate	Recommended	Change
SUMMARY			
ARMY:			
AIRCRAFT.....	1,897,300	1,775,100	-122,200
MISSILES.....	2,210,200	2,131,200	-79,000
WEAPONS, TRACKED COMBAT VEHICLES.....	3,856,700	3,806,200	-50,500
AMMUNITION.....	2,282,500	2,350,900	+68,400
OTHER.....	3,683,800	3,804,300	+120,500
TOTAL, ARMY.....	13,930,500	13,867,700	-62,800
NAVY:			
AIRCRAFT.....	9,244,500	8,946,800	-297,700
WEAPONS.....	3,283,800	3,196,100	-87,700
SHIPS.....	8,475,300	7,748,900	-726,400
TRANSFER FROM OTHER ACCOUNTS.....	---	(73,100)	(73,100)
OTHER.....	3,822,000	3,692,177	-129,823
MARINE CORPS.....	1,734,916	1,682,556	-52,360
TOTAL, NAVY.....	26,560,516	25,266,533	-1,293,983
TRANSFER FROM OTHER ACCOUNTS.....	---	(73,100)	(73,100)
TOTAL FUNDING AVAILABLE.....	26,560,516	25,339,633	-1,220,883
AIR FORCE:			
AIRCRAFT.....	13,843,898	13,957,598	+113,700
MISSILES.....	4,204,646	4,546,550	+341,904
OTHER.....	5,174,144	5,379,288	+205,144
TRANSFER FROM OTHER ACCOUNTS.....	---	(800)	(800)
TOTAL, AIR FORCE.....	23,222,688	23,883,436	+660,748
TRANSFER FROM OTHER ACCOUNTS.....	---	(800)	(800)
TOTAL FUNDING AVAILABLE.....	23,222,688	23,884,236	+661,548
DEFENSE AGENCIES:			
.....	512,200	511,500	-700
TOTAL NOA:			
.....	64,225,904	63,529,169	-696,735
TRANSFER FROM OTHER ACCOUNTS.....	---	(73,900)	(73,900)
TOTAL FUNDING AVAILABLE.....	64,225,904	63,603,069	-622,835

THE SINGLE MANAGER FOR CONVENTIONAL AMMUNITION

In 1975, the Army was designated as the Department of Defense Single Manager for Conventional Ammunition. The objective of this assignment was to coordinate the ammunition programs of all the services, and improve efficiency and effectiveness.

The Single Manager program was to be implemented in two phases. The second phase was to begin in October 1979, but as of the present time no Phase II directive has been issued. The objective of Phase II is to strengthen the organization so that further economies and efficiencies may be achieved. The General Accounting Office issued a report in November, 1979 suggesting numerous approaches to strengthening the Single Manager program. The Committee has been exhorting the Department of Defense for three years to move quickly and aggressively to implement Phase II. Yet, our hearings reveal that all efforts to move forward seem to be characterized by bureaucratic infighting and rivalry between elements of the Office of the Secretary of Defense (OSD), between OSD and the services, and among the services themselves. Last year, Department witnesses testified that a Phase II directive would be issued by September, 1980. On July 14 of this year, the Committee was told that a Phase II directive was in the final review process and was working its way to the Secretary of Defense for signature. Yet the directive has still not been issued.

After years of delay, the Committee's patience has come to an end. For this reason, the Committee has included a provision in the bill which requires that operation of the Single Manager program shall be only under a reissued Department of Defense directive for Phase II after January 1, 1982.

THE CARE AND MAINTENANCE OF CONVENTIONAL AMMUNITION

The fiscal year 1982 budget proposed significant increases for the procurement of ammunition. The Air Force budget goes from \$344 million to \$1.1 billion, the Marine Corps goes from \$81 million to \$326 million, and the Army goes from \$1.6 billion to \$2.3 billion. The Committee supports these efforts to enhance our ammunition asset posture and has made only small adjustments to the budget in fiscal year 1982. But the procurement of new ammunition items is only a part of what needs to be done to enhance our ammunition readiness. We also need to assure that ammunition which is in the inventory is properly accounted for and maintained. At the request of this Committee, the General Accounting Office has been reviewing various aspects of the care and maintenance of conventional ammunition by the Department of Defense. The Committee used preliminary results of this review in hearings this year. Based on these hearings, it is clear that added attention needs to be given by the Office of the Secretary of Defense, as well as the services, to this aspect of the ammunition program. For example:

- There are about 500,000 short tons of ammunition which are considered unserviceable, about 25 percent of the entire inventory.
- The program under which the Army budgets for the care and maintenance of ammunition has only been about 30 percent funded in the past.

- A round of ammunition which we are currently buying at a cost of about \$100 million per year has been suspended from use because manufacturing defects have caused premature detonations. Additional manufacturing inspections will add 13 percent to the cost. The cost of inspecting and reworking the current stockpile of 1.1 million rounds will exceed \$20 million.
- The Army consistently miscodes the condition of its ammunition inventory so that the number of rounds requiring major renovation or rework is significantly understated.
- Long delays—amounting to several years—occur between the time that ammunition is declared for disposal and it is actually disposed. Navy ammunition awaiting disposal occupies 2.5 million square feet of storage space which could be used for other purposes. The budget for demilitarization and disposal of ammunition has been consistently underfunded.
- At a time when we are sending more ammunition to Europe for war reserves, many storage facilities are deteriorating and inadequate. There are also inadequate facilities in Europe for renovating and reworking defective ammunition.

Efforts to redress the inattention of the past appear to be adequately funded in fiscal year 1982. The Committee believes that budgeted funds for care and maintenance of ammunition should not be drained off during the year to fund other programs. In addition, the Department of Defense should be prepared to demonstrate to the Committee that these programs are fully funded in fiscal year 1983 and future years.

MULTIYEAR CONTRACTING

BACKGROUND

What is Multiyear Contracting?

Multiyear contracting (MYC) is a management device that has potential for saving money and for improving the defense industrial base. The following sources have been cited for achieving lower unit costs compared to annual contracting: 1) improved economies and efficiencies in the production process, 2) economy-of-scale lot buying, 3) decreased financial costs of borrowing, 4) better utilization of industrial facilities, and 5) reduction in the burden of placing and administering contracts. MYC also offers opportunities to enhance the industrial base through the often intangible benefits of firm long term planning. It clearly offers opportunities to shore up the defense industrial base by attracting subcontractors, vendors, and small suppliers, who under current procurement practices are leaving the defense field.

Full Funding is a Separate Issue From MYC

This year has seen an unfortunate confusion between MYC and the full funding policy. Full funding is a separate issue from MYC. MYC is under consideration now because it was virtually "limitationed" out of existence ten years ago after some glaring failures. Full funding is a fundamental government financing policy that has been proven since the early 1950's. OMB Circular A-11 provides that requests for major procurement and construction will provide for full funding of the entire cost. Exceptions to that provi-

sion must be submitted to OMB in writing and be approved in writing. In fiscal year 1979 the Executive sought to expand application of the full funding principal through the Federal Government. Department of Defense witnesses testified before Congress at that time supporting the President's proposal with a record of positive experience with full-funding in the Department of Defense.

Under the circumstances any movement from the full funding policy should involve a full review by both the Executive and the Congress, something that has not been proposed to the Committee. Especially with regard to the MYC the Committee continues to follow the full funding policy.

One Congress Should Not Bind Another. MYC itself passes on to future Congresses the responsibility to complete funding to the conclusion of a MYC in order to achieve the anticipated savings—costs are pushed forward to the early years of MYC, so that savings are not accrued till the last stages of the contract. It would be unfair and unwise to pass on to a future Congress, in addition, the responsibility to pay for end items which an earlier Congress determined were necessary for national security. Incremental funding of MYC would do just that.

Full Funding Adds Discipline to Congressional Decision Making. Incremental funding would permit massive future year program funding commitments with no additional cost in the budget year. Some of the funding proposals made in connection with MYC even failed to match budget year commitments. Full funding keeps discipline in the process by requiring funding up front at least to match the real level of commitment for the budget year. Appropriations recommended by the Committee for MYC cover the costs of end items ordered for fiscal year 1982 plus the termination liability of advanced procurement purchases. Reporting requirements for the MYC justification materials discussed later in this section will assist congressional decision making on MYC by providing better information on the true magnitude of future year commitments.

Full Funding Enhances the Benefits of Multiyear Contracting to the Industrial Base. Incremental funding would cause contractors some uncertainty about the likelihood of the government following through on its "commitments" into future years. In this sense incremental funding would strike at the most attractive quality of MYC for strengthening the industrial base—and that is its promise of stability for selected programs. Full funding nails down the Federal commitment clearly, ensuring better program stability and a healthier industrial base.

Proposals to Expand Use of Multiyear Contracting

During the early Spring of 1981 a review of the Department of Defense acquisition policies resulted in thirty-one recommended changes in procurement policies and practices. On May 1 the Deputy Secretary of Defense issued a policy memorandum to implement one of these recommendations, the expanded use of multiyear contracting for supplies and services in general, and to initiate its use for major weapons systems. The Fiscal Year 1982 Defense Authorization Bill contains provisions that will facilitate the implementation of the Secretary's policy.

The Department according to its testimony expects the first really significant uses of MYC in connection with the fiscal year 1983 budget. It intends to integrate MYC into the normal planning and budgetary process and submit candidates for MYC to Congress in the normal budget request channels. For the near term the Department announced it would handle MYC candidates on an exception basis.

The Chairman of the Defense Appropriations Subcommittee, in an August 5, 1981 letter to the Secretary of Defense, noting the importance of the pending proposals for MYC and the rapidly approaching start of the new fiscal year, urged the Department to make its selections and submit them to the Committee with complete justifications to facilitate a formal hearing on the subject. On August 27 the Secretary replied that final proposals would be submitted to the Committee shortly. The Committee conducted its last hearing on the Fiscal Year 1982 Budget on October 7, 1981 and began preparation for mark-up. The third formal version of the Defense "September" Budget Revision and the justifications for the MYC proposals were delivered to the Committee on October 9, 1981.

The Committee expects a far more systematic approach to MYC in the fiscal year 1983 budget cycle. The MYC candidates should be incorporated in the President's budget proposal for fiscal year 1983, and MYC justification materials should be delivered to the Committee concurrently with other procurement justification materials.

THE COMMITTEE URGES CAREFUL IMPLEMENTATION OF MULTIYEAR CONTRACTING

Nothing is automatic about projected savings by whatever means and the defense industrial base will be improved only if multiyear contracts are administered with that purpose. Especially as MYC applies to major weapons systems, the risks of losing anticipated savings due to bad estimating, and the real costs due to the long term loss of flexibility for defense planners implied by the system, are as real as the possible benefits. On balance the Committee concurs with the Department's assessment of these positive and negative factors and encourages the Department to move ahead with its proposed expansion of MYC. The Committee, however, urges careful planning and caution especially in the early stages of the implementation of MYC, especially as it applies to major weapons systems. Some of the reasons for exercising caution are as follows:

Savings Are Not Automatic

The costs of multiyear contracts are generally relatively higher in the early stages because anticipated savings frequently result from economic order purchases made at that time. Savings generally do not accrue until the later stages of the contract as end items are finally delivered. Substantial savings that might be associated with a particular MYC then would generally be dependent on its successful conclusion through all the years for which it was originally made.

Put another way, cancellation of a MYC half way through its planned duration could easily result in increased costs rather than

savings. Further, savings or cost avoidances associated with MYC are based on estimates of program costs in future years. The institutional capability of accurately projecting such costs in the past has been notoriously lacking. Achievement of the projected savings now associated with MYC will require that these estimates be accurate.

Benefits of Multiyear Contracting Have Their Own Price Tag—Loss of Flexibility and Greater Instability for Remaining Discretionary Defense Programs

MYC necessarily will reduce the flexibility of defense planners and Congress to capitalize on changing technologies, to accommodate understated estimates of inflation in future years, to meet changing military threats, and to meet future requirements for deficit reduction in any administration. Routine additions of technological advancements determined necessary for the improvement of defense capabilities, which now are routinely made, must be measured under MYC against the loss in anticipated savings associated with the contract that would be acceptable under the circumstances.

The time honored method of handling understated inflation rates for future years will have to change. The current practice is to include a lower number of purchases at higher prices in the budget request. Under MYC however, the number of items committed to in the contract would be constant. The extra dollars necessary to make up the understated inflation rates projected in earlier years would have to be taken from other systems also included in the overall five year plan.

Overall the discretionary defense dollar grows smaller as MYC commitments rise. The effect of this phenomenon on program stability, an important criteria for selecting candidates for MYC, is ironic. Placing certain programs under MYC itself has the effect of stabilizing those programs. Instability for the remaining discretionary defense programs, however, must rise by the same degree.

For the overall Federal budget about three-quarters of the outlays for any given year are mandated under law and can be changed only with great difficulty. Over half of this discretionary money remaining now goes for defense. MYC has the effect of increasing the relatively uncontrollable portion of the budget and making more difficult short term overall budget retrenchment efforts by any administration for whatever purpose.

Experience With Multiyear Contracting for Major Weapons Systems Is Lacking

There has been some experience with MYC for relatively small procurements of standard items and services for which unit price savings have been realized. But when it comes to major weapons systems recent experience has been limited to recommendations by various commissions and institutions—in fact there has been no real experience over the last decade with multiyear contracts for procurement of major weapons systems. In the early 1970's such experience as there was with longer range contracts for major weapons systems had such bad results that Congress placed a \$5

million cancellation ceiling on MYC—which in effect, prevented its use for major weapons systems.

The Committee notes the General Accounting Office distinction that the proposed MYC as it applies to major weapons systems is a totally different type of multiyear planning and contracting, and that savings will only result from sophisticated planning and implementation of such plans with skill. Its successful implementation involves resolution of management problems as much as it does contracting techniques. The Committee urges that the new type of MYC initiative be implemented carefully so that once again the government is not faced with a credibility problem in defense spending and once again loses the use of a promising management tool.

COMMITTEE RECOMMENDATION FOR FY 1982 MULTIYEAR CONTRACTING

[In millions of dollars]

	Budget request		Committee recommendation		Change from budget
	Total	Included to start MYC	Total	Included to start MYC	
F-16.....	1,878.4	(249.2)	1,817.6	(249.2)	- 60.8
Blackhawk	671.2	(126.0)	545.2	.....	- 126.0
C-2A.....	37.0	(5.0)	37.0	(5.0)	.....
TRC-170 Radio.....	67.2	.....	67.2	.....	.....
Total.....	2,653.8	(380.2)	2,467.0	(254.2)	- 186.8

The budget proposed to initiate four MYC in FY 1982. The total request for these programs was \$2,653.8 million which included a total of \$380.2 million to initiate the MYC. For the F-16 aircraft the budget proposed \$1,878.4 million, of which \$249.2 million was added to the original budget request to initiate a four year contract for 480 units with an estimated cost avoidance of \$246 million. For the Black Hawk helicopter the budget proposed \$671.2 million, of which \$126 million was included over the original budget request to initiate a three year contract for 276 units with an estimated cost avoidance of \$65.9 million. For the C-2A aircraft the budget proposed \$37.0 million, of which \$5.0 million was included over the original budget request to initiate a five year contract for 39 units with an estimated cost avoidance of \$58.4 million. For the AN/TRC-170 Troposcatter Radio and related support the budget proposed \$67.2 million for the purchase of 110 units under a four year contract, with an estimated cost avoidance of \$18.7 million. No additional funds were necessary to implement the MYC. In all cases the estimated cost avoidance was based on comparisons with purchases on an annual basis of the same number of units as the MYC and over the same period of years as the MYC. In all cases the Department used inflation adjustments in the out years consistent with those provided by the Office of Management and Budget.

The Committee recommends a total of \$2,467.0 million for these programs, reflecting the following adjustments.

The Black Hawk Helicopter

The Committee recommends \$545.2 million for the Black Hawk, \$484.6 million for end item procurement and \$60.6 million for advanced procurement, a deletion of \$126 million requested to initiate the MYC for Black Hawk procurement. This action conforms with the FY 1982 authorization conference levels for the Black Hawk.

The Committee notes, however, that the funding history for the Black Hawk has been turbulent, principally due to a record of significantly understated unit cost estimates. Based on its five year production record the Black Hawk would not appear to meet two of the criteria established for selecting MYC candidates, Stability of Funding, and Confidence in Cost Estimates.

The production schedule for the Black Hawk is scheduled to run for a number of years, however, leaving ample opportunity to implement a MYC in a future year if additional production experience proves to be positive.

F-16 Aircraft

The Committee recommends \$1,817.6 million for procurement of F-16 aircraft under a multiyear contract, \$1,270.8 million for end item procurement and \$546.8 million for advanced procurement. The Committee's recommendation is consistent with authorized levels for FY 1982, but it is a reduction in the budget request of \$60.8 million. It is assumed by both the authorizing legislation and the Committee recommendation that a proposed FY 1982 rescission of funds appropriated in FY 1981 for the F-16 will not be enacted, and that these funds will be used to entirely off-set the \$60.8 million reduction in new budget authority.

TRC-170 Radio

The Committee recommends \$67.2 million for procurement of the TRC-170 radio under MYC. This amount approves the budget request, but includes an additional \$3.5 million for related support that the Department indicates is necessary for the radio to be mission capable.

Explanation of Bill Language on Multiyear Contracting

The Committee earmarks mission capable cost amounts in each relevant appropriation account to cover those programs for which purchases are to be made in part by MYC. This language has two purposes. First, it is intended to prevent the use of funds appropriated for the purpose of initiating a MYC for any other use except by transfer action in an appropriation act. The "up front" money associated with MYC will become relatively large over the years—the Department requested close to \$400 million for this purpose for FY 1982. It is important to establish that failure to conclude a MYC or delays in its conclusion cannot result in a windfall of funds available to the Department for other purposes. The second purpose is to ensure that deficit reduction and other budget pressures do not impinge on the long range commitments made under the MYC.

MYC commitments must be insulated from the annual scramble for budget year funds, because the savings from MYC do not occur

till the last stages of the contract. Subjecting ongoing MYC commitments to the annual budget pressures would therefore defeat a major purpose of this management initiative, and that is to achieve budget savings.

The Committee also includes general provision language that emphasizes the need for full involvement of the Congress to initiate a MYC for procurement of a major weapons system. This bill language applies only to major weapons systems, and not to MYC for general operations and maintenance. A "major procurement program" for the purpose of this section means a program designated "major" in the major systems list for the Defense System Acquisition Review Council as maintained by the Executive Secretary of that Council, or a program which breaches the cancellation ceiling provisions of S-815, the Defense Authorization Act of 1982.

Justification Materials for Multiyear Contracting

The Department listed the following criteria in its justification materials for selecting MYC candidates:

- Benefit to the Government;
- Stability of Requirement;
- Stability of Funding;
- Stable configuration;
- Degree of Cost Confidence;
- Degree of Contractor Capability.

The Committee feels that these materials can be improved for its use in, at least, the following ways. First, the materials submitted made no reference at all to the defense industrial base. The Committee directs that a full presentation of the benefits that will accrue to the government be fully addressed, especially as they affect vendors, small suppliers, and subcontractors, by all accounts the weakest link in the defense industrial base. These materials should address efforts made to enhance competition through dual sourcing and other means. The record should also show how contractors have improved production facilities or instituted training programs for short supply, highly skilled trades, and the extent to which the prime contractor will flow down to subcontractors the benefits of MYC, such as timing of progress payments.

A once a year snapshot of the total levels of future year commitments under MYC is also needed. The following table indicates how misleading the increased budget year costs necessary to initiate a MYC are as a measure of the total future year commitment implied by MYC.

FUTURE YEAR COMMITMENT

(In millions of dollars)

	Span of MYC (years)	Fiscal year 1982 budget request for MYC	Total MYC request	Total mission capable request
F-16.....	4	249.2	2,938.0	7,778.0
Blackhawk.....	3	126.0	998.2	1,606.5
C-2A.....	5	5.0	686.9	985.2
TRC-170 radio.....	4		225.5	236.8
Total.....	N.A.	380.2	4,848.6	10,606.5

To have such a complete picture of future year commitments implied by the MYC, the Committee directs that these materials include, at least, budget authority and outlays estimated by year for each candidate for the terms of the respective contracts, and in addition, the same information for whatever other procurement is necessary to make the item in question mission capable. The same information should be presented in an overall presentation for ongoing MYC for major weapons systems and for all other MYC proposed or ongoing at that time.

The Committee is also concerned about the quality of cost and savings estimates used for the development of MYC materials. Use of OMB inflation estimates generally results in understated future year costs. In the case of MYC this fact is particularly disturbing because these future year cost figures are not being built into budget plans or projections, but into contracts for procurement of specific numbers of units. Furthermore, it is used not only in the MYC itself, but for all the remaining procurement items that make it mission capable. The Committee therefore directs that the justification materials clearly display how changes by degree of 1% in inflation would impact the cost and savings estimates both for the MYC and for the items that would make it mission capable. The Committee also directs that a full statement of cost and savings estimating methodology be incorporated into the justification materials. In this regard, some standardized indication of the source of cost avoidances is necessary, as well as an indication of the kind of contract on which the estimates are based.

With regard to the criteria for selection the Committee directs that some explanation of the Department's evaluation of risk be presented. Merely ranking risk as "high, medium, or low" for these categories informs nobody of any merits of any candidate for MYC. The Committee intends with its special treatment of the successful MYC candidates in appropriations account language to ensure stable funding. It then must have information that justifies that level of commitment. Finally, the Committee directs that a draft outline of justification materials for MYC be submitted by the Department by the close of calendar year 1981.

AIRCRAFT PROCUREMENT, ARMY

Appropriations, 1981	\$1,193,100,000
New obligational authority, 1982:	
Estimate	1,897,300,000
Recommended	1,775,100,000
Decrease	122,200,000

This appropriation finances the acquisition of tactical and utility airplanes and helicopters, including associated electronics, electronic warfare and communications equipment and armament; modification of in-service aircraft; ground support equipment; and depot repairable assemblies, components and repair parts such as spare engines, transmissions, gear boxes and sensor equipment. It also funds related training devices, such as combat mission flight simulators, and production base support.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
AIRCRAFT						
FIXED WING						
AIRPLANE, C-120 (HURON).....	---	---	6	10,500	+6	+10,500
ROTARY						
AH-64 ATTACK HELICOPTER.....	14	365,000	14	365,000	---	---
AH-64 ATTACK HELICOPTER (AF-CY).....	---	64,400	---	64,400	---	---
UH-60A (BLACK HAWK) MULTIYEAR CONTRACT.....	96	484,600	96	484,600	---	---
UH-60A (BLACK HAWK) (AF-CY) MULTIYEAR CONTRACT.....	---	186,600	---	60,600	---	-126,000
TOTAL, AIRCRAFT.....	---	1,100,600	---	985,100	---	-115,500
MODIFICATION OF AIRCRAFT						
AIRPLANE, SURVEILLANCE, OV-1 (HOHAWK).....	---	18,500	---	18,500	---	---
AIRPLANE, RECON, RC12D (GR PIP MOD).....	---	53,600	---	53,600	---	---
AIRPLANE, RECONNAISSANCE, RV-1 (MOD).....	---	13,000	---	13,000	---	---
HELICOPTER, ATTACK AH1S (COBRA-TOW).....	---	65,900	---	65,900	---	---
HELICOPTER, CARGO, CH-47 (CHINOOK).....	---	273,100	---	273,100	---	---
AIRPLANE, CARGO, C-12 (MODS).....	---	800	---	800	---	---
HELICOPTER, ELECTRONIC, EH-1 (Q-FIX MOD).....	---	4,600	---	4,600	---	---
HELICOPTER, OBSERVATION, OH-58 (KIOWA).....	---	1,800	---	1,800	---	---
AIRBORNE AVIONICS.....	---	4,200	---	4,200	---	---
HELICOPTER, UTILITY, UH-1 (IROQUOIS).....	---	14,300	---	14,300	---	---
TOTAL, MODIFICATION OF AIRCRAFT.....	---	449,800	---	449,800	---	---
SPARES AND REPAIR PARTS.....	---	220,700	---	220,700	---	---
SUPPORT EQUIPMENT AND FACILITIES						
OTHER SUPPORT						
AVIONICS SUPPORT EQUIPMENT.....	---	17,800	---	17,800	---	---
AVIATION NIGHT VISION GOGGLES AN/AVS-6.....	260	5,700	260	5,700	---	---
COMMON GROUND EQUIPMENT.....	---	54,100	---	54,100	---	---
INDUSTRIAL FACILITIES.....	---	34,800	---	34,800	---	---
ACFT 9MM.....	---	9,000	---	9,000	---	---
WAR CONSUMABLES.....	---	6,800	---	6,800	---	---
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.....	---	128,200	---	128,200	---	---
FOREIGN MILITARY SALES ADJUSTMENT.....	---	---	---	-4,000	---	-4,000
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-2,700	---	-2,700
REDUCTION, INFLATION/OFFSETS.....	---	-2,000	---	-2,000	---	---
TOTAL, AIRCRAFT PROCUREMENT, ARMY.....	---	1,897,300	---	1,775,100	---	-122,200

COMMITTEE RECOMMENDATIONS

AIRCRAFT

C-12D HURON

The Committee recommends \$10,500,000 for procurement of 6 C-12D fixed wing utility aircraft. The budget included no funding for this program.

As noted earlier in this report, the Committee is concerned about the age and condition of equipment in the inventory of Army reserve components. Greater priority and attention needs to be given to bringing reserve component equipment up to Army stand-

ards. In this regard, the fixed wing aircraft inventory in the Army National Guard is in need of modernization. For this reason, the Committee directs that the additional C-12D aircraft funded in this bill be assigned to Army National Guard.

UH60A BLACKHAWK HELICOPTER

MULTIYEAR PROCUREMENT

The September amendments to the budget included an additional \$126,000,000 to initiate multi-year procurement of the UH-60 Blackhawk helicopter. The justification material to support this proposal has only recently been transmitted to the Committee. Based on an initial review of this material, it appears that many important questions are not answered. In addition, the Blackhawk program has had a history of procurement fluctuation and cost instability. It would appear prudent at this time to postpone multi-year procurement, without prejudice. Therefore, the Committee recommends a reduction of \$126,000,000. This recommendation is consistent with authorization conference action and will not affect the total of 96 helicopters budgeted for procurement in fiscal year 1982 and funded in the bill. Further comments on multiyear contracting appear earlier in this title of the report.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$2,700,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a general reduction of \$4,000,000 in this appropriation based on changes in the foreign military sales program. These changes are discussed earlier in this report.

MISSILE PROCUREMENT, ARMY

Appropriations, 1981	\$1,544,900,000
New obligational authority, 1982:	
Estimate	2,210,200,000
Recommended	2,131,200,000
Decrease	79,000,000

This appropriation finances the acquisition of surface-to-air, surface-to-surface, and antitank/assault missile systems. Also included are major components, modifications, targets, test equipment, and depot reparable spares and repair parts; and production base support.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
OTHER MISSILES						
SURFACE-TO-AIR MISSILE SYSTEM						
CHAPARRAL (MIM-72-A/C).....	---	4,300	---	4,300	---	---
HAWK (MIM-23-B).....	---	4,700	---	4,700	---	---
U.S. ROLAND.....	---	---	---	50,000	---	+50,000
PATRIOT (SAM-D).....	294	720,800	244	670,000	-50	-50,800
STINGER.....	2,544	223,900	2,544	192,100	---	-31,800
AIR-TO-SURFACE MISSILE SYSTEM						
LASER HELLFIRE SYSTEM.....	1,075	128,400	800	113,400	-275	-15,000
ANTI-TANK/ASSAULT MISSILE SYSTEM						
TOW (BGM-71A), (BTM-71A).....	12,000	96,600	12,000	96,600	---	---
PERSHING.....	39	191,800	39	191,800	---	---
MULTIPLE LAUNCH ROCKET SYSTEM.....	2,496	179,300	2,496	179,300	---	---
TOTAL, OTHER MISSILES.....		1,549,800		1,502,200		-47,600
MODIFICATION OF MISSILES						
MODIFICATIONS						
CHAPARRAL MODIFICATIONS.....	---	59,400	---	59,400	---	---
HAWK MODIFICATIONS.....	---	79,000	---	79,000	---	---
TOW MODIFICATIONS.....	---	107,500	---	107,500	---	---
DRAGON MODIFICATIONS.....	---	17,500	---	---	---	-17,500
LANCE MODIFICATIONS.....	---	22,000	---	22,000	---	---
MODIFICATIONS LESS THAN \$900,000.....	---	1,500	---	1,500	---	---
GRASS BLADE.....	---	151,000	---	151,000	---	---
AN/TSQ 73 MODIFICATIONS.....	---	2,900	---	2,900	---	---
UNDISTRIBUTED REDUCTION.....	---	---	---	-10,000	---	-10,000
TOTAL, MODIFICATION OF MISSILES.....		440,800		413,300		-27,500
SPARES AND REPAIR PARTS.....						
	---	181,800	---	181,000	---	-800
SUPPORT EQUIPMENT AND FACILITIES						
AIR DEFENSE TARGETS.....	---	8,100	---	8,100	---	---
ITEMS LESS THAN \$900,000 (MISSILES).....	---	300	---	300	---	---
PRODUCTION BASE SPT.....	---	32,400	---	32,400	---	---
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.....		40,800		40,800		---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....						
	---	---	---	-3,100	---	-3,100
REDUCTION, OFFSETS/INFLATION.....	---	-3,000	---	-3,000	---	---
TOTAL, MISSILE PROCUREMENT, ARMY.....		2,210,200		2,131,200		-79,000

COMMITTEE RECOMMENDATIONS

SURFACE TO AIR MISSILES

U.S. ROLAND

The September budget amendment deleted funds for the Roland system. In order to obtain some useful capabilities from the hardware funded to date, the Army has proposed to field that hardware in a configuration compatible with the RDF mission. The Committee understands that the total cost of this effort will be \$110,000,000, over two years. For funding this specific RDF-related purpose only, the Committee recommends providing \$50,000,000 above the budget.

STINGER

The Army budgeted \$223,900,000 for Stinger missile procurement. Army documentation provided to the Committee's Surveys and Investigations Staff shows that \$31,800,000 of the sum was for the Passive Optical Seeker Technique (POST) version of the missile. Development of Stinger POST has experienced technical difficulties, causing a 20 month slip in the schedule. This has precluded a production start in fiscal year 1982, and funds for that purpose can, therefore, be deferred. The Committee recommends a reduction of \$31,800,000 resulting in a recommended total for Stinger of \$192,100,000.

AUTHORIZATION REDUCTIONS

The Committee recommends the following reductions made by the authorizing conference:

[In thousands of dollars]

	Budget request	Reduction	Recommended
Patriot (SAM-D)	720,800	-50,800	670,000
Laser Hellfire.....	128,400	-15,000	113,400
Dragon modifications.....	17,500	-17,500	0
Undistributed reduction.....	0	-10,000	-10,000
Spares and repair parts	181,800	-800	181,000

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$3,100,000 in the Missile Procurement, Army account to finance the Army Guard and Reserve Equipment Transfer as described earlier in this report.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

Appropriations, 1981	\$3,378,200,000
New obligational authority, 1982:	
Estimate	3,856,700,000
Recommended	3,806,200,000
Decrease	50,500,000

This appropriation finances the acquisition of tanks; personnel and cargo carriers; fighting tracked recovery vehicles; self-propelled and towed howitzers; machine guns; mortars; modification of in-service equipment; initial and replenishment spares, repair parts; and production base support.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
TRACKED COMBAT VEHICLES						
FIGHTING VEHICLE SYSTEM.....	600	809,800	600	800,000	---	-9,800
FIGHTING VEHICLE SYSTEM (AP-CY).....	---	59,100	---	59,100	---	---
FIELD ARTILLERY AMMUNITION SUPPORT VEHICL.....	---	4,000	---	---	---	-4,000
RECOVERY VEHICLE, MED, FT, M88A1.....	180	148,000	150	123,700	-30	-24,300
TANK, COMBAT, FT, 105MM GUN, XM1 SERIES.....	665	1,348,000	665	1,348,000	---	---
TANK, COMBAT, FT, 105MM GUN, XM1 SERIES (AP-CY).....	---	212,100	---	212,100	---	---
TRAINING EQUIPMENT FOR XM-1 SERIES TANK.....	---	50,600	---	50,600	---	---
MODIFICATION OF TRACKED COMBAT VEHICLES						
CARRIER, MOD, ROLL.....	---	20,700	---	20,700	---	---
IMPROVED TOW VEHICLE (ITV) (MOD).....	---	24,000	---	24,000	---	---
HOWITZER, HV, SP, FT, 8-IN M110 SER(MOD).....	---	3,900	---	3,900	---	---
TANK, COMBAT, FT, 105MM GUN, M60SER(MOD).....	---	154,500	---	154,500	---	---
SUPPORT EQUIPMENT AND FACILITIES						
SPARES AND REPAIR PARTS.....	---	276,400	---	276,400	---	---
ITEMS LESS THAN \$900,000 (TCV-WTCV).....	---	900	---	900	---	---
PRODUCTION BASE SUPPORT (TCV-WTCV).....	---	94,300	---	94,300	---	---
TOTAL, TRACKED COMBAT VEHICLES.....		3,206,300		3,168,200		-38,100
WEAPONS AND OTHER COMBAT VEHICLES						
DIVAD GUN.....	50	282,000	50	282,000	---	---
DIVAD GUN (AP-CY).....	---	53,500	---	53,500	---	---
HOWITZER, MED, TOWED, 155MM, M198.....	200	72,200	200	72,200	---	---
ARMOR MACHINE GUN, 7.62MM M240 ROLL.....	5,400	26,300	5,400	26,300	---	---
SQUAD AUTOMATIC WEAPON (SAW) 5.56MM.....	4,600	14,200	4,600	14,200	---	---
RADAR CHRONOGRAPH SET M90.....	120	3,300	120	3,300	---	---
MORTAR, 81MM, XM252.....	60	1,900	60	1,900	---	---
VEH RAPID FIRE WPN SYS - BUSHMASTER.....	720	31,300	720	31,300	---	---
FIRING PORT WEAPON-IFV.....	18,850	19,400	18,850	19,400	---	---
MODIFICATION OF WEAPONS AND OTHER COMBAT VEHICLES						
HOWITZER, 155MM, M114A2 (MOD).....	---	8,400	---	8,400	---	---
LAUNCHER, SMOKE GRENADE (MDS).....	---	4,500	---	4,500	---	---
MODIFICATIONS UNDER \$900,000 (WOCV-WTCV).....	---	1,000	---	1,000	---	---
SUPPORT EQUIPMENT AND FACILITIES						
SPARES AND REPAIR PARTS.....	---	51,600	---	51,600	---	---
ITEMS LESS THAN \$900,000 (WOCV-WTCV).....	---	3,400	---	3,400	---	---
PRODUCTION BASE SUPPORT (WOCV-WTCV).....	---	82,400	---	82,400	---	---
TOTAL, WEAPONS AND OTHER COMBAT VEHICLES.....		655,400		655,400		---
REDUCTION, OFFSETS/INFLATION.....						
FOREIGN MILITARY SALES ADJUSTMENT.....	---	-5,000	---	-5,000	---	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-7,000	---	-7,000
	---	---	---	-5,400	---	-5,400
TOTAL, PROC OF WEAPONS AND OTHER COMBAT VEHICLES....		3,856,700		3,806,200		-50,500

COMMITTEE RECOMMENDATIONS

TRACKED COMBAT VEHICLES

FIGHTING VEHICLE SYSTEM

The budget included \$809,800,000 for procurement of 600 fighting vehicle systems. The authorization conference agreement includes \$800,000,000 for this program. The Committee recommends a reduction of \$9,800,000.

The Committee is concerned with the ability of the Army to fund its wide range of procurement programs within anticipated budgets. Therefore the Committee believes that we should continually review potential lower cost alternatives to fulfill critical Army missions.

An item of particular interest is the Fighting Vehicle System program. The program has experienced considerable cost growth.

The Selected Acquisition Reports between June 1977 and June 1981 show a program cost increase from \$1.3 billion to \$11.8 billion.

While the Committee recognizes the FVS is designed to fulfill critical Army missions, it notes that no cost effectiveness analysis of the program has been conducted since 1977, and no major field comparison of the FVS with potential options has ever been conducted.

Therefore the Committee directs the Army to conduct side by side field tests of the FVS with a wide range of vehicles that could wholly or in conjunction with other systems perform the FVS mission. These systems should include the modified M113 as recommended by the Army Materiel Development and Readiness Command, the Improved TOW vehicle, the AIFV and commercial light armored vehicles being developed by the Army and Marine Corps, as well as any other systems considered appropriate. These tests should focus on both performance and cost factors and consider limitations on any system performing more than one function simultaneously.

The Army will notify the Committee of its planned structure for the field test and provide test results in time for the Committee's deliberations on the fiscal year 1983 budget request.

M88A1 RECOVERY VEHICLES

The budget included \$148,000,000 for procurement of 180 M88A1 recovery vehicles. The authorization conference action includes \$123,700,000 for procurement of 150 vehicles. In conformance with this action, the Committee recommends an appropriation of \$123,700,000, a reduction of \$24,300,000.

FIELD ARTILLERY AMMUNITION SUPPORT VEHICLE

The budget included \$4,000,000 for initial procurement of long lead items for the Field Artillery Ammunition Support Vehicle. The authorization conference agreement denies this request. The Committee, therefore, recommends a reduction of \$4,000,000.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$5,400,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a general reduction of \$7,000,000 in this appropriation based on changes in the foreign military sales program. These changes are discussed earlier in this report.

STANDARDIZATION OF HANDGUNS

Since 1978, the Committee has been urging the Department of Defense to standardize handguns and handgun ammunition. A study by the Committee's Surveys and Investigations staff that year found that there were more than 25 different makes, models and types of handguns in the U.S. military inventories. The number of different types of ammunition is far greater. This prolif-

eration causes many problems with regard to stocking of spare parts, maintenance of specifications for each weapon, training of handgun repair personnel and inventory control.

After years of delay, the Department of Defense has now embarked on a program to test and procure 9mm handguns and ammunition to be used as a standard for all services and the Coast Guard. Testing of candidate weapons is now under way and a source selection could be made as early as January, 1982. Procurement of the new standard handgun for the Department of Defense will begin in fiscal year 1983.

The Committee, of course, desires that sufficient testing be conducted prior to source selection. It does not believe, however, that there should be any more unnecessary delays in moving forward with this program. In order to make the intentions of the Committee and Congress quite clear, the Committee has inserted bill language in this appropriation which provides that \$1,900,000 shall be available only for continuation of testing and evaluation of 9mm handguns without delay.

PROCUREMENT OF AMMUNITION, ARMY

Appropriations, 1981	\$1,558,700,000
New obligational authority, 1982:	
Estimate	2,282,500,000
Recommended	2,350,900,000
Increase	68,400,000

This appropriation finances the acquisition of ammunition, modification of inservice stock, and related production base support including the maintenance, expansion, and modernization of industrial facilities and equipment.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

FISCAL YEAR 1982 PROCUREMENT OF AMMUNITION, ARMY

	Budget estimate	Committee recommendation	Change
Ammunition	\$1,975,600,000	\$2,088,500,000	+ \$112,900,000
Production Base Support:			
Production Support and Equipment Replacement	50,600,000	50,600,000	
Initial Production Facilities	88,400,000	88,400,000	
Modernization	65,400,000	55,900,000	- 9,500,000
Expansion	37,400,000	43,400,000	+ 6,000,000
Depot Maintenance Plant Equipment	10,300,000	10,300,000	
Layaway of Facilities	29,900,000	29,900,000	
Manufacturing Technology	27,900,000	27,900,000	
Subtotal, Production Base Support	309,900,000	306,400,000	- 3,500,000
General Reduction—First Destination Transportation		- 37,800,000	- 37,800,000
General Reduction—Army Guard and Reserve Equipment Transfer		- 3,200,000	- 3,200,000
Reduction/Offsets, Inflation	- 3,000,000	- 3,000,000	
Total	2,282,500,000	2,350,900,000	+ 68,400,000

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COMMITTEE RECOMMENDATIONS

AMMUNITION

WAR RESERVE AND TRAINING AMMUNITION

The September budget amendment included a net reduction of \$159,000,000 in war reserve and training ammunition in the Procurement of Ammunition, Army, appropriation. The Committee believes that most of these changes are short-sighted in light of our overall readiness posture and training requirements. The Committee, therefore, recommends that the following items be restored to the level funded in the March amendment to the budget.

	Budget	Recommendation	Change
5.56 mm Cartridge, Blank	\$19,500,000	\$24,400,000	+\$4,900,000
7.62 mm Cartridge, All types	48,600,000	58,300,000	+ 9,700,000
25 mm Cartridge	126,900,000	130,800,000	+ 3,900,000
4.2 inch, Illum cartridge	44,800,000	49,400,000	+ 4,600,000
105 mm Cartridge, HEAT-T	45,200,000	58,200,000	+13,000,000
105 mm Cartridge, TP-T	68,500,000	71,200,000	+ 2,700,000
105 mm Cartridge, DS-TP	82,200,000	86,600,000	+ 4,400,000
105 mm Cartridge, APFSDS-T	72,100,000	70,100,000	- 2,000,000
155 mm Projectile, ADAM	75,600,000	105,300,000	+29,700,000
155 mm Projectile, RAAMS	58,400,000	86,500,000	+28,100,000
Mines, Practice and Inert, All types	7,000,000	14,000,000	+ 7,000,000
Demolition Munitions	7,100,000	14,100,000	+ 7,000,000
2.75 inch, LSFFAR Rocket	83,300,000	114,900,000	+31,600,000
Signals, All types	17,200,000	22,000,000	+ 4,800,000
Nitroguanadine	13,500,000	.....	-13,500,000
Production Base Support	309,900,000	306,400,000	- 3,500,000

INVENTORY EXCESS AND DELIVERY BACKLOGS

The Committee recommends the following reductions in the budget estimate, which total \$23,000,000, based on the findings of the General Accounting Office that inventories on hand were satisfactory or that substantial delivery backlogs exist:

	Budget	Recommendation	Change
14.5 mm cartridges	\$1,600,000	.....	-\$1,600,000
Point detonating fuzes	12,500,000	.....	-12,500,000
155 mm propelling charges	74,300,000	\$66,500,000	- 7,800,000
20 mm cartridges	11,800,000	10,700,000	- 1,100,000

PRODUCTION BASE SUPPORT

MODERNIZATION

STEAM TIE-LINE, RADFORD ARMY AMMUNITION PLANT

The Committee recommends a reduction of \$9,500,000 for a project to construct a steam tie-line to the horseshoe area at Radford Army Ammunition Plant. The General Accounting Office found

the economic justification for this project to be questionable and the Army agreed with this finding.

EXPANSION

MISSISSIPPI ARMY AMMUNITION PLANT

The Committee recommends an increase of \$9,500,000 to cover increased cost estimates incurred in the construction of the Mississippi Army Ammunition Plant. When combined with the \$10,500,000 in the budget, a total of \$20,000,000 is included in the bill for this project.

FIRST DESTINATION TRANSPORTATION (AMMUNITION)

The Army included in the procurement of ammunition budget \$37,800,000 for first destination transportation. This was done on the assumption that a stock fund would be established for ammunition procurement in fiscal year 1982. With the creation of the Conventional Ammunition Working Capital Fund, funding for first destination transportation in the procurement appropriation is not appropriate. A reduction of \$37,800,000 is therefore recommended in the procurement appropriation, as well as a partially offsetting increase of \$25,000,000 in the operation and maintenance appropriation, where greater efficiency will prevail.

ARMY GUARD AND EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$3,200,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

OTHER PROCUREMENT, ARMY

Appropriations, 1981	\$2,822,408,000
New obligational authority, 1982:	
Estimate	3,683,800,000
Recommended	3,804,300,000
Increase	120,500,000

This appropriation finances the acquisition of: (a) tactical and commercial vehicles including trucks, semi-trailers, and trailers of all types to provide mobility and utility support to field forces and the worldwide logistical system; (b) communications and electronics equipment of all types to provide fixed, semifixed, and mobile strategic and tactical communications equipment; (c) other support equipment such as chemical defensive equipment, tactical bridging, shop sets, construction equipment, floating and rail equipment, generators and power units, material handling equipment, medical support equipment, special equipment for user testing, and nonsystem training devices. In each of these activities funds are also included for modification of in-service equipment, investment spares and repair parts, and production base support.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

FISCAL YEAR 1982 OTHER PROCUREMENT, ARMY

	Budget estimate	Committee recommendation	Change
Tactical and Support Vehicles	\$1,029,300,000	\$1,019,300,000	-\$10,000,000
Communications and Electronics Equipment	1,611,700,000	1,577,100,000	-34,600,000
Other Support Equipment	1,046,800,000	1,077,600,000	+30,800,000
Guard and Reserve Readiness Equipment		139,500,000	+139,500,000
Army Guard and Reserve Equipment Transfer		-5,200,000	-5,200,000
Reduction/Offsets, Inflation	-4,000,000	-4,000,000	
Total	3,683,800,000	3,804,300,000	+120,500,000

COMMITTEE RECOMMENDATIONS

TACTICAL AND SUPPORT VEHICLES

FIVE- AND TEN-TON TRUCKS

A reduction of \$10,000,000 in the \$502,300,000 budgeted for procurement of five- and ten-ton trucks is recommended. Multiyear contracts for these vehicles were signed after the budget was formulated, yielding unit costs below those estimated.

SPECIAL SECURITY VEHICLES

The Committee has included a provision in the appropriation language which allows the procurement of no more than fourteen passenger carrying motor vehicles required for security of personnel. The cost of these vehicles is limited to a ceiling of \$100,000 each. The legislative provision is required because current law imposes lower limits on the unit cost of passenger carrying motor vehicles.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

POSITION LOCATION REPORTING SYSTEM

The Army budgeted \$30,500,000 for the initial procurement of the Position Location Reporting System (PLRS), and \$3,100,000 for initial spares. PLRS is a computer based system which provides near real time position location, identification, and navigation information for personnel, aircraft, and vehicles.

The Committee believes that this procurement is premature, and recommends denial of procurement funding for the following reasons:

1. There is still \$35,400,000 in research and development to be accomplished between 1982 and 1984.
2. There was a six month slip in the start of testing with no change in the production contract award date or the initial operational capability. Instead, the development and operational testing program was compressed.
3. The required reliability for user units is 500 hours mean time between failure. The average that has been achieved in testing to date is 164.

4. There are still some technical risks in the programs, such as ability to track 370 active users, time required to provide service to 370 users, performance in non-line-of-sight environment, and performance in EW environment.

5. Major changes are proposed for PLRS, including the PLRS/JTIDS hybrid. This change is required to make the system interact with the multitude of other communications systems on the battlefield.

In addition to the above points, the Committee notes that procurement cost estimates for this program have doubled since last year. The Army total is now estimated to be \$246,000,000. A similar amount is estimated for the Marine Corps. A Cost and Operational Effectiveness Analysis in 1978-79 showed that the Global Positioning System (GPS), was a more cost effective position navigation candidate than PLRS. Another study showed PLRS to be slightly more cost effective, but it did not use the most recent cost estimates for PLRS.

The Army and the Marine Corps should seriously re-consider the cost effectiveness of PLRS in light of the most recent cost increases and the potential for GPS to satisfy the requirement.

INTELLIGENCE DATA HANDLING SYSTEM

The Committee recommends a reduction of \$1,000,000 in the \$5,300,000 budgeted for the Intelligence Data Handling System for reasons discussed in the classified annex to this report.

NIGHT VISION IMAGE INTENSIFYING DEVICES

In the Fiscal Year 1981 Department of Defense Appropriations Act (PL 96-527) Congress provided additional funds for the procurement of image intensifying night vision devices. This addition expressed the deep concern of the Committee with the preserving of a crucial industrial capability necessary to improve and maintain a proper state of readiness. The Committee is now concerned that the Army has revised its night vision programs and has not placed a sufficient priority on these programs to provide enough funding in fiscal year 1983 and fiscal year 1984 programs to maintain the industrial base. In addition to a serious impact on prime tube and equipment manufacturers, this will also result in serious, perhaps irreversible, curtailment of the supply of essential electro-optical components. Some of the suppliers are small businesses unable to withstand further volume reductions. These key vendors are few in number and their technology, in some cases, is unique in the free world.

Once again, the Committee states to the Army that maintaining the industrial base in this crucial high technology area is vital to improved readiness and the country's ability to fight a conventional war. Night vision devices provide a critical twenty-four hour fighting capability to the Army and the means of production must be maintained.

STANDARD TELEPHONE UNIT II (STU II)

The Committee directs that the funds requested for upgrading the AUTOSEVOCOM secure voice system be used instead to pro-

cure Standard Telephone Unit II (STU II) secure telephones. The Committee has fully funded continued RDT&E of the STU IIM (Standard Telephone Unit II Modified).

OTHER SUPPORT EQUIPMENT

TRAILER MOUNTED FIELD KITCHENS

The Army budgeted no funds for the procurement of mobile, trailer mounted field kitchens. The fiscal year 1981 supplemental included \$2,800,000 for procurement of 200 units. The Army has long sought a rapidly deployable kitchen capability for field troops. The Army strongly supported this program when procurement was first budgeted in fiscal year 1978. But now with only a small portion of its total requirement procured, the support has diminished. The Committee believes that this procurement should continue in order to get maximum value out of a current production line and to enhance the readiness of our troops. An increase of \$3,500,000 is recommended to procure 200 kitchens. The recommendation will fully fund the kitchen units, including the trailers which have previously been funded as advance procurement.

LIGHTER, AIR CUSHION VEHICLE (LACV-30)

The Army budgeted no funds for procurement of Lighter, Air Cushion Vehicle (LACV-30). Twelve LACV-30's have been funded to date, enough to complete the requirements for fielding one LACV-30 company. A recent Logistics-Over-The Shore (LOTS) review supported the requirement for a second LACV-30 company. The Committee recommends an increase of \$27,300,000 for procurement of four LACV-30 craft. The recommendation will support the initial procurement for the second company.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$5,200,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

GUARD AND RESERVE READINESS EQUIPMENT

The Committee recommends an increase of \$139,500,000 for equipment to enhance the readiness posture of Army reserve components. The explanation for this increase, and the criteria for the use of the recommended funding are found earlier in the report.

AIRCRAFT PROCUREMENT, NAVY

Appropriations, 1981	\$6,254,307,000
New obligational authority, 1982:	
Estimate	9,244,500,000
Recommended	8,946,800,000
Decrease	297,700,000

This appropriation provides funds for the procurement of aircraft and related supporting equipment and programs. Included are funds for flight simulators and equipments to modify inservice aircraft to extend their service life, eliminate safety hazards, and

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improve their operational effectiveness. Additionally, spares and repair parts and ground support equipment for all end items procured by this appropriation are included. Funds are also provided for procurement of material and effort for planned 1983 programs which must be ordered in 1982 due to leadtime considerations.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Request		Committee recommendations			
	Quantity	Amount	Recommended		Change from request	
			Quantity	Amount	Quantity	Amount
COMBAT AIRCRAFT						
A-6E (ATTACK) INTRUDER.....	12	269,900	12	269,900	---	---
A-6E (ATTACK) INTRUDER (AP-CY).....	---	7,300	---	7,300	---	---
EA-6B (ELECTRONIC WARFARE) PROWLER.....	4	229,500	4	229,500	---	---
EA-6B (ELECTRONIC WARFARE) PROWLER (AP-CY).....	---	16,800	---	16,800	---	---
AV-8B (V/STOL).....	12	575,200	12	575,200	---	---
AV-8B (V/STOL) (AP-CY).....	---	49,000	---	37,000	---	-12,000
F-14A (FIGHTER) TOMCAT.....	30	888,700	30	888,700	---	---
F-14A (FIGHTER) TOMCAT (AP-CY).....	---	159,100	---	180,600	---	+21,500
F-18 (FIGHTER) HORNET.....	63	1,890,100	63	1,890,100	---	---
F-18 (FIGHTER) HORNET (AP-CY).....	---	236,400	---	189,200	---	-47,200
CH-53E (HELICOPTER) SUPER STALLION.....	14	270,600	14	240,300	---	-30,300
CH-53E (HELICOPTER) SUPER STALLION (AP-CY).....	---	2,500	---	2,500	---	---
SH-60B (ASW HELO) SEAHAWK.....	18	585,600	18	558,600	---	-27,000
SH-60B (ASW HELO) SEAHAWK (AP-CY).....	---	155,300	---	118,100	---	-37,200
P-3C (PATROL) ORION.....	12	380,200	12	380,200	---	---
P-3C (PATROL) ORION (AP-CY).....	---	84,300	---	54,300	---	-30,000
E-2C (EARLY WARNING) HAWKEYE.....	6	226,300	6	226,300	---	---
E-2C (EARLY WARNING) HAWKEYE (AP-CY).....	---	20,500	---	20,500	---	---
SH-2F (ASW HELO) SEASPRITE.....	18	173,600	18	173,600	---	---
SH-2F (ASW HELO) SEASPRITE (AP-CY).....	---	20,000	---	20,000	---	---
TOTAL, COMBAT AIRCRAFT.....		6,240,900		6,078,700		-162,200

AIRLIFT AIRCRAFT						
BA-2 AIRLIFT AIRCRAFT.....	---	200	---	200	---	---
UC-128.....	---	37,000	---	37,000	---	---
C-2 (AP-CY) MULTIYEAR CONTRACT.....	---	---	---	---	---	---
TOTAL, AIRLIFT AIRCRAFT.....		37,200		37,200		---

TRAINER AIRCRAFT						
T-34C.....	60	53,200	60	53,200	---	---
TH-57.....	30	15,800	30	15,800	---	---
TOTAL, TRAINER AIRCRAFT.....		69,000		69,000		---

OTHER AIRCRAFT						
EC-130G (TACAMO) HERCULES.....	2	74,900	2	74,900	---	---

MODIFICATION OF AIRCRAFT						
A-3 SERIES.....	---	22,800	---	22,800	---	---
A-4 SERIES.....	---	47,700	---	46,500	---	-1,200
A-6 SERIES.....	---	116,500	---	111,200	---	-5,300
EA-6 SERIES.....	---	49,900	---	49,900	---	---
A-7 SERIES.....	---	98,900	---	95,100	---	-3,800
AV-8A.....	---	15,700	---	13,900	---	-1,800
F-4 SERIES.....	---	45,000	---	34,500	---	-10,500
RF-4 SERIES.....	---	26,000	---	24,500	---	-1,500
F-14A.....	---	107,700	---	34,500	---	-73,200
F-8 SERIES.....	---	600	---	600	---	---
F-5 SERIES.....	---	1,100	---	1,100	---	---
F-18 MODS.....	---	2,800	---	2,800	---	---
H-46 SERIES.....	---	47,400	---	42,400	---	-5,000
H-53 SERIES.....	---	6,000	---	6,000	---	---
H-1 SERIES.....	---	10,600	---	10,600	---	---
H-2 SERIES.....	---	7,800	---	7,800	---	---
EP-3 SERIES.....	---	2,200	---	2,200	---	---
P-3 SERIES.....	---	11,500	---	11,500	---	---
S-3.....	---	104,500	---	104,500	---	---
E-2 SERIES.....	---	28,100	---	26,500	---	-1,600
T-34.....	---	25,000	---	24,700	---	-300
T-39.....	---	300	---	300	---	---
T-44.....	---	500	---	500	---	---
T-39.....	---	200	---	200	---	---
C9B SERIES.....	---	200	---	200	---	---
C-1A.....	---	200	---	200	---	---
EC-130 SERIES.....	---	37,100	---	37,100	---	---
C-130 SERIES.....	---	15,100	---	15,100	---	---
C-135.....	---	16,900	---	16,900	---	---
VARIOUS.....	---	19,700	---	19,700	---	---
POWER PLANT CHANGES.....	---	10,200	---	10,200	---	---
MISC FLT SAFETY/OPER NECESSITY CHANGES.....	---	1,200	---	1,200	---	---
COMMON ECM EQUIPMENT.....	---	96,600	---	96,600	---	---
COMMON AVIONICS CHANGES.....	---	1,300	---	1,300	---	---
TOTAL, MODIFICATION OF AIRCRAFT.....		977,300		873,100		-104,200

SPARES AND REPAIR PARTS.....	---	1,529,400	---	1,518,400	---	-11,000

AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES				
COMMON GROUND EQUIPMENT.....	---	269,100	---	269,100
AIRCRAFT INDUSTRIAL FACILITIES.....	---	26,400	---	26,400
WAR CONSUMABLES.....	---	3,100	---	3,100
OTHER PRODUCTION CHARGES.....	---	33,200	---	33,200
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES....		331,800		331,800

REDUCTION, OFFSETS/INFLATION.....	---	-11,000	---	-11,000
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-12,900
CONSULTANTS, STUDIES, AND ANALYSES.....	---	-5,000	---	-10,400
FOREIGN MILITARY SALES ADJUSTMENT.....	---	---	---	-2,000
TOTAL, AIRCRAFT PROCUREMENT, NAVY.....		9,244,500		8,946,800
				-297,700

COMMITTEE RECOMMENDATIONS

COMBAT AIRCRAFT

AV-8B V/STOL AIRCRAFT (HARRIER)

In conformance with the fiscal year 1982 authorization conference action, the Committee recommends \$37,000,000 for AV-8B V/STOL advance procurement. This represents a reduction of \$12,000,000 from the budget request.

F-14A FIGHTER AIRCRAFT (TOMCAT)

The Committee recommends \$180,600,000 for F-14 advance procurement to support the procurement of 27 F-14A aircraft in fiscal year 1983. This represents an increase of \$21,500,000 to the budget request.

F/A-18 FIGHTER/ATTACK AIRCRAFT (HORNET)

The Navy requested \$236,400,000 for F/A-18 advance procurement funds. The Navy's request anticipated a larger fiscal year 1983 procurement than was included in the President's Five-Year Defense Plan. The Committee, accordingly, recommends \$189,200,000, which represents a reduction of \$47,200,000 from the budget request.

CH-53E HELICOPTER (SUPER STALLION)

The Navy requested \$270,600,000 for the procurement of 14 CH-53E helicopters. The September budget amendment included a request of \$20,300,000 which was to be used primarily for support items. This request lacks adequate justification. Additionally, the budget request does not fully reflect the savings associated with major productivity improvements that are now being evidenced. Consequently, the Committee recommends \$240,300,000 for 14 CH-53E helicopters which represents a reduction of \$30,300,000 from the budget request.

SH-60B ANTISUBMARINE WARFARE HELICOPTER (SEAHAWK)

The Navy requested \$585,600,000 for the procurement of 18 SH-60B LAMPS MARK III helicopters. Since the budget request does not fully reflect major savings that will be realized from contractor productivity improvements, the Committee recommends

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\$558,600,000 for 18 SH-60B helicopters which represents a reduction of \$27,000,000 from the budget request.

The Navy also requested \$155,300,000 for SH-60B advance procurement. The Committee in reviewing both the Navy's and the Army's airframe advance procurement request found that the Army's advance procurement request for a similar airframe was substantially lower in unit cost. Accordingly, the Committee recommends \$118,100,000 for SH-60B advance procurement which represents a reduction of \$37,200,000 from the budget request.

P-3C PATROL AIRCRAFT (ORION)

In conformance with the fiscal year 1982 authorization conference action, the Committee recommends \$54,300,000 for P-3C advance procurement. This represents a reduction of \$30,000,000 from the budget request.

KC-130 TANKER AIRCRAFT

The Committee is directing that the Department of the Navy begin a program of phased KC-130 procurements to complete the squadron at Glenview, Illinois and begin a second squadron which the Marine Corps has indicated would be placed at Stewart Airfield. The Committee directs the Marine Corps to work with the Air National Guard to insure maximum utilization of existing space, maximum utilization of shared space and to the extent possible minimum new construction costs which will be required in fiscal 1983 and 1984 at Stewart. The Committee believes that the procurement of the KC-130's for the Marine Corps Reserves should be expedited.

MODIFICATION OF AIRCRAFT

F-14 SERIES

The Navy requested \$71,000,000 for the F-14 TF30-P-414A engine modification program. This request would begin the initial phase of a major engine modification program which is designed to improve long term service life, increase reliability/durability, and address stall reduction problems. The Navy, as a result of this modification effort, expected to derive significant savings in life cycle costs. The program, despite the fact that it is in the initial phase of procurement, has experienced dramatic cost increases. For example, the original program cost was estimated to be \$568,000,000. The Navy has since advised the Committee that the current program costs are now estimated to be \$850,000,000. Additionally, the unit cost of the modification kit has doubled. Originally, the unit cost was estimated to be \$300,000 as compared to the current estimate of \$600,000.

The Committee is now quite concerned that the Navy may embark on this very costly modification program, and then subsequently decide that performance requirements for the F-14 will necessitate the reengining of this aircraft with the F-101 engine. Consequently, the Committee directs the Navy to delay the initiation of the TF-30-P-414A engine modification program, and proceed with normal depot level overhaul to include installation of

long-life parts developed from previous engine modification efforts. With this additional time, the Navy should develop additional performance and cost analyses to determine a specific course of action to follow. A reduction of \$71,000,000 is recommended.

OTHER MODIFICATION PROGRAMS

The following table reflects additional reductions which totals \$33,200,000, to aircraft modification programs recommended by the Committee because of either schedule slippages or requirements for additional tests and evaluations. The Committee also notes that this account has frequently been used as a source of funds for reprogrammings, thus indicating that in the Navy's view, some modification programs are of marginal priority.

Aircraft series	Modification program	Amount
A-4	AN/APR-43	\$1,200,000
A-6	AN/ARC-182	5,300,000
A-7	AN/ARC-182	2,700,000
	AN/APQ-126 and AN/ASN-90	1,100,000
AV-8A	DECM Pod	1,800,000
F-4	AN/APR-43	5,900,000
	AN/ARC-182	4,600,000
RF-4	AN/APR-43	1,500,000
F-14A	AN/ARC-182	2,200,000
H-46	AN/ALQ-157	5,000,000
S-3	AN/ARC-182	1,600,000
E-2	AN/ARC-182	300,000
Total		33,200,000

SPARES AND REPAIR PARTS

The Navy budgeted 1,529,400,000 for aircraft spares and repair parts. The following table reflects reductions to the Aircraft Procurement, Navy Appropriation, Aircraft Spares and Repair Parts. These reductions include the spare and repair parts directly related to the aircraft modification programs affected by the Committee's recommended reductions.

Program:	Amount
TF-30-P-414A	\$3,300,000
AN/APR-43	1,600,000
AN/ARC-182	2,900,000
AN/ALQ-157	1,300,000
AN/APQ-126	300,000
DECM Pod	1,600,000
Total	11,000,000

GENERAL REDUCTIONS

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$12,900,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

CONSULTANTS, STUDIES AND ANALYSES

The Committee recommends a reduction of \$5,400,000, in addition to the requested reduction of \$5,000,000 for Consultants, Studies and Analyses, for a total reduction of \$9,400,000 for this purpose.

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a reduction of \$2,000,000 for Foreign Military Sales case adjustments which are explained earlier in the report.

WEAPONS PROCUREMENT, NAVY

Appropriations, 1981	\$2,766,029,000
New obligational authority, 1982:	
Estimate	3,283,800,000
Recommended	3,196,100,000
Decrease	87,700,000

This appropriation finances the procurement of strategic and tactical missiles, target drones, torpedoes, guns, associated support equipment and the modification of in-service missiles, torpedoes, and guns.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES						
COMMON GROUND EQUIPMENT.....	---	269,100	---	269,100	---	---
AIRCRAFT INDUSTRIAL FACILITIES.....	---	26,400	---	26,400	---	---
WAR CONSUMABLES.....	---	3,100	---	3,100	---	---
OTHER PRODUCTION CHARGES.....	---	33,200	---	33,200	---	---
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES...		331,800		331,800		---
REDUCTION, OFFSETS/INFLATION.....						
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-12,900	---	-12,900
CONSULTANTS, STUDIES, AND ANALYSES.....	---	-5,000	---	-10,400	---	-5,400
FOREIGN MILITARY SALES ADJUSTMENT.....	---	---	---	-2,000	---	-2,000
TOTAL, AIRCRAFT PROCUREMENT, NAVY.....		9,244,500		8,946,800		-297,700
BALLISTIC MISSILES						
UGM-73A (C-3) POSEIDON.....	---	18,700	---	18,700	---	---
UGM-96A (C-4) TRIDENT I.....	72	665,105	72	665,105	---	---
UGM-96A (C-4) TRIDENT I (AP-CY).....	---	244,795	---	244,795	---	---
MODIFICATION OF MISSILES						
UGM-73A (C-3) POSEIDON MODS.....	---	10,100	---	10,100	---	---
SUPPORT EQUIPMENT AND FACILITIES						
SPARES AND REPAIR PARTS.....	---	2,200	---	2,200	---	---
MISSILE INDUSTRIAL FACILITIES.....	---	1,900	---	1,900	---	---
ASTRONAUTICS.....	---	16,100	---	16,100	---	---
TOTAL, BALLISTIC MISSILES.....		958,900		958,900		---
OTHER MISSILES						
STRATEGIC MISSILES						
BGM 109 TOMAHAWK.....	88	210,900	88	210,900	---	---
BGM 109 TOMAHAWK (AP-CY).....	---	14,000	---	14,000	---	---
TACTICAL MISSILES						
AIM/RIM-7 F/M SPARROW.....	905	144,700	780	124,700	-125	-20,000
AIM-9L/M SIDEWINDER.....	910	49,500	910	49,500	---	---
AIM-54A/C (PHOENIX).....	72	140,800	72	140,800	---	---
AIM-54A/C (PHOENIX) (AP-CY).....	---	26,200	---	21,000	---	-5,200
AGM-84A HARPOON.....	240	232,700	240	232,700	---	---
AGM-84A HARPOON (AP-CY).....	---	18,000	---	---	---	-18,000
AGM-89A HARM.....	134	107,600	134	107,600	---	---
RIM-66B STANDARD MR.....	600	164,800	600	164,800	---	---
RIM-66C STANDARD MR.....	120	61,600	170	61,600	---	---
RIM-67B STANDARD ER.....	375	215,000	375	215,000	---	---
OTHER MISSILE SUPPORT.....	---	3,800	---	3,800	---	---
LASER MAVERICK.....	---	5,000	---	5,000	---	---
AERIAL TARGETS.....	---	67,900	---	67,900	---	---
MODIFICATION OF MISSILES						
AIM/RIM-7E/F SPARROW MOD.....	---	1,300	---	1,300	---	---
AIM-9 SIDEWINDER MOD.....	---	20,500	---	20,500	---	---
AIM-54A/C PHOENIX MOD.....	---	7,800	---	7,800	---	---
AGM-84A HARPOON MOD.....	---	4,600	---	4,600	---	---
RIM-66B STANDARD MR MOD.....	---	2,500	---	2,500	---	---
RIM-67A STANDARD ER MOD.....	---	3,000	---	3,000	---	---
SUPPORT EQUIPMENT AND FACILITIES						
SPARES AND REPAIR PARTS.....	---	32,200	---	32,200	---	---
WEAPONS INDUSTRIAL FACILITIES.....	---	8,800	---	8,800	---	---
FLEET SATELLITE COMMUNICATIONS.....	---	65,000	---	65,000	---	---
DEFENSE METEOROLOGICAL SATELLITE PROGRAM.....	---	2,900	---	2,900	---	---
TOTAL, OTHER MISSILES.....		1,611,100		1,567,900		-43,200
TORPEDOES AND RELATED EQUIPMENT						
TORPEDO MR-48.....	144	133,500	144	120,500	---	-13,000
TORPEDO MR-46.....	288	65,000	288	57,600	---	-7,400
MR-60 CAPTOR.....	400	116,900	400	116,900	---	---
MOBILE TARGET MR-30.....	7	18,700	7	18,700	---	---
MR-30 MINI MOBILE TARGET.....	---	700	---	700	---	---
ASROC.....	---	3,900	---	3,900	---	---

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
MOD OF TORPEDOES AND RELATED EQUIP						
MOBILE MINE MK-67.....	---	11,100	---	11,100	---	---
TORPEDO MK-46 MODS.....	---	113,600	---	95,700	---	-17,900
TORPEDO MK-48 MODS.....	---	15,100	---	15,100	---	---
CAPTOR MODS.....	---	1,600	---	1,600	---	---
SUPPORT EQUIPMENT						
TORPEDO SUPPORT EQUIPMENT.....	---	23,500	---	23,500	---	---
SPARES AND REPAIR PARTS.....	---	13,000	---	13,000	---	---
TOTAL, TORPEDOES AND RELATED EQUIPMENT.....	---	516,600	---	478,300	---	-38,300
OTHER WEAPONS						
GUNS AND GUN MOUNTS						
MK-15 CLOSE IN WEAPONS SYSTEM.....	50	134,700	50	134,700	---	---
MK-75 76MM GUN MOUNT.....	1	4,500	1	4,500	---	---
MODIFICATION OF GUNS AND GUN MOUNTS						
CIWS MODS.....	---	6,900	---	6,900	---	---
5 /54 GUN MOUNT MODS.....	---	12,400	---	12,400	---	---
3/50 GUN MOUNT MODS.....	---	4,800	---	4,800	---	---
MK 75 76MM GUN MOUNT MODS.....	---	1,500	---	1,500	---	---
MODS UNDER \$900,000.....	---	1,100	---	1,100	---	---
SUPPORT EQUIPMENT						
GUN SUPPORT EQUIPMENT.....	---	600	---	600	---	---
SPARES AND REPAIR PARTS.....	---	33,700	---	33,700	---	---
TOTAL, OTHER WEAPONS.....	---	200,200	---	200,200	---	---
REDUCTION, OFFSETS/INFLATION.....						
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	-3,000	---	-3,000	---	---
CONSULTANTS, STUDIES, AND ANALYSES.....	---	---	---	-4,600	---	-4,600
FOREIGN MILITARY SALES ADJUSTMENT.....	---	---	---	-600	---	-600
---	---	---	---	-1,000	---	-1,000
TOTAL, WEAPONS PROCUREMENT, NAVY.....	---	3,283,800	---	3,196,100	---	-87,700

COMMITTEE RECOMMENDATIONS

TACTICAL MISSILES

AIM/RIM-7 F/M SPARROW

The Navy budgeted \$144,700,000 for procurement of 905 AIM/RIM-7 F/M Sparrow missiles. This program has recently experienced technical difficulties, leading to suspension of OPEVAL testing, and direction from the Secretary of the Navy to hold production rates to a lower level than previously planned. Since fewer missiles will be produced in fiscal year 1982, the Committee recommends a reduction of \$20,000,000. The recommended total for AIM/RIM-7 F/M Sparrow is \$124,700,000.

AIM-54 A/C PHOENIX

The Navy requested \$26,200,000 for advanced procurement of AIM-54 A/C Phoenix missile. The Committee finds this request to be overstated by \$5,200,000, and recommends a total of \$21,000,000 for AIM-54 A/C Phoenix (Advanced Procurement).

AGM-84A HARPOON

The Navy, contrary to previous practice, budgeted advanced procurement funds for AGM-84A Harpoon in the amount of \$18,000,000. Given a history of no requirement for advanced procurement for this missile, the Committee finds this request lacks adequate justification, and recommends no funds be provided for AGM-84A Harpoon (Advanced Procurement).

The Committee is concerned over the rising costs of the AGM-84A Harpoon missile, and directs that a "Should Cost" study be conducted to determine whether economies can be effected in procurement.

TORPEDOES AND RELATED EQUIPMENT

MK-48 TORPEDO

The Navy requested \$133,500,000 for MK-48 torpedoes. The Navy in formulating its budget request included \$13,000,000 for acceptance test and evaluation for fiscal years 1981 and 1982 MK-48 procurements. In light of the fact that these torpedoes will not be delivered during this fiscal year, the request is considered premature. The Committee directs that funds for this purpose should be requested the fiscal year in which the torpedoes will be delivered. The Committee, therefore, recommends a total of \$120,500,000 for 144 MK-48 torpedoes, which represents a decrease of \$13,000,000 from the budget request.

MK-46 TORPEDO (NEARTIP)

The Committee recommends \$57,600,000 for 288 MK-46 Neartip torpedoes, based on the fact that the budget does not fully reflect the following:

- Major productivity improvements have been evidenced to date.
- The Navy intends to begin "super" proofing.
- There will be reduced costs associated with the large volume procurement of both the MK-46 torpedoes and Neartip modification kits.

The Committee recommendations represent a decrease of \$7,400,000 from the budget request.

MODIFICATION OF TORPEDOES AND RELATED EQUIPMENT

MARK-46 MODIFICATION PROGRAM

The Navy requested \$113,600,000 for 872 Neartip modification kits. Since the budget request does not fully reflect the improvements in productivity, use of super-proofing techniques, and savings associated with large volume procurements, the Committee recommends \$95,700,000 for 872 Neartip modification kits. This represents a reduction of \$17,900,000 from the budget request.

GENERAL REDUCTIONS

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$4,600,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

CONSULTANTS, STUDIES AND ANALYSES

The Committee recommends a reduction of \$600,000 for Consultants, Studies and Analyses.

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a reduction of \$1,000,000 for Foreign Military Sales case adjustments which are explained earlier in the report.

SHIPBUILDING AND CONVERSION, NAVY

Appropriations, 1981	¹ \$7,697,100,000
New obligational authority, 1982:	
Estimate	8,475,300,000
Recommended	7,748,900,000
Decrease	726,400,000
Total recommended in the bill	² 7,822,000,000

¹ And in addition \$73,100,000 in prior year unobligated balances transferred forward to fiscal year 1982.

² Includes \$7,748,900,000 in new obligational authority and in addition, \$73,100,000 in prior year unobligated balances to be derived by transfer from "Shipbuilding and Conversion, Navy, 1979/1983" and "Shipbuilding and Conversion, Navy, 1981/1985".

This appropriation finances the construction of new ships, the purchase and the conversion of existing ships, including hull, mechanical, and electrical equipment, electronics, guns, torpedo and missile launching systems, and communication systems.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following programs for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
FLEET BALLISTIC MISSILE SHIPS						
TRIDENT (NUCLEAR) (AP-CY).....	---	330,700	---	230,700	---	-100,000
TOTAL, FLEET BALLISTIC MISSILE SHIPS.....		330,700		230,700		-100,000
OTHER WARSHIPS						
CVN AIRCRAFT CARRIER (NUCLEAR) (AP-CY).....	---	658,000	---	475,000	---	-183,000
SSN-688 CLASS SUBMARINE (NUCLEAR).....	2	953,100	2	953,100	---	---
SSN-688 CLASS SUBMARINE (NUCLEAR) (AP-CY).....	---	213,900	---	213,900	---	---
NEW JERSEY REACT.....	1	237,000	1	237,000	---	---
IOWA REACT.....	---	88,000	---	88,000	---	---
CV SLEP (AP-CY).....	---	100,800	---	81,000	---	-19,800
CG-47 AEGIS CRUISER.....	3	2,925,600	3	2,908,600	---	-17,000
CG-47 AEGIS CRUISER (AP-CY).....	---	20,700	---	20,700	---	---
TOTAL, OTHER WARSHIPS.....		5,197,100		4,977,300		-219,800
AMPHIBIOUS SHIPS						
LSB-41 LANDING SHIP DOCK.....	---	---	---	301,000	---	+301,000
LSB-41 LANDING SHIP DOCK (AP-CY).....	---	34,000	---	---	---	-34,000
TOTAL, AMPHIBIOUS SHIPS.....		34,000		301,000		+267,000
MINE WARFARE + PATROL SHIPS						
FFG GUIDED MISSILE FRIGATE.....	2	747,900	3	926,100	+1	+178,200
MCM MINE COUNTERMEASURES SHIP.....	1	99,700	1	99,700	---	---
TOTAL, MINE WARFARE + PATROL SHIPS.....		847,600		1,025,800		+178,200
AUXILIARIES, CRAFT + PY PRDG COSTS						
AUXILIARIES + CRAFT						
T-AD.....	1	200,000	1	200,000	---	---
T-AGOS SURTASS SHIP.....	4	156,500	4	156,500	---	---
TALS (ACQ).....	1	54,000	1	---	---	-54,000
ARS.....	2	160,500	2	135,500	---	-25,000
FAST LOGISTICS SHIP (T-AKR) (CONV).....	8	658,400	8	184,000	---	-484,400
T-AFS LYNEX (CONV).....	2	37,000	2	37,000	---	---
SERVICE CRAFT.....	---	42,400	---	33,700	---	-8,700
LANDING CRAFT.....	---	122,800	---	122,800	---	---
OUTFITTING.....	---	73,000	---	73,000	---	---
POST DELIVERY.....	---	122,300	---	117,200	---	-5,100
COST GROWTH/ESCALATION ON PRIOR YEAR PROGRAMS.....	---	448,000	---	408,000	---	-40,000
GENERAL REDUCTION.....	---	---	---	-216,000	---	-216,000
TRANSFER FROM OTHER ACCOUNTS.....	---	---	---	(73,100)	---	(+73,100)
TOTAL, AUXILIARIES, CRAFT + PY PRDG COSTS.....		2,084,900		1,251,700		-833,200
REDUCTION, OFFSETS/INFLATION.....	---	-12,000	---	-12,000	---	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-11,900	---	-11,900
CONSULTANTS, STUDIES, AND ANALYSES.....	---	-7,000	---	-13,700	---	-6,700
TOTAL, SHIPBUILDING AND CONVERSION, NAVY.....		8,475,300		7,748,900		-726,400
TRANSFER FROM OTHER ACCOUNTS.....	---	---	---	(73,100)	---	(+73,100)
TOTAL FUNDING AVAILABLE.....		8,475,300		7,822,000		-653,300

FLEET BALLISTIC MISSILE SHIPS

TRIDENT

The Navy requested \$330,700,000 for TRIDENT advance procurement. The September budget amendment reflected authorization action which deleted the full funding request for the tenth TRIDENT while adding an additional increment of \$100,000,000 for long lead funding. The Committee has strongly supported full funding practices in the past and, therefore, recommends that the addi-

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tional increment of \$100,000,000 be denied. Accordingly, the Committee recommends \$230,700,000 for TRIDENT advance procurement.

OTHER WARSHIPS

CVN AIRCRAFT CARRIER

The Navy requested \$658,000,000 for CVN Aircraft Carrier advance procurement. The budget request which included funds for both nuclear and non-nuclear long lead components was based on the full funding of CVN Aircraft Carrier in fiscal year 1983. Since the President's Five Year Defense Plan delayed the request for this aircraft carrier until fiscal year 1984, the Committee denies the funding request for non-nuclear components and directs that the funds for these components be requested in fiscal year 1983. Therefore, the Committee recommends \$475,000,000 for CVN Aircraft Carrier advance procurement, which represents a reduction of \$183,000,000 from the budget request.

CV-SLEP

The Navy requested \$100,800,000 for CV-SLEP advance procurement. Based upon historical first year obligations, the Committee recommends \$81,000,000 for CV-SLEP advance procurement which represents a reduction of \$19,800,000 from the budget request.

CG-47 AEGIS CRUISER

The Navy requested \$2,925,600,000 for the AEGIS Cruiser program. Included in this request is \$17,000,000 for the SPS-49 radar system. Since the AEGIS SPY-1 radar system does not require the SPS-49 as a back-up system, the Committee denies the funds requested for this system. The Committee, therefore, recommends \$2,908,600,000, which represents a reduction of \$17,000,000 from the budget request.

AMPHIBIOUS SHIPS

LSD-41 LANDING SHIP DOCK

The Committee recommends \$301,000,000 for an LSD-41. This represents an increase of \$301,000,000 to the budget request. The budget did not request funds for this program.

In conformance with the fiscal year 1982 authorization conference action, the Committee denies funding advance procurement for the LSD-41. This reduction represents a decrease of \$34,000,000 from the budget request.

MINE WARFARE AND PATROL SHIPS

FFG-7

The Navy requested \$747,900,000 for the FFG-7 Guided Missile Frigate program. Funds were included in the budget request to cover increased costs expected to be incurred in association with end of production for the FFG-7 class of ships. Since the Presi-

dent's Five Year Defense Plan includes both FFG-7 and FFG variants, the Committee denies this portion of the request which totals \$45,800,000. Additionally, the Committee recommends \$224,000,000 for a third FFG-7. The Committee, therefore, recommends a total of \$926,100,000, which represents an increase of \$178,200,000 to the budget request.

AUXILIARIES, CRAFT AND PRIOR YEAR PROGRAMS

TALS (SEABEE BARGE CARRIER)

In conformance with the fiscal year 1982 authorization conference action, the Committee denies funding for the TALS Seabee Barge Carrier. This reduction represents a decrease of \$54,000,000 from the budget request.

ARS SALVAGE SHIPS

The Navy requested \$160,500,000 for Salvage Ships (ARS). In light of the fact that the budget request does not fully reflect the option prices set forth in the recently negotiated contract for the fiscal year 1981 funded salvage ship, the Committee recommends \$135,500,000 for salvage ships. This represents a reduction of \$25,000,000 from the budget request.

T-AKRX FAST LOGISTIC SHIPS

The Navy requested \$668,400,000 for the T-AKRX program. In conformance with the fiscal year 1982 authorization conference funding action, the Committee recommends \$184,000,000 for this program.

This reduced level of authorized funding will, of course, severely impact the timely attainment of a properly configured rapid logistic ship capability. The Committee is extremely concerned that the Department's continued delays in following this Committee's direction not only fails to address the immediate requirements for rapid sealift, but now delays the overall conversion program.

The Committee, accordingly, directs that the Navy, within the authorization funding limitation, proceed *immediately*, with the acquisition of the remaining two ships; the mini-modification of four T-AKRX ships (SL-7's), which would provide an interim fast logistic ship capability, and the partial roll-on/roll-off (RO/RO) conversion of one ship.

Any remaining funds are to be used for procuring long lead items future SL-7 conversions to the T-AKRX partial RO/RO configuration.

To reiterate, the Committee is deeply concerned about the continual delay in obtaining this vitally needed capability, and directs that the Navy proceed *forthwith* with the aforementioned direction.

The Committee's reduction reflects a decrease of \$484,400,000 from the budget request. The Committee notes that unobligated fiscal year 1981 T-AKRX funds remain available and should be used to attain the Committee's directive.

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SERVICE CRAFT

The Navy requested \$42,400,000 for Service Craft. Included in this request is \$8,700,000 for LCM Class Craft. The Committee denies that portion of the request relating to the LCM Class of Craft, in light of the Maritime Prepositioning Ship Program's schedule slippage. The Committee, therefore, recommends \$33,700,000 for Service Craft, which represents a reduction of \$8,700,000 from the budget request.

POST DELIVERY

The Navy requested \$122,300,000 for Post Delivery. In light of the fact that the budget request does not fully reflect changes in shipbuilding delivery schedules, the Committee recommends \$117,200,000 which represents a reduction of \$5,100,000 from the budget request.

COST GROWTH

The Navy requested \$448,000,000 for cost growth. Included in the request was \$40,000,000 to cover cost growth for a SSN-688 class submarine which has yet to be awarded. The Committee believes the request is premature and thus recommends a total of \$408,000,000 for cost growth which represents a reduction of \$40,000,000 from the budget request.

GENERAL REDUCTIONS

PROGRAM MANAGER GROWTH RESERVES

The Committee recommends a general reduction of \$143,000,000 in the fiscal year 1982 request for program managers growth reserves which is one of the primary elements comprising individual shipbuilding line item budget requests. The Committee's reduction is based upon both historical obligation experience and the Navy's current estimated obligation rate. The Committee directs that the Navy closely reexamine its request for growth reserves and allocate this reduction to budget lines where past experience has shown these requests to be overstated.

TRANSFERS

The Committee also recommends a general reduction of \$73,100,000 for auxiliaries, craft, and prior year program costs. Language has been provided in the bill transferring \$58,000,000 in fiscal year 1981 unobligated balances in the Maritime Pre-positioning Ship Program, and \$15,100,000 in fiscal year 1979 unobligated balances in the TRIDENT program to fiscal year 1982 to offset the reduction.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$11,900,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

CONSULTANTS, STUDIES AND ANALYSES

The Committee recommends a reduction of \$6,700,000 in addition to the requested reduction of \$7,000,000 for Consultants, Studies and Analyses for a total reduction of \$13,700,000 for this purpose.

PROPOSED CHANGES TO THE SHIPBUILDING AND CONVERSION, NAVY (SCN) APPROPRIATION

The budget request proposes a lump-sum appropriation for the SCN appropriation in lieu of the individual program breakout as provided in prior years. Also, the budget proposes to extend the availability of this appropriation from five to seven years. The Committee again denies both of these requests.

PAYMENT OF INSURANCE CLAIMS

The fiscal year 1981 Supplemental Appropriations Bill included language prohibiting the payment of insurance premiums that would cover defective workmanship, defective material, and mismanagement, delay and disruption. The Committee has since been advised by the General Accounting Office that the impact of the Act's prohibition is somewhat limited. Consequently, the Committee has included new language in the bill.

OTHER PROCUREMENT, NAVY

Appropriations, 1981	\$3,037,657,000
New obligational authority, 1982:	
Estimate	3,822,000,000
Recommended	3,692,177,000
Decrease	129,823,000

This appropriation finances the procurement of major equipment and weapons other than ships, aircraft, missiles, torpedoes, and guns. Such equipments range from the latest electronic sensors for updating our naval forces to trucks, training equipment, and spare parts.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following programs for fiscal year 1982:

FISCAL YEAR 1982 OTHER PROCUREMENT, NAVY

	Budget Estimate	Committee recommendation	Change
Ship support equipment	\$697,754,000	\$695,854,000	-\$1,900,000
Communications and electronics equipment	1,190,266,000	1,210,266,000	+20,000,000
Aviation support equipment	585,136,000	547,036,000	-38,100,000
Ordnance support equipment	855,172,000	850,172,000	-5,000,000
Civil engineering support equipment	181,136,000	116,936,000	-64,200,000
Supply support equipment	74,971,000	74,971,000	
Personnel/command support equipment	244,565,000	216,242,000	-28,323,000
Reduction, offsets/inflation	-4,000,000	-4,000,000	
Consultants, studies, and analyses	-3,000,000	-4,300,000	-1,300,000
First destination transportation		-3,800,000	-3,800,000
Audio-visual equipment		-1,800,000	-1,800,000
Army Guard and Reserve equipment transfer		-5,400,000	-5,400,000
Total	3,822,000,000	3,692,177,000	-129,823,000

COMMITTEE RECOMMENDATIONS

SHIP SUPPORT EQUIPMENT

ELECTRICALLY SUSPENDED GYRO NAVIGATION

The Committee recommends a reduction of \$1,900,000 from the \$16,565,000 budgeted for the electrically suspended gyro navigation system. The reduction is based on contract savings. The total recommended for this program is \$14,665,000 for procurement of 9 systems.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

ELECTRONIC WARFARE EQUIPMENT—NAVY RESERVE

The Committee recommends an increase of \$20,000,000 for procurement of electronic warfare equipment for the Navy Reserve. This recommendation is discussed earlier in this report.

AVIATION SUPPORT EQUIPMENT

AN/SSQ-47 SONOBUOY

The Navy budgeted \$3,237,000 for procurement of 4,900 AN/SSQ-47 Sonobuoys. In previous years the limited procurement quantities have necessitated opening and closing the production line each year, resulting in production inefficiencies and unnecessarily high costs. For an additional \$4,900,000 in fiscal year 1982, the Navy can acquire an additional 9,578 sonobuoys and can complete its total procurement requirement for this sonobuoy. Significant savings will occur in future years. For this reason, the Committee recommends an increase of \$4,900,000. The total recommended is \$8,137,000.

CONTRACT SAVINGS

The Committee recommends the following reductions based on contract savings:

	Budget	Recommendation	Change
AN/SSQ-57 sonobuoy.....	\$2,686,000	\$2,186,000	—\$500,000
AN/SSQ-77 sonobuoy.....	33,255,000	20,055,000	—13,200,000
General purpose bombs.....	36,864,000	30,864,000	—6,000,000
Practice bombs.....	30,664,000	27,364,000	—3,300,000

LAMPS MARK III

The Navy budgeted \$40,067,000 for LAMPS Mark III shipboard equipment to initiate the backfitting of 2 destroyers and 2 FFG-7 class frigates, thus making these ships LAMPS Mark III capable. The Committee has expressed concern with the dramatic increases in the overall cost of the LAMPS Mark III program. In particular, the cost of backfitting each of the 68 ships with the LAMPS Mark III system has risen over 125 percent, and at the same time the cost to procure and install the shipboard equipment has nearly doubled. Consequently, the Committee recommends a reduction of \$20,000,000, and directs that the Navy cancel the backfitting of 31 FFG-7's, 4 DD-993's, and 2 CG-47's and the procurement of LAMPS Mark III shipboard equipment for these ships.

ORDNANCE SUPPORT EQUIPMENT

5"/54 GUN AMMUNITION

The Committee recommends a reduction of \$5,000,000 from the \$62,669,000 budgeted for 5"/54 gun ammunition, based on contract savings. The total recommended for this line is \$57,669,000.

CIVIL ENGINEERING AND SUPPORT EQUIPMENT

FLEET HOSPITAL PROGRAM

As discussed earlier in this report under Medical Operations, the Committee recommends denial of the \$87,800,000 budgeted for the Fleet Hospital program. The recommendation is made in the belief that a more consistent and unified program needs to be developed by the Office of the Secretary of Defense which addresses the needs of all services for field hospitals in the communications zone. Reductions totalling \$64,200,000 from the Civil Engineering and Support Equipment budget activity are as follows:

Line item	Quantity	Amount
Passenger vehicles	18	-\$2,200,000
Trucks	130	-1,600,000
Trailers	54	-500,000
Lighting and power generating equipment	33	-13,200,000
Fire trucks	6	-400,000
Combat construction equipment		-45,800,000
Telephone equipment	6	-500,000

COMMAND SUPPORT EQUIPMENT

MEDICAL SUPPORT EQUIPMENT

The Committee recommends a reduction of \$23,600,000 from the \$48,959,000 budgeted for medical support equipment. The reduction is for equipment designated for the Fleet Hospital program. The reasons for the reduction are explained elsewhere in this report. The total recommended for medical support equipment is \$25,359,000.

INTELLIGENCE SUPPORT EQUIPMENT

The Committee recommends a reduction of \$1,400,000 from the \$17,687,000 budgeted for intelligence support equipment. The reasons for this reduction are included in the classified annex to this report.

PRODUCTIVITY ENHANCEMENT

The Navy budgeted \$3,323,000 for productivity enhancement equipment. A recent report by the General Accounting Office, ("Incentive Programs to Improve Productivity Through Capital Investments Can Work"), concluded that the Navy had given insufficient management attention to this program and was failing to adhere to Congressional guidelines concerning the use of these funds. The Committee recommends denial of the \$3,323,000 budgeted for this program. The Committee expects the Navy to support any additional funding for this program with conclusive evidence that it is in compliance with Congressional direction.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$5,400,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is described earlier in this report.

CONSULTANTS, STUDIES, AND ANALYSES

The September budget amendment included a general reduction of \$3,000,000 for consultants, studies, and analyses. The Committee recommends a total reduction of \$4,300,000 for this purpose, an additional reduction of \$1,300,000 below the budget.

FIRST DESTINATION TRANSPORTATION

The Committee recommends a reduction of \$3,800,000 which the Navy budgeted for first destination transportation for ammunition. Funding for this purpose should be budgeted in operation and maintenance, and these requirements can be performed within available funds in fiscal year 1982.

AUDIO VISUAL EQUIPMENT

The Committee recommends a reduction of \$1,800,000 for audio visual equipment for reasons explained earlier in this report.

PROCUREMENT, MARINE CORPS

Appropriations, 1981	\$506,013,000
New obligational authority, 1982:	
Estimate	1,734,916,000
Recommended	1,682,556,000
Decrease	52,360,000

This appropriation provides the Marine Corps with funds for the procurement, delivery, and modification of missiles, armament, ammunition, communication equipment, tracked and wheeled vehicles, and various support equipment.

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PROGRAM RECOMMENDED

The total amount recommended in the bill provide the following programs for fiscal year 1982:

FISCAL YEAR 1982 PROCUREMENT, MARINE CORPS

	Budget estimate	Committee recommendation	Change
Ammunition.....	\$326,147,000	\$325,147,000	-\$1,000,000
Weapons and Combat Vehicles.....	417,718,000	417,718,000	
Guided Missiles.....	216,917,000	208,417,000	- 8,500,000
Communications and Electronics.....	369,438,000	328,978,000	-40,460,000
Support Vehicles.....	148,595,000	148,595,000	
Engineering and Other Equipment.....	258,085,000	258,085,000	
General Reduction, Offsets/Inflation.....	-1,984,000	-1,984,000	
Army Guard and Reserve Equipment Transfer.....		-2,400,000	- 2,400,000
Total.....	1,734,916,000	1,682,556,000	-52,360,000

COMMITTEE RECOMMENDATIONS

AMMUNITION

FIRST DESTINATION TRANSPORTATION

The Marine Corps budgeted \$500,000 for first destination transportation. This is improperly funded in the procurement appropriation and the Committee recommends a reduction of \$500,000.

ITEMS LESS THAN \$900,000

The Marine Corps budgeted \$500,000 in this line for procurement of electronic time fuze setters. Since the electronic time fuze program has been cancelled, the Committee recommends a reduction of \$500,000.

GUIDED MISSILES

GENERAL REDUCTION

The Marine Corps has cancelled its participation in the Cutlass Spirit program, and the September budget amendment deleted the \$2,916,000 budgeted in fiscal year 1982 for this purpose. However, \$8,500,000 was provided in fiscal year 1981 for this program. The Committee, therefore, recommends a general reduction of \$8,500,000 in budget authority, which is offset by the use of the unobligated funds from fiscal year 1981.

COMMUNICATIONS AND ELECTRONICS

POSITION LOCATION AND REPORTING SYSTEM

The Marine Corps budgeted \$40,460,000 for initial procurement of the Position Location Reporting System (PLRS). The Committee recommends denial of this funding for reasons contained in the Other Procurement, Army section of this report.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$2,400,000 to support the Army Guard and Reserve Equipment Transfer which is discussed earlier in this report.

AIRCRAFT PROCUREMENT, AIR FORCE

Appropriations, 1981	\$10,427,428,000
New obligational authority, 1982:	
Estimate	13,843,898,000
Recommended	13,957,598,000
Increase	+113,700,000

This appropriation provides for procurement of aircraft, and for modification of inservice aircraft to improve safety and enhance operational effectiveness. It also provides for investment spares and repair parts including spare engines, replenishment spares, and other support equipment to include aerospace ground equipment and industrial facilities. In addition, funds are provided for the procurement of flight training simulators to increase combat readiness and to provide for more economical training.

The Committee has approved all authorized requests for a wide variety of RDT & E procurement upgrades to tactical aircraft in areas such as communications, electronic warfare, positioning systems, etc. However, the Committee notes that the price tag for these systems is extremely high, and thus the Committee remains open minded about the "proper mix" for the future funding of these many upgrades.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
COMBAT AIRCRAFT						
STRATEGIC OFFENSIVE						
LONG RANGE COMBAT AIRCRAFT.....	---	1,674,000	---	1,574,000	---	-100,000
LONG RANGE COMBAT AIRCRAFT (AP-CY).....	---	227,000	---	227,000	---	---
TACTICAL FORCES						
A-7K.....	---	---	6	114,700	+6	+114,700
A-10.....	20	249,700	20	209,700	---	-40,000
A-10 (AP-CY).....	---	20,000	---	20,000	---	---
F-5F.....	3	16,700	3	16,700	---	---
F-5F (AP-CY).....	---	6,300	---	6,300	---	---
F-15A/B/C/D.....	42	1,091,800	36	980,200	-6	-111,600
F-15A/B/C/D (AP-CY).....	---	100,400	---	100,400	---	---
F-16A/B MULTIYEAR CONTRACT.....	120	1,331,600	120	1,270,800	---	-60,800
F-16A/B (AP-CY) MULTIYEAR CONTRACT.....	---	546,800	---	546,800	---	---
OTHER COMBAT AIRCRAFT						
KC-10A (ATCA).....	---	---	4	220,200	+4	+220,200
MC-130H.....	---	---	4	27,000	+4	+27,000
E-3A.....	2	170,000	2	170,000	---	---
E-3A (AP-CY).....	---	100,000	---	100,000	---	---
TOTAL, COMBAT AIRCRAFT.....	---	5,534,300	---	5,583,800	---	+49,500
AIRLIFT AIRCRAFT						
TACTICAL AIRLIFT						
C-130H.....	---	---	8	109,500	+8	+109,500
WIDE BODIED CARGO AIRLIFT.....	---	---	---	50,000	---	+50,000
TOTAL, AIRLIFT AIRCRAFT.....	---	---	---	159,500	---	+159,500
TRAINER AIRCRAFT						
OTHER AIRCRAFT						
UH-60A.....	6	33,000	6	33,000	---	---
TR-1A.....	6	104,100	6	104,100	---	---
TR-1A (AP-CY).....	---	9,600	---	9,600	---	---
TOTAL, OTHER AIRCRAFT.....	---	146,700	---	146,700	---	---
MODIFICATION OF IN-SERVICE AIRCRAFT						
STRATEGIC AIRCRAFT						
B-52.....	---	438,400	---	500,500	---	+62,100
FB-111.....	---	2,600	---	2,600	---	---
F-106.....	---	35,900	---	20,300	---	-15,600
TACTICAL AIRCRAFT						
A-7.....	---	27,600	---	27,600	---	---
A-10.....	---	52,800	---	52,800	---	---
F/RF-4.....	---	118,400	---	125,500	---	+7,100
F-5.....	---	3,700	---	3,700	---	---
F-15.....	---	43,900	---	43,900	---	---
F-16.....	---	58,100	---	58,100	---	---
F-111.....	---	39,500	---	39,500	---	---
EF-111.....	---	252,700	---	252,700	---	---
AIRLIFT AIRCRAFT						
C-5.....	---	215,600	---	215,600	---	---
C-141.....	---	72,600	---	72,600	---	---
TRAINER AIRCRAFT						
T-38.....	---	8,000	---	8,000	---	---
OTHER AIRCRAFT						
C-130.....	---	96,300	---	96,300	---	---
C-135.....	---	354,000	---	354,000	---	---
E-3.....	---	26,800	---	26,800	---	---
E-4.....	---	108,900	---	108,900	---	---
H-3 AIRCRAFT SYSTEM.....	---	3,500	---	3,500	---	---
H-53 AIRCRAFT.....	---	9,300	---	9,300	---	---
OV-10 AIRCRAFT SYSTEM.....	---	3,600	---	3,600	---	---
OTHER AIRCRAFT.....	---	40,100	---	40,100	---	---

[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
OTHER MODIFICATIONS						
THRUST COMPUTING.....	---	---	---	9,000	---	+9,000
CLASSIFIED PROJECTS.....	---	49,400	---	49,400	---	---
CIVIL RESERVE AIRLIFT FLEET (CRAF)						
CIVIL RESERVE AIRLIFT FLEET (CRAF).....	---	47,700	---	47,700	---	---
TOTAL, MODIFICATION OF IN-SERVICE AIRCRAFT.....		2,109,400		2,172,000		+62,600
SPARES AND REPAIR PARTS.....	---	4,002,500	---	3,896,800	---	-105,700
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES						
COMMON GROUND EQUIPMENT.....	---	404,200	---	404,200	---	---
INDUSTRIAL FACILITIES.....	---	93,400	---	93,400	---	---
WAR CONSUMABLES.....	---	83,900	---	83,900	---	---
OTHER PRODUCTION CHARGES.....	---	1,128,298	---	1,117,398	---	-10,900
NATO AEW/C.....	---	358,200	---	344,300	---	-13,900
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES....		2,067,998		2,043,198		-24,800
REDUCTION, OFFSETS/INFLATION.....	---	-17,000	---	-17,000	---	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-19,400	---	-19,400
FOREIGN MILITARY SALES ADJUSTMENT.....	---	---	---	-8,000	---	-8,000
TOTAL, AIRCRAFT PROCUREMENT, AIR FORCE.....		13,843,898		13,957,598		+113,700

COMMITTEE RECOMMENDATIONS

COMBAT AIRCRAFT

STRATEGIC OFFENSIVE AIRCRAFT

LONG RANGE COMBAT AIRCRAFT

A total of \$2,423,000,000 was requested for the B-1B strategic bomber. This request is divided into four categories. The following table outlines the request in each category, and the Committee's recommendations for each.

	Fiscal year 1982 budget	Committee recommendation	Change
Weapon System	\$1,674,000,000	\$1,574,000,000	-\$100,000,000
Advance Procurement.....	227,000,000	227,000,000	
Initial Spares.....	51,000,000	0	-51,000,000
RDT&E.....	471,000,000	291,900,000	-179,100
Total.....	2,423,000,000	2,092,900,000	-330,100,000

The B-1B strategic bomber is projected to become the replacement for the B-52 as a penetrating bomber for the airborne component of our strategic nuclear deterrent. It is also planned that this aircraft will have the capability to launch Air Launched Cruise Missiles (ALCM's). The Air Force testimony stated that their inventory objective for the B-1B is 100 aircraft.

The \$1,574,000,000 approved for the "weapon system" category is to initiate procurement of the first two B-1B's. Items to be procured with these funds include tooling, aircraft parts, vendor piece-part manufacturing, purchase of rivets and fasteners, etc. In conformance with the fiscal year 1982 authorization conference action, the Committee reduced the request for the "weapon system" category by \$100,000,000.

The \$227,000,000 requested for advanced procurement consists of raw materials, castings and forgings, major subcontracts for structures and systems and vendor parts. The Committee has approved the full amount requested for advanced buys.

\$51,000,000 was requested for initial spares. The Committee concurs with the authorization conference which felt that this request was premature, and no funds are included for initial spares for this aircraft. A reduction of \$51,000,000 was recommended in the "spares and repair parts" line.

Testimony indicated that an additional \$2.4 billion of Research, Development, Testing & Evaluation (RDT&E) remains to be done on the B-1B. Comments on the request for \$471,000,000 for RDT&E in fiscal year 1982 appear in the RDT&E section of this report.

Details on the Committee's recommendation for the Advanced Technology Bomber (ATB) appear in a classified letter to the Secretary of Defense.

A total of \$1,801,000,000 is approved for procurement of the B-1B bomber. This figure includes \$1,574,000,000 for Weapon System and \$227,000,000 for Advance Procurement.

TACTICAL COMBAT AIRCRAFT

A-7K

The A-7K is a two-seat aircraft used by the Air National Guard for training. The Committee recommends an increase of \$114,700,000 over the budget for six A-7K aircraft, if these funds are authorized by law. The Committee also recommends an increase of \$7,000,000 in the spares and repair parts account, for initial spares for these six aircraft, if the \$7,000,000 is authorized by law.

A-10 ATTACK AIRCRAFT

The A-10 is a twin turbofan aircraft designed for the close air support mission. The revised Air Force budget requested \$249,700,000 for 20 A-10 aircraft in fiscal year 1982 and advanced procurement of \$20,000,000 for 20 additional A-10 aircraft to be funded in fiscal year 1983.

The Committee recommends a total of \$229,700,000 for the A-10 program. These funds are to be used for the procurement of 20 aircraft in fiscal year 1982 and advance procurement for 20 aircraft in fiscal year 1983. The reduction of \$40,000,000 will still provide sufficient funds for the restructured production rate of 20 aircraft in fiscal year 1982 and 20 aircraft in fiscal year 1983.

The reduction consists of savings realized through the decision to produce one-seat A-10's rather than 14 two-seat A-10's and the fact that excess funds are available from the advance procurement

funds provided in the fiscal year 1981 Defense Appropriation Bill. The Committee recommends that the Air Force allocate these excess funds to meet its objective of 20 aircraft in fiscal year 1982 and 20 aircraft in fiscal year 1983. After negotiations are completed, if additional appropriations are required, a request for reprogramming should be submitted.

F-15 ATTACK FIGHTER

The F-15 is a twin engine, single crew, fixed swept wing aircraft designed specifically for high maneuverability in air-to-air combat.

The budget request included \$1,091,800,000 for 42 F-15 fighter aircraft, and \$100,400,000 for advance procurement of 30 additional F-15's in fiscal year 1983. In conformance with the fiscal year 1982 authorization conference action, the Committee recommends \$980,200,000, a decrease of \$111,600,000 for 36 F-15's and \$3,000,000 for initial spares for these aircraft. Since the Air Force plans on revising the production rate of the F-15 downward from 42 in fiscal year 1982 to 30 aircraft in fiscal year 1983, the adjustment to 36 aircraft in fiscal year 1982 will not have a major impact on the production plans for this aircraft. The Committee has fully funded the request of \$100,400,000 for advance procurement of 30 F-15's in fiscal year 1983.

F-16 MULTIMISSION FIGHTER

The F-16 Multimission Fighter is a single seat, fixed wing, high performance fighter aircraft with excellent close-in air-to-air combat capabilities and effective air-to-surface capability.

The budget request included \$1,878,400,000 for procurement of F-16 aircraft under a multiyear contract, at a rate of 120 aircraft per year for four years. The fiscal year 1982 request includes \$1,331,600,000 for 120 F-16 aircraft and \$546,800,000 for advance procurement. The Committee recommends a total of \$1,817,600,000, a reduction of \$60,800,000 from the budget request but consistent with the authorization conference level for fiscal year 1982. The Committee's recommendation will not require any changes in this program as proposed in the budget request. Both the authorizing legislation and the Committee recommendation assume that the \$60,800,000 reduction will be completely offset by the denial of a proposed fiscal year 1982 rescission of funds included in the fiscal year 1981 supplemental for the F-16. Of the total buy of 120 F-16 aircraft, the Committee directs that 20 are to be transferred to Air National Guard.

Further comments on multiyear contracting appear under a separate heading by that title earlier in this report.

OTHER COMBAT AIRCRAFT

KC-10A

The KC-10A advanced tanker/cargo aircraft is a DC-10 modified to provide long range air refueling capability and airlift support. The Administration's March Amendment to the defense budget included a request of \$437,000,000 for eight KC-10A aircraft. However, the September Amendment deleted these funds. Considering

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the capability and versatility of these aircraft, and their potential important role in the Rapid Deployment Force, the Committee recommends an increase of \$220,200,000 for four KC-10A aircraft and \$17,200,000 for initial spares, the authorized amounts.

MC-130H

The MC-130H is a specially configured C-130H transport aircraft designed to support Air Force special missions. Funds for these aircraft were included in the Administration's first revision of the defense budget, but were excluded from the most recent revision. Given the importance of this program, the Committee recommends an increase of \$27,000,000 to the budget request for four MC-130H aircraft.

AIRLIFT AIRCRAFT

TACTICAL AIRLIFT

C-130H

The C-130H is a medium size tactical transport aircraft which has a number of missions including deployment and redeployment of troops and/or supplies within and between command areas in a theater of operation, aeromedical evacuation, air logistic support and augmentation of strategic airlift requirements. No funds were requested for C-130H aircraft. The Committee recommends an increase of \$109,500,000 for eight C-130H aircraft and \$4,100,000 for initial spares for these aircraft.

MARINE CORPS RESERVE TANKER REQUIREMENT

The Marine Corps Reserve has documented a requirement for two KC-130 tanker squadrons (a total of 28 aircraft) but currently has only one-half of a squadron (seven aircraft) at Glenview, Illinois, as noted, the Committee has funded eight additional C-130 aircraft above the budget request and is specifically directing that four of the eight be built as KC-130 tankers and delivered to the Marine Corps Reserve. Additional comments on this matter appear in the Aircraft Procurement, Navy section of this report.

WIDE-BODIED CARGO AIRLIFT AIRCRAFT

The Committee included no funds in the RDT&E account for the CX aircraft, which the Air Force had planned on being a future strategic wide-bodied airlift aircraft. The authorizing legislation includes \$50,000,000 for procurement of wide-bodied aircraft. Considering the present shortfall of airlift capability for the Rapid Deployment Force, the Committee has included \$50,000,000 for the immediate procurement of the best existing wide-bodied aircraft for the strategic airlift mission. Examples of aircraft in this category include C5's, KC-10's, 747's and other wide-bodied aircraft.

The Committee believes that the acquisition of airlift aircraft is an urgent requirement and that more aircraft will be placed in the force earlier through this procedure. In view of the position of Congress this year and in previous years, the Committee expects

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the Air Force to proceed immediately with the procurement of wide-bodied cargo aircraft and to abandon the C-X program as a substitute. Enough studies have been done. Too much time has already been wasted. Further delay on the part of the Air Force in this important area is unacceptable.

MODIFICATION OF IN-SERVICE AIRCRAFT

STRATEGIC AIRCRAFT

B-52D RETIREMENT

The September amendment included a recommendation to begin retirement of B-52D aircraft. The amendment included a recommendation to delete \$62,100,000 from the B52-D modification program. Considering that these aircraft have recently been reskinned and recently received modifications to update their inertial guidance systems, and considering the capability of these aircraft to deliver significant numbers of conventional bombs, the Committee believes that the retirement of these aircraft is imprudent and recommends an increase of \$62,100,000 to keep them in the active force. An increase of \$18,900,000 is also included in the "operation and maintenance" account, for the continued operation of these aircraft.

F-106 MODIFICATIONS

A total of \$35,600,000 was requested for modification of the F-106 aircraft. In conformance with the action taken by the authorization conference, the Committee recommends a reduction of \$15,300,000 for this program. A total of \$20,300,000 is approved for this program.

TACTICAL AIRCRAFT

F/B F-4 MODIFICATION

A total of \$118,400,000 was requested for modification of F/B F-4 aircraft. The Committee recommends an increase of \$7,100,000 for procurement of smoke modification kits for F/B F-4 aircraft.

KC-135 REENGINEING

In order to meet its global aerial refueling responsibilities, which have doubled and continue to grow since the introduction of the Boeing KC-135 aerial tanker, the Air Force intends to retain its 23-year-old KC-135 fleet beyond the year 2000. Powered by a first generation turbojet engine the KC-135 is performance limited, fuel inefficient, unreliable, and difficult to maintain. Currently, the 645 KC-135's utilize one-eighth of all Air Force fuel consumed and their J-57 engines have been reworked and overhauled so many times that they can no longer be economically repaired. The primary performance limitation is that a J-57 powered KC-135 is restricted below its maximum designed takeoff gross weight about 80 percent of the time. This limitation greatly effects the aircraft's range, endurance, and altitude capabilities which further impacts

the amount of fuel which it can carry and offload to receiver aircraft. The performance deficiencies and high maintenance costs relate to the J-57 and not to the airframe, which in itself poses little limitation to continued use.

The Air Force is currently pursuing at least four separate programs that in one way or another, are all designed to address these problems.

The first, called Pacer Grade, involves "extensive component replacement in order to halt any further decline in the J-57's already degraded performance and to improve its reliability. This modification would insure that the engine could be maintained through the turn of the century. Pacer Grade would improve J-57 reliability and ease of maintenance, but it would only improve fuel efficiency by 2 percent and aircraft performance not at all. This option is estimated to cost \$1.4 million per aircraft.

The second engine option involves the replacement of the KC-135's present J-57's with the CFM-56, a high technology, high bypass ratio turbofan engine. The CFM-56 would provide the aircraft with a substantial increase in performance and improved fuel efficiency. For a mission over 2,500 nautical miles radius the CFM-56 powered tanker could offload 67 percent more fuel than its J-57 counterpart, while incorporating improved takeoff performance as well as a 25 percent reduction in fuel consumption. Each CFM-56 powered aircraft would save about 180,000 gallons of fuel a year.

The third and newest option is to re-engine the KC-135 with commercially proven JT-3D turbofan engines. This reliable and well-matured civilian engine provides the Air Force with a cost-effective alternative to re-engining the entire fleet with the expensive CFM-56 and/or performing Pacer Grade modifications. This option recently came to light as a result of the large number of JT-3D powered Boeing 707 airliners being forced into retirement by Federal Aviation Administration and Environmental Protection Agency stringent noise and smoke requirements. Air Force use of the JT-3D is exempt from these Federal environmental regulatory requirements and in fact, the JT-3D is more environmentally acceptable than the present J-57. The JT-3D is similar to the Air Force's well-proven TF-33 turbofan engines with about 80 percent of its parts already Federal stock listed. Air Force evaluation of the JT-3D indicated that the engine would allow continued use of the KC-135 through the turn of the century. Air Force officials feel that at least 200 Boeing 707 JT-3D powered aircraft—enough to re-engine about one-third of the KC-135's—could be obtained out of the estimated 400 due to be retired worldwide by 1985.

The fourth option is to continue to relieve the mission of KC-135 and at the same time expand the capability to support growing TAC or Rapid Deployment Force requirements by continuing the purchase of the KC-10—most modern of the aerial tankers. While this portion of the effort received less than enthusiastic support from the Air Force, the Committee continues to believe it represents a cost effective investment that will provide a unique tanker/cargo capability well into the 21st Century.

The Committee also supports both of the efforts to re-engine. Rapidly increasing tanker requirements, plus the high cost of fuel make these re-engining efforts essential. In view of the ability to

re-engine with the JT-3D this year, the Committee recommends that the Air Force not pursue the Pacer Grade effort.

The JT-3D alternative is seen in some quarters as a threat to the CFM-56 re-engining program although it need not be because the number of 707 JT-3D powered aircraft available is not adequate to re-engine the entire fleet even if the Air Force could obtain nearly all of the 400 707's due to be retired worldwide by 1985.

The re-engining with JT-3D's could be done now while the KC-135's are undergoing a "reskinning". This will help to reduce costs and reduce the period of time that aircraft are not available.

The Committee believes that the Air Force should continue to pursue the JT-3D effort as well as the CFM-56. Accordingly, the Committee has set aside in the bill \$103.5 million for KC-135 re-engining. All or a portion of this amount can come from within the funds requested for KC-135 re-engining. This amount should purchase 40 to 46 kits (used 707 aircraft). An addition of \$46.8 million to the operation and maintenance appropriation is made to install up to 36 kits during FY 1982. This equates to 6 per month for the lost half of FY 1982 which is the rate at which the KC-135 is being reskinned. Installation of the JT-3D engine will help to insure that eventually all 625 KC-135 get re-engined. Without this approach many of the Reserve Component aircraft would not receive replacement engines until well into the 1990's, if ever.

The purchase of commercial Boeing 707's and the subsequent use of their engines and other subsystems provides the Air Force with a cost-effective alternative to providing Pacer Grade modifications while quickly addressing KC-135 aerial tanker shortfalls. If the JT-3D is the final re-engining solution for a substantial portion of the 645 KC-135's—200 aircraft—it would also have the benefit of offsetting the high cost of CFM-56 re-engining. Purchase of the engines and conversion cost alone for 200 CFM-56 powered KC-135's would be at least \$2.2 billion, while the same number of JT-3D aircraft would cost between \$0.5 and \$1.0 billion—a potential savings of from \$1.2 to \$1.7 billion.

THRUST COMPUTING

The Air Force has recently experienced major problems in attempting to deal with the thrust management problem on its highest technology aircraft engine (the F-100) installed in F-15 aircraft. Engine durability has been much lower than expected. Unfortunately, the Air Force has no simple way to measure the thrust of installed engines.

Although the Air Force has decided to implement the thrust computing system for its J85-5 engines, no funds for this effort were requested in the FY 82 budget. The Committee recommends an increase of \$9,000,000 to the aircraft modification program for this effort. Additional comments on this program appear in the "Operation and Maintenance" section of this report.

SPARES AND REPAIR PARTS

The total Air Force request for "spares and repair parts" is \$4,002,500,000. During hearings in the past few years the Committee has heard extensive testimony concerning the severe impact on

readiness because of the lack of spares and repair parts and thus has recommended substantial increases for this account in recent years. The Committee continues to strongly support an adequate funding level for these items as evidenced by its approval of the full authorized funding level for spares and repair parts. However, the Committee notes three items of caution with regard to this account.

First, hearings and studies on the adequacy of the industrial base to produce the military hardware projected for procurement in the expanded defense budget of this and future years, have raised the point that potential "bottle necks" in the production would most likely occur at the so-called "subcontractor" level or among the smaller manufacturing companies. These are the same corporations which produce the vast majority of spares and repair parts. Considering the rapid increase in the funding level for Air Force Spares and Repair Parts—from a level of \$1,500,000,000 in fiscal year 1981 to approximately \$4,000,000,000 in fiscal year 1982—the Committee is concerned that the Air Force may start "tapping" the spares and repair parts account as a source of funds for reprogramming because of a potentially slow spendout rate of the appropriated funds due to a shortage of industrial capacity. The Committee would "take issue" if this account was recommended as a source of funds for reprogramming.

Secondly, the Committee notes that according to DOD's own audit report, substantial savings could be made—up to 25%—if spares and repair parts were procured directly from subcontractors rather than through the "prime" contractors. The Committee believes that, considering the very large sums involved in the procurement of spares and repair parts, the direct purchase of these items from the subcontractors should be vigorously pursued.

Third, the Committee notes that having an adequate supply of spares and repair parts is not simply a matter of funds. For example, the General Accounting Office, at the Committee's direction, is conducting an analysis of the spares and repair parts problems of the F-15 at Langley Air Force Base in Virginia. The GAO auditors' preliminary conclusions of 45 of the most common spares and repair parts revealed a wide variety of problems not related to inadequate funding. Examples of the problems of some of these 45 parts follows:

Description of the problems affecting some of the 45 parts analyzed

<i>Part and stock number</i>	<i>Problem(s)</i>
Converter programmer 1280-01-042-3952	Extensive modification of this item has removed items from the repair pipeline.
Strap assembly 1560-01-070-5016	The contractor did not have sufficient capacity to meet requirements for both new production aircraft and replenishment spares.
Rudder actuator 1650-01-065-7768	The manufacturer of this item went out of business and there has been a delay in finding a new manufacturer.
Servocylinder 1650-00-477-4043	This item began failing faster than expected. At the same time, the production lead time increased significantly and a modification program began.

Ejector regulator 1650-01-015-5017	Demand for this item unexpectedly jumped from 20 per month to about 50 per month. Also, the depot experienced a shortage of subcomponent repair parts needed to repair the item.
Pump 1660-01-035-9636	A subcomponent part unexpectedly began to fail. As a result, too few of these subcomponents were in the inventory to meet the demand.
Camera body 6710-01-020-0408	A harness assembly for the camera body originally coded repairable was found to be unrepairable. Also, more items are failing than anticipated.
Limit switch 5930-01-038-3875	The manufacturer of this item did not renew its contract and there has been difficulty in finding another suitable manufacturer.
Flaired tube sleeve 4730-00-427-8692 PT	Records showed assets were available. However, the depot lost the assets and a special inventory failed to locate them.
Seal assembly 2840-00-534-1824 PT	The item failure rate is greater than forecasted and the item manager did not buy enough assets to support the higher demand for this long lead time item.
Liner assembly 2840-01-017-7757 PT	The item is experiencing high failure and malfunction problems. Also the item contains cobalt which the manufacturer cannot get in a timely manner to support production of this item.
Liner augmentor 2804-01-060-7953 PT	Item manager records showed sufficient assets on hand. However, the depot could not find any assets in its inventory.
Turbine case assembly 2840-01-045-3879 PT	Item contains waspaloy (an alloy containing cobalt). Manufacturer cannot get timely delivery of this material from suppliers and therefore has difficulty in meeting production schedules.
Exhaust nozzle 2915-01-035-0276 PT	Demand was higher than initially anticipated by the item manager. Also, this is a long lead time item (27 months).
Hydromechanical sensor 2915-01-081-9055 PT	Demand was higher than anticipated on this long lead time item (25 months). The item manager had not bought sufficient assets initially to supply the experienced demand.
Aerial receptacle 1680-00-138-3516	Technical order inspections of this item resulted in extensive condemnations. The item manager had not bought enough assets to cover the unpredicted high demand.
Arm assembly 2840-00-326-6062 PT	Premature failure of this item significantly increased demand. This is a long lead time item (23 months). Also, due to a design deficiency, the item is under going a redesign/modification.
Lubricating tank assembly 2840-01-022-5422 PT	The depot and some field activities misidentified some assets. Therefore even though assets were available, the depot's records incorrectly showed that no assets were available.

Support arm 2840-00-365-2026 PT	Item experienced a design deficiency resulting in premature failures with demands increasing from 61 to about 364 per year. The item is undergoing modification to fix the problem. Thus, there has been only limited procurement of old item.
Exhaust bracket 2840-01-056-2695 PT	Item experienced premature failure with resulting significant increase in demand. Also, item contains titanium which is in short supply and lengthens production lead time.
Straight pin 5315-01-003-9753	Design deficiency caused high failure rate. Item was modified and production of a new item was affected by difficulty in getting material for the modified item.

The Committee has made the following adjustments in the "spares and repair parts" account:

Initial spares:	
B1-B.....	-\$51,000,000
C-130H.....	+4,100,000
F-15.....	-3,000,000
A7-K.....	+7,000,000
KC-10.....	+17,200,000
Undistributed Reduction.....	-80,000,000
Total.....	-105,700,000

The increase of \$7,000,000 for initial spares for the A7-K, becomes available only if these funds are authorized by law.

The undistributed reduction of \$80,000,000 is in conformance with the action taken by the authorization conference. A total of \$3,896,800,000 is recommended for spares and repair parts. Additional comments on spares and repair parts appears in the operation and maintenance section of this report.

AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES

OTHER PRODUCTION CHARGES

The Committee recommends a reduction of \$10,900,000 for "Other Production Charges". The recommended reduction is a net number consisting of changes in three classified programs.

(1) Tactical improvements (classified).....	-\$27,700,000
(2) Classified program.....	-8,100,000
(3) Classified program.....	+24,900,000
Net subtotal.....	-10,900,000

These programs are discussed in the classified annex to this report and in a classified letter to the Secretary of Defense.

NATO AEW/C

The budget included a request of \$358,200,000 for the United States' contribution to the NATO Airborne Warning and Control System (AWACS) for fiscal year 1982. The Committee recommends a reduction of \$13,900,000 for this program, in conformance with the action taken by the authorization conference. Because of the strength of the dollar, and the impact of that strength on exchange

rates, the reduction will have no impact on the level of effort planned for this program.

GENERAL REDUCTIONS

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$19,400,000 in the Aircraft Procurement, Air Force account to finance the Army Guard and Reserve Equipment Transfer as described earlier in this report.

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a general reduction of \$8,000,000 in this appropriation based on changes in the foreign military sales program. These changes are discussed earlier in the report.

MISSILE PROCUREMENT, AIR FORCE

Appropriations, 1981	\$3,346,786,000
New obligational authority, 1982:	
Estimate	4,204,646,000
Recommended	4,546,550,000
Increase	+ 341,904,000

This appropriation provides for procurement, installation, and checkout of strategic ballistic and other missiles, modification of inservice missiles, and initial and replenishment spare and repair parts for missile systems. It also provides for operational space systems, boosters, payloads, drones, associated ground support equipment, nonrecurring maintenance of industrial facilities, machine tool modernization, and special programs support.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

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[Amounts in thousands of dollars]

Program	Committee recommendations					
	Request		Recommended		Change from request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
BALLISTIC MISSILES						
STRATEGIC						
LGM-30F/G MINUTEMAN II/III.....	---	34,326	---	34,326	---	---
FORCE MODERNIZATION						
ICBM C3 INTEGRATION.....	---	54,436	---	54,436	---	---
MK-12A REENTRY VEHICLE.....	---	---	---	44,600	---	+44,600
TOTAL, BALLISTIC MISSILES.....	---	88,762	---	133,362	---	+44,600
OTHER MISSILES						
STRATEGIC						
AIR LAUNCH CRUISE MISSILE.....	440	588,675	440	588,675	---	---
AIR LAUNCH CRUISE MISSILE (AP-CY).....	---	1,184	---	1,184	---	---
GRD LAUNCH CRUISE MISSILE.....	54	299,440	54	299,440	---	---
GRD LAUNCH CRUISE MISSILE (AP-CY).....	---	29,802	---	29,802	---	---
TACTICAL						
AIM-7F/M SPARROW.....	1,560	227,041	1,344	195,541	-216	-31,500
AIM-9L/M SIDEWINDER.....	1,800	132,467	1,800	132,467	---	---
AGM-65D MAVERICK.....	490	232,240	490	232,240	---	---
AGM-88A HARM.....	136	89,100	136	89,100	---	---
RAPIER.....	---	110,086	---	139,286	---	+29,200
TARGET DRONES						
TARGET DRONES.....	---	17,182	---	17,182	---	---
TOTAL, OTHER MISSILES.....	---	1,727,217	---	1,724,917	---	-2,300
MODIFICATION OF IN-SERVICE MISSILES						
CLASS IV						
CLASS IV.....	---	60,916	---	34,016	---	-26,900
CLASS V						
LGM-30F/G MINUTEMAN II/III.....	---	---	---	35,000	---	+35,000
UPDATE						
AIM-7E SPARROW.....	---	13,736	---	13,736	---	---
TOTAL, MODIFICATION OF IN-SERVICE MISSILES.....	---	74,652	---	82,752	---	+8,100
SPARES AND REPAIR PARTS.....	---	194,568	---	203,568	---	+9,000
OTHER SUPPORT						
SPACE PROGRAMS						
SPACEBORNE EQUIP (COMSEC).....	---	19,461	---	19,461	---	---
GLOBAL POSITIONING.....	---	73,596	---	---	---	-73,596
SPACE LAUNCH SUPPORT.....	---	33,575	---	33,575	---	---
SATELLITE DATA SYSTEM.....	---	20,649	---	20,649	---	---
SATELLITE DATA SYSTEM (AP-CY).....	---	21,271	---	21,271	---	---
DEF METEOROLOGICAL SAT PROG.....	---	36,866	---	36,866	---	---
DEFENSE SUPPORT PROGRAM.....	---	230,254	---	242,254	---	+12,000
DEFENSE SATELLITE COMM SYSTEM.....	---	129,964	---	129,964	---	---
SPACE BOOSTERS.....	---	77,523	---	77,523	---	---
SPACE BOOSTERS (AP-CY).....	---	35,744	---	35,744	---	---
SPACE SHUTTLE.....	---	212,365	---	212,365	---	---
INDUSTRIAL FACILITIES						
INDUSTRIAL FACILITIES.....	---	15,616	---	15,616	---	---
SPECIAL PROGRAMS						
FOREST GREEN.....	---	2,070	---	2,070	---	---
IONDS.....	---	16,435	---	16,435	---	---
SPECIAL PROGRAMS.....	---	757,772	---	757,772	---	---
SPECIAL UPDATE PROGRAMS.....	---	441,286	---	791,286	---	+350,000
TOTAL, OTHER SUPPORT.....	---	2,124,447	---	2,412,851	---	+288,404
REDUCTION, OFFSETS/INFLATION						
REDUCTION, OFFSETS/INFLATION.....	---	-5,000	---	-5,000	---	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	---	---	-5,900	---	-5,900
TOTAL, MISSILE PROCUREMENT, AIR FORCE.....	---	4,204,646	---	4,546,550	---	+341,904

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COMMITTEE RECOMMENDATIONS

BALLISTIC MISSILES

MK-12A REENTRY VEHICLE

No funds were requested for procurement of additional MK-12A Reentry Vehicles. The Committee believes that this is an important program for the continual upgrade of the Minuteman Missile system and has provided \$44,600,000 for continued procurement of MK-12A reentry vehicles.

TACTICAL MISSILES

AIM-7M SPARROW

For reasons explained in the Weapons Procurement, Navy section of this report, the Committee recommends a reduction of \$31,500,000. The recommended total for AIM-7M Sparrow is \$195,541,000.

RAPIER AIR DEFENSE SYSTEM

Last year, the Air Force entered into an agreement with the United Kingdom to procure the RAPIER Air Defense System. The program was structured to allow procurement at the best economical rate. The Air Force has proposed to reduce the funding originally planned for FY 1982, thereby stretching the program and increasing its cost. The Committee concludes that this approach is wasteful, and directs the Air Force proceed as originally planned. The Committee recommends adding \$38,200,000 for RAPIER. Of this sum: \$23,000,000 restores the reduction proposed by the Air Force from the Missile Procurement account; \$6,200,000 restores the proposed reduction from the Other Procurement account in the September budget amendment and places it in the Missile Procurement account; and \$9,000,000 restores the proposed reduction in the Missile Spares and Repair Parts account. The net result of these actions is a recommended total amount for RAPIER of \$139,286,000, and \$9,000,000 for RAPIER spares and repair parts.

OTHER SUPPORT

SPACE PROGRAMS

GLOBAL POSITIONING SYSTEM (GPS)

The Global Positioning System (GPS) program has as its objective the development and deployment of an 18 satellite "constellation" which would provide users with continuous positioning and navigation information, thus increasing force effectiveness through enhancement of accuracy and capabilities of weapons delivery. The majority of the funds requested for this program are in RDT&E, and comments on this request appear in the RDT&E section of the report. In conformance with the action taken by the authorization conference, the Committee has included no procurement funds for this program, and recommends a reduction of \$73,596,000.

DEFENSE SUPPORT PROGRAM

A total of \$230,254,000 was budgeted for the Defense Support Program under a multi-year incrementally-funded concept. The Committee does not support the program as budgeted in fiscal year 1982 because (a) production is not based on a fully-funded basis; (b) there is significant research and development required between fiscal years 1982 and 1986; (c) there is some technical and schedule risk in the development portion of the program; (d) there is no urgency that production be initiated during fiscal year 1982; (e) there is too much concurrency in the program as budgeted by the Air Force; (f) the proposed contract is fixed-price incentive, rather than firm fixed-price, thereby providing no assurance the total estimated savings can be achieved; (g) there are already cost increases recently identified on other phases of the program with a similar degree of concurrency; and (h) the proposed production program does not meet the DOD criteria for a multi-year procurement program. Consequently, the Committee recommends \$242,000,000, an increase of \$12,000,000 above the budget, to procure long leadtime items for the total proposed production program. The Committee will consider a restructured production program under a fully-funded multi-year procurement concept beginning in fiscal year 1983.

DEFENSE SATELLITE COMMUNICATIONS SYSTEM

Of the total funds approved in this bill for the Defense Satellite Communications System III program, \$15,000,000 may be expended on the development of multi-channel transponders for the Defense Satellite Communications System III program.

SPECIAL UPDATE PROGRAM

The Committee recommends an increase of \$350,000,000 for a classified program. Details on this program are discussed in a classified letter to the Secretary of Defense.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$5,900,000 in the Missile Procurement, Air Force account to finance Army Guard and Reserve Equipment Transfer as described earlier in the report.

MODIFICATION OF IN-SERVICE MISSILES

CLASS IV

\$60,916,000 was requested for Modification of In-Service Missiles (CLASS IV). The Committee recommends a reduction of \$26,900,000 for this program. The recommendation consists of a reduction of \$4,400,000 for modifications, not related to safety, of Titan missiles, and a reduction of \$22,500,000 derived from unobligated funds from fiscal year 1981 for the MESP program.

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CLASS V

The Committee recommends an increase of \$35,000,000 for the Minuteman Extended Survivable Power program. Considering the central role that the Minuteman missile force will continue to fulfill in maintaining a viable strategic nuclear deterrent force, the Committee believes it would be imprudent not to proceed with this program and thus has recommended the increase.

SPARES AND REPAIR PARTS

As mentioned in the previous comments on the Rapier missile, \$9,000,000 has been added to the budget request for spare parts for the missile.

OTHER PROCUREMENT, AIR FORCE

Appropriations, 1981	\$3,149,578,000
New obligational authority, 1982:	
Estimate	5,174,144,000
Recommended	5,379,288,000
Increase	205,144,000
Recommended in the bill	¹ 5,380,088,000

¹ Includes \$5,379,288,000 in new obligational authority and in addition \$800,000 in prior year unobligated balances to be derived by transfer from "Other Procurement, Air Force, 1981/1983".

This appropriation provides for the procurement of weapon systems and equipment other than aircraft and missiles. Included are munitions, other weapons, vehicles, electronic and telecommunications systems for command and control of operational forces, and ground support equipment for weapons systems and supporting structure.

PROGRAM RECOMMENDED

The total amount recommended in the bill will provide the following program for fiscal year 1982:

FISCAL YEAR 1982 OTHER PROCUREMENT, AIR FORCE

	Budget Estimate	Committee Recommendation	Change
Munitions and Associated Equipment	\$1,114,699,000	\$1,101,277,000	-\$13,422,000
Vehicular Equipment	337,002,000	335,902,000	-1,100,000
Electronics and Telecommunications Equipment	1,123,601,000	1,151,501,000	+27,900,000
Other Base Maintenance and Support Equipment	2,604,842,000	2,808,088,000	+203,246,000
Reduction, Inflation/Offsets	-6,000,000	-6,000,000	
Army Guard and Reserve Equipment Transfer		-7,200,000	-7,200,000
Foreign Military Sales Adjustments		-1,000,000	-1,000,000
Audio Visual Equipment		3,280,000	+3,280,000
Total	5,174,144,000	5,379,288,000	+205,144,000
Transfer from other accounts		(800,000)	(+800,000)
Total funding available	5,174,144,000	5,380,088,000	+205,944,000

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COMMITTEE RECOMMENDATIONS
MUNITIONS AND ASSOCIATED EQUIPMENT

FMU-112 FUZE

The Air Force budgeted \$9,422,000 for the FMU-112 fuze which is used on general purpose bombs with laser guidance kits or retarding devices. It will be replaced as early as 1983 by a joint Navy/Air Force FMU-139 common bomb fuze. The FMU-139 fuze will be competitively procured and is estimated to cost less than half the FMU-112. The Air Force has given only lukewarm support to the FMU-139 program, for which the Navy is the lead agency. It is expected that this situation will continue as long as the FMU-112 is available as an alternative. There are adequate supplies of other fuzes which can be used until the FMU-139 is available. In addition, there are 1,254 FMU-112 fuzes already on order which will be delivered beginning in February 1982. A \$9,422,000 reduction is recommended and the Air Force is directed to give its full support to the FMU-139 fuze development and procurement program.

.38 CALIBER AMMUNITION

The Committee recommends a reduction of \$1,900,000 in the \$7,195,000 budgeted for .38 caliber ammunition. The reduction is based on contract savings resulting from a different procurement strategy than originally planned. The reduction was identified in a report from the General Accounting Office.

FIRST DESTINATION TRANSPORTATION

The Air Force improperly budgeted \$2,100,000 for first destination transportation for ammunition in the procurement appropriation rather than Operation and Maintenance. A reduction of \$2,100,000 is recommended.

VEHICULAR EQUIPMENT

25K AIRCRAFT LOADER

The Committee recommends a reduction of \$1,100,000 in the \$8,462,000 budgeted for 25K aircraft loader vehicles. The reduction is based on contract savings.

ELECTRONICS AND TELECOMMUNICATIONS EQUIPMENT

STRATEGIC AIR COMMAND INFORMATION NETWORK (SACDIN)

SACDIN (Strategic Air Command Information Network) will provide SAC with an improved data communications capability. The budget includes \$54,268,000 for SACDIN including \$29,500,000 in RDT&E and \$24,768,000 in procurement. The Committee recommends fully funding RDT&E for the program, but recommends a small reduction of \$2,500,000 in the procurement account for the program.

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SACDIN is scheduled to utilize the AUTODIN II common user network. In light of the misgivings, expressed by various DoD officials with regard to the future of the AUTODIN II system, the Committee believes a small reduction in this program is warranted, pending the outcome of the future of AUTODIN II.

In past agreements the Air Force had assured the Committee that program costs would be \$146,000,000 in 1977 dollars. The Air Force now states that costs will be \$178,000,000 in 1977 dollars—an overrun of 22% in constant dollars. The Committee is dismayed that, following frequent assurances from the Air Force that the program could be developed and procured within cost, significant cost overruns are occurring in yet another Air Force program.

RDF, AIR GUARD, COMMUNICATIONS EQUIPMENT

The Committee recommends an increase of \$30,400,000 above the budget for RDF, Air Guard, communications equipment. This recommendation is explained elsewhere in this report.

STANDARD TELEPHONE UNIT II (STU II)

The Committee directs that the funds requested for upgrading the AUTOSEVOCOM secure voice system be used instead to procure Standard Telephone Unit II (STU II) secure telephones. The Committee has fully funded continued RDT&E of the STU IIM (Standard Telephone Unit II Modified).

OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT

BASE MECHANIZATION EQUIPMENT

The Air Force budgeted \$13,330,000 for base mechanization equipment. Last year a similar amount was provided, but the Air Force cancelled or postponed requirements for projects totalling \$6,700,000. This appears to indicate that the Air Force is not providing sufficient management attention to this program. A \$5,000,000 reduction is recommended, which will provide a total program of \$8,330,000 in fiscal year 1982.

DEPOT PLANT AND MATERIAL HANDLING EQUIPMENT

The Air Force budgeted \$23,025,000 for procurement of depot plant and materials handling equipment costing less than \$900,000, an increase of \$4,220,000 over the \$18,805,000 provided last year. A reduction of \$3,000,000 is recommended, based on the belief that the Air Force should make greater efforts to use excess government-owned equipment at contractor facilities and equipment available through DIPEC. Furthermore, the Committee has learned that the Department is giving consideration to a different funding mechanism for procurement of this equipment, involving the use of surcharges on depot repair work.

MEDICAL/DENTAL EQUIPMENT

Included in the \$46,794,000 budgeted by the Air Force for medical/dental equipment was \$19,500,000 for field hospitals. As mentioned previously under Other Procurement, Navy there is poten-

tial for overlap and duplication as all three services begin major procurement programs for field hospitals. Therefore, the \$19,500,000 is denied. The Committee exhorts the Department of Defense to move quickly to develop a unified and coherent program to procure this essential capability. The total recommended for medical/dental equipment is \$27,294,000.

SELECTED ACTIVITIES

The Committee recommends a reduction of \$19,254,000 from the amount budgeted for selected activities for reasons discussed in the classified annex to this report.

SPECIAL UPDATE

The Committee recommends an increase of \$250,000,000 in the amount budgeted for the special update program for reasons discussed in a classified letter to the Secretary of Defense.

GENERAL REDUCTIONS

FOREIGN MILITARY SALES ADJUSTMENTS

The Committee recommends a general reduction of \$1,000,000 in this appropriation based on changes in the foreign military sales program. These changes are discussed earlier in this report.

AUDIO VISUAL EQUIPMENT

The Committee recommends a general reduction of \$3,280,000 for audio visual equipment for reasons discussed earlier in this report under Operation and Maintenance.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$7,200,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer which is discussed elsewhere in this report.

PROCUREMENT, DEFENSE AGENCIES

Appropriations, 1981	\$321,464,000
New obligational authority, 1982:	
Estimate	512,200,000
Recommended	511,500,000
Decrease	700,000

This appropriation provides for procurement of capital equipment for the Defense Communications Agency, the Defense Logistics Agency, and other agencies of the Department of Defense. The 1982 program includes procurement of automatic data processing equipment, mechanized materials handling systems, general and special purpose vehicular equipment, communications equipment, and many other things.

COMMITTEE RECOMMENDATIONS

CLASSIFIED PROGRAMS

The Committee recommends a reduction of \$5,000,000 in classified programs for reasons discussed in the classified annex to this report.

REALLOCATION OF WWMCCS RESOURCES

The Committee recommends an increase of \$5,500,000 for World Wide Military Command and Control System equipment. This recommendation is discussed earlier in this report.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFER

The Committee recommends a general reduction of \$1,200,000 in this appropriation to support the Army Guard and Reserve Equipment Transfer for reasons discussed earlier in this report.

TITLE V
RESEARCH, DEVELOPMENT, TEST AND EVALUATION

ESTIMATES AND APPROPRIATION SUMMARY

The fiscal year 1982 Department of Defense research, development, test and evaluation budget totaled \$20,319,388,000. The accompanying bill recommends a total program of \$17,314,878,000 in new obligational authority. The total amount recommended is \$784,214,000 above the total program provided in fiscal year 1981. The table below summarizes the budget estimates and the Committee's recommendations:

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

	Budget request	Recommended	Change
Research, development, test and evaluation, Army.....	\$3,768,500,000	\$3,577,119,000	-\$191,381,000
Research, development, test and evaluation, Navy.....	5,885,488,000	5,518,545,000	- 366,943,000
Research, development, test and evaluation, Air Force.....	8,823,400,000	6,553,010,000	- 2,270,390,000
Research, development, test and evaluation, Defense Agencies.....	1,789,000,000	1,613,204,000	- 175,796,000
Director of Test and Evaluation, Defense.....	53,000,000	53,000,000	
Total, title V, new budget (obligational) authority, research, development, test and evaluation.....	20,319,388,000	17,314,878,000	- 3,004,510,000

REMOTELY PILOTED VEHICLES

Both the Army and the Air Force have been pursuing development of remotely piloted vehicles (RPV's). This technology holds promise to provide low cost platforms able to perform a variety of missions, including air defense suppression, ground target acquisition and designation, and surveillance. An April 1981 report by GAO holds that RPV technology, despite opportunities for saving lives and money, has been given only limited use by DoD and has not been adequately funded. Despite this promise, both services have proposed taking actions which the Committee finds unjustified. The Army wishes to cut in half its original FY 1982 request for funding of RPV technology. The Air Force, following withdrawal by West Germany from the joint USAF/German LOCUST program because of funding constraints, proposes not to fund LOCUST beyond FY 1982. The Committee believes that RPV technology should be vigorously pursued, and adequately funded, to ensure that opportunities for early fielding can be provided.

JOINT TACTICAL COMMUNICATIONS PROGRAM (TRI-TAC)

The TRI-TAC program provides tactical communications equipment for all branches of the Armed Services. Eventually, a "family" of equipment, consisting of a wide variety of types of equipment, will be deployed in the TRI-TAC program. A total of

\$352,851,000 is requested for the TRI-TAC program. These funds are requested in various accounts—Procurement, RDT&E, Military Personnel—for the program.

Over the years the Committee has supported the program, but has voiced its misgivings about the soaring costs, the long delay in actual deployment of equipment, and the emphasis on high technology within the program. This program has been under development since 1971. The so-called "Tick-39" switches which are the "heart" of the TRI-TAC system are reportedly performing well. However, the Committee notes that they are very expensive.

The Committee has made a number of relatively minor reductions in various RDT&E accounts for this program. The Committee encourages DoD and the TRI-TAC program officials to consider alternative capabilities available or soon to be available, to satisfy the requirements that would assure a more timely fielding of the system as RDT&E continues on this program.

TRAINER AIRCRAFT

It has been and remains the Committee's position that only joint trainer aircraft will be developed in the future. The services are reminded that Air Force requirements must be specifically considered and addressed in the Navy's VTXTS program. Active involvement, not simply written MOU's, are necessary to carry out the intent of this Committee directive.

MEDICAL RESEARCH AND DEVELOPMENT

The conduct of medical research and development by the military departments is a vital activity, and one which the Committee fully supports. In the past, the Committee has several times expressed concern that certain aspects of the program appear duplicative or unrelated to operational problems. In order to address these concerns, the Committee took three actions: DoD was directed to study and report on the possible consolidation of medical R&D activities; the Surveys and Investigations Staff conducted a separate review of these activities; hearings were held on medical activities. The results of these efforts have been carefully reviewed. They show that defense medical researchers are an extraordinarily talented and devoted group of persons whose individual efforts are a source of national strength, and that their individual contributions could have even greater collective impact if top level administration were improved. The Committee desires that Defense continue to receive the medical research efforts it needs to solve operational problems, and that those efforts be managed as efficiently as possible to assure stability and continued high productivity of this important program.

The DoD report concludes that consolidation of all Defense medical R&D into a single DoD agency is unwarranted, that designation of lead agencies for the various areas of medical research would be difficult and that a new management committee, the ASBREM, will resolve all issues of consolidation, coordination and program integration between the Services. The Committee agrees that the ASBREM is a useful approach, one whose time has long since come. However, while the ASBREM will be useful in providing

additional centralized management guidance to the medical R&D program, it does not go far enough, soon enough. The ASBREM should be seen as an interim device leading to broader consolidation of those Defense medical research efforts, where such consolidation is logical and constructive.

There appear to be more similarities than differences in the Services' needs for medical research and development, especially in the areas of infectious disease, combat casualty care and dental health. This is attested to by the Air Force's long dependence on its sister services for research in these areas. The Committee believes that Defense will benefit from a greater degree of consolidation in these areas than is represented by the ASBREM approach, and that such consolidation can be accomplished gradually so as to be non-disruptive of ongoing programs. Service concerns with maintaining a cadre of scientists in consolidated areas can be met by assigning members of one Service to the laboratories of the lead Service as appropriate. Defense should proceed as rapidly as possible to institute the lead agency concept in medical research management. This concept has worked in chemical and biological defense research, DoD food research and munitions research. It is applicable to medical R&D as well.

Infectious disease is an area with which the Committee has previously expressed concern, and one which DoD has asked ASBREM to explore. The Committee believes no further exploration is necessary. The requirements for infectious disease research are common among all three Services. The Army program is predominant and highly productive, having world-wide recognition in drug and vaccine development. The Committee directs that the Army be designated lead agency for infectious disease research, in parallel with its designation in medical biological warfare defense, a closely related area. Army and Navy should begin immediately to transfer management of Navy infectious disease research resources to the Army. To assist this transfer, certain small funding adjustments have been recommended at appropriate places in the budget. A report on this matter should be submitted with the FY 1983 budget.

The Committee also believes that further study of Defense dental research is unwarranted. At present, the entire Army dental research program, and a portion of the Navy's, is directed at repair of combat maxillofacial injury. This work is clearly part of the larger combat casualty care program. The Committee directs that the Army be designated the lead agency for combat dentistry research and development; the Army and Navy should begin immediately to transfer associated resources to Army control. Conversely, the Navy program contains a substantial proportion of research devoted to dental disease and dental emergency. The Navy should be made responsible for all Defense research in this area. To assist these transfers, certain small funding adjustments have been recommended at appropriate places in the budget. A DoD report on dental research should be submitted with the FY 1983 budget presenting Service plans for these two areas.

Completion of consolidation actions in infectious disease research and dental research by the end of FY 1984 is directed.

The Naval Biosciences Laboratory (NBL) appears to the Committee to be a facility in search of a mission. The Surveys and Investigations Staff reports that neither OSD nor the Navy have exercised decisive management of this laboratory, and that its value to the DoD effort is questionable. The Committee is informed that the Navy recently began the process of reorienting and restaffing the facility with the intention of making NBL responsive to operational needs. Accordingly, the Committee is recommending no adverse action at this time, but will carefully review the status of NBL during examination of the FY 1983 budget.

DEFENSE RESEARCH SCIENCES

As in past years, the Departments and Agencies requested funds for Defense Research Sciences which represent unreasonably large increases over the amounts provided for the previous year. The Committee has recommended reductions at the appropriate places in the budget. In addition, a total of \$8,000,000 is recommended for transfer to Defense Research Sciences, Army from several Navy accounts, as follows:

Defense Research Sciences, Navy.....	\$4,400,000
Biomedical Technology.....	900,000
Medical Development (Adv).....	2,600,000
Medical Development (Eng).....	100,000

The transferred sum will allow implementation of the consolidation actions discussed above in Medical Research and Development.

FUEL PRICE ADJUSTMENTS

For reasons explained in the Operations and Maintenance section of this report, the Committee recommends reductions of \$3,000,000 each in the RDT&E budgets of the Army, the Navy, and the Air Force.

AUDIO-VISUAL ADJUSTMENT

For reasons explained in the Operations and Maintenance section of this report, the Committee recommends reductions of \$1,200,000 in the Navy RDT&E budget, and \$4,190,000 in the Air Force RDT&E budget.

ARMY GUARD AND RESERVE EQUIPMENT TRANSFERS

For reasons explained in the Military Personnel section of this report, the Committee recommends the following reduction in RDT&E budgets:

Army.....	-\$5,300,000
Navy.....	-8,200,000
Air Force.....	-12,400,000
Defense Agencies.....	-2,500,000

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

Appropriation, 1981.....	\$3,127,774,000
New Obligation Authority, 1982:	
Estimate.....	3,768,500,000
Recommended.....	3,577,119,000
Reduction.....	191,381,000

The Committee recommends an appropriation of \$3,577,119,000 for the Research, Development, Test and Evaluation activities of the Army in fiscal year 1982. The recommendation is a reduction of \$191,381,000 below the budget estimate, and is \$449,345,000 more than the appropriation provided in fiscal year 1981.

AUTHORIZATION CHANGES

The Committee recommends the following changes in the budget estimate, in accordance with changes recommended by the authorization conference:

	Budget Request	Committee Recommended	Change from Request
ENVIRONMENTAL QUALITY TECH.....	8,481	7,500	-981
NDE AVIATION AND NAVIGATION EQUIPMENT.....	5,092	2,348	-2,744
TERMINALLY GUIDED PROJECTILES.....	---	2,000	+2,000
DEMILITARIZATION CONCEPTS.....	11,921	9,500	-2,421
BALLISTIC MSL DEF SYS TECH.....	353,685	336,685	-17,000
JOINT SERVICE SMALL ARMS PROGRAM (JSSAP).....	3,529	5,500	+1,971
ADVANCED MULTI-PURPOSE ARMORED SYSTEM.....	20,805	8,000	-12,805
TACTICAL AUTOMATION.....	22,008	21,000	-1,008
DIV AIR DEFENSE COMB/CNTRL.....	10,134	9,200	-934
STANDOFF TARGET ACQUISITION SYSTEM.....	69,776	---	-69,776
NAVSTAR GLOBAL POS SYS (USER EQ).....	21,002	---	-21,002

COMMITTEE RECOMMENDATIONS

PROGRAM FUNDING ADJUSTMENTS

The budget request included amounts for a number of programs which exceeded by unjustifiably large percentages the amounts provided for fiscal year 1981. The Committee accordingly recommends the following reductions:

[In thousands of dollars]

	Budget request	Reduction	Recommend- ed
Aircraft Weapons Technology.....	2,290	-290	2,000
High Energy Laser.....	24,956	-3,500	21,456
Ballistics Technology.....	23,912	-2,000	21,912
Chem/Bio Defense/Gen Inv.....	22,970	-2,970	20,000
System Health Hazards.....	15,529	-1,529	14,000
Materials Scale Up.....	5,426	-1,426	4,000
Combat Feeding, Clothing, Equipment.....	3,536	-1,000	2,536

CHEMICAL MUNITIONS/CHEMICAL COMBAT SUPPORT

The Army requested \$20,528,000 for Chemical Munitions/Chemical Combat Support, a sum nearly four times that provided for fiscal year 1981. The Committee supports the modernization of chemical and biological warfare capabilities, both offensive and defensive. There is some concern that very large funding increases may not be able to be absorbed in these programs as effectively and efficiently as is desirable. The Committee recommends a reduction of \$2,000,000, resulting in a recommended total of \$18,528,000.

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AIRCRAFT AVIONICS TECHNOLOGY

The Army request included \$130,000 for work on ring laser gyros, which is duplicative of research already conducted, and which the Committee therefore denies. The recommended total for Aircraft Avionics Technology is \$5,977,000.

SMALL CALIBER AND FIRE CONTROL TECHNOLOGY

The Committee recommends adding \$2,500,000 above the budget for research and development in small arms. The recommended total for Small Caliber and Fire Control Technology is \$11,016,000.

JOINT SERVICE FOOD SYSTEMS TECHNOLOGY

The Committee denies \$167,000 requested for research on a food system for ground mode of the MX, and recommends a total of \$5,569,000 for Joint Service Food Systems Technology.

SYNTHETIC FLIGHT SIMULATORS

SYNTHETIC FLIGHT TRAINING SYSTEMS

The Army requests of \$7,773,000 for Synthetic Flight Simulators, and \$8,333,000 for Training Systems included funds to accelerate development of a simulator for the AH-64. This work is clearly premature. The Committee recommends a reduction of \$4,027,000, leaving a total of \$3,746,000 for Synthetic Flight Simulators and a reduction of \$5,253,000, leaving a total of \$3,080,000 for Synthetic Flight Training Systems.

ADVANCED DEVELOPMENT OF AUTOMATIC TEST EQUIPMENT/SYSTEMS

The Army proposed reducing this program \$9,000,000 from the original fiscal year 1982 budget submitted in March. The Committee believes that development of automatic test equipment should be a priority effort, given the growing complexity of Army systems, and that the proposed decrease is unwise. The Committee recommends providing \$14,355,000 for Advanced Development of Automatic Test Equipment/Systems, the originally budgeted amount.

ELECTRIC POWER SOURCES

For Electric Power Sources, the Army budgeted, and the Committee recommends, the authorized amount of \$5,085,000. However, the Committee is concerned that an important new technology, the free piston Stirling engine, has not been funded in this program. This technology has the potential to provide a quiet, low cost method of producing electric power for the tactical forces in the field. The Committee directs that \$2,000,000 of the total amount provided be devoted to work on the free piston Stirling engine, and invites the Army to submit a reprogramming action expeditiously for whatever additional funds are required to adequately support this initiative.

MANPOWER AND PERSONNEL

The Army requested funds for research in recruiting. It appears that the Army is meeting its recruiting goals, and that less emphasis is needed on recruiting and more on retention. The Committee recommends a total of \$3,614,000 for Manpower and Personnel, a reduction of \$1,000,000 from the budget request.

SINGGARS

The Army continues to pursue two ECCM technologies in the Single Channel Ground/Airborne Radio Sub-System, despite ample evidence that only one of them will meet the threat. The Committee recommends a total of \$12,225,000 for SINGGARS, a reduction of \$3,000,000 from the budget request.

AIRDROP EQUIPMENT DEVELOPMENT

The Army requested \$200,000 for a project related to the CX program, which has not been authorized. The Committee recommends a total of \$2,926,000 for Airdrop Equipment Development, a reduction of \$200,000 from the budget request.

AIRCRAFT WEAPONS

The Army budgeted \$10,312,000 for Aircraft Weapons, the bulk of which was for advanced development of radar and fire control for attack helicopters. The technology being pursued appears to duplicate work in other on-going millimeter wave programs. The Committee suggests that this project be deferred pending transfer of more mature technology from these other programs. The Committee recommends a reduction of \$9,800,000, resulting in a recommended total for Aircraft Weapons of \$512,000.

JOINT TACTICAL FUSION PROGRAM

For reasons discussed in the classified annex to this report, the Committee recommends a total of \$30,547,000 for Joint Tactical Fusion Program, a reduction of \$8,000,000 from the budget request.

LANDMINE WARFARE

The budget request included \$3,183,000 for a system which the Army has subsequently determined will not be ready to enter engineering development in fiscal year 1982. The Committee recommends a reduction of that amount, providing a total of \$4,963,000 for Landmine Warfare.

REMOTELY PILOTED VEHICLES

For reasons discussed at the beginning of the RDT&E section of this report, the Committee disagrees with the reductions related to RPV's which the Army proposed in its latest revision to the fiscal year 1982 budget. The Committee recommends that this program be funded at its originally budgeted level. The recommended total for Remotely Piloted Vehicles is \$73,348,000.

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AN/MLQ-33

The Army requested funds for continued development of AN/MLQ-33, a system the Army does not intend to procure, and one which its own internal studies show has no value. The Committee directs immediate termination of AN/MLQ-33, and recommends providing \$2,295,000 for termination costs.

MANEUVER CONTROL SYSTEM

The Army requested \$14,869,000 for Maneuver Control System. The Committee is concerned that the Army is proposing to do more paper studies, and analyses of system architectures. The evidence strongly indicates that solid, practical experience and knowledge are being gained from operational field tests in Europe using the TCT and TCS equipments. It appears to the Committee that more practical experience, and less paper study, is what the Army needs to solve its maneuver control problems. The Committee recommends a total of \$11,000,000 for Maneuver Control System, and directs that \$10,000,000 of that sum be used to purchase additional TCT and TCS equipment so that field testing and data gathering can be expanded, and that \$1,000,000 of that sum be used for developing and monitoring these field tests.

DARCOM MAJOR RANGE/TEST FACILITIES

The Army budgeted \$292,109,000 for DARCOM Major Range/Test Facilities, an increase of 35 percent over the \$217,397,000 provided last year. It does not appear that the volume of new work to be done has increased greatly over last year. At the same time, the Committee agrees that the Army should continue to reduce the backlog of unfinished work and to modernize its facilities. For this reason, a substantial increase over fiscal year 1981 funding is recommended. The recommended total for DARCOM Major Range/Test Facilities is \$270,000,000.

PROGRAM-WIDE ACTIVITIES

The Army request included \$7,800,000 for laboratory equipment upgrades, which the Committee believes can be effected over a two year period, rather than one. Accordingly, the Committee recommends a total of \$63,915,000 for Program-Wide Activities, a reduction of \$3,900,000 from the budget request.

JOINT TACTICAL COMMUNICATIONS

For reasons explained at the beginning of the RDT&E section of this report, the Committee recommends a total of \$43,107,000 for Joint Tactical Communications, a reduction of \$5,000,000 from the budget request.

LARGE CALIBER AND NUCLEAR TECHNOLOGY

The Committee denies \$180,000 requested for work on a MOUT weapon, and directs the Army to use the SMAW weapon under development by the Marine Corps. The Committee is determined that needless and costly duplication of this sort shall be eliminated.

TACFIRE IMPROVEMENTS

The Committee agrees with concerns expressed by GAO concerning development of components for an improved TACFIRE system. The Committee directs the Army to perform cost-benefit studies of using existing equipments, including TCT/TCS and Marine Corps MIFASS components, as alternatives to developing new components.

NUCLEAR WARHEADS

The Committee directs the Army to make known its plans before any major new efforts are undertaken in the development of nuclear warheads.

FOOD AND NUTRITION RESEARCH

The Committee directs the Army to inform it of further actions it intends to take which have the purpose of ensuring close coordination and joint planning of Army/USDA food and nutrition research.

HELICOPTER ESCAPE SYSTEMS

Last year the Committee requested a study of the feasibility and requirement for a helicopter escape system. The Army has informed the Committee that it has work of higher priority to be done, and will not accomplish the requested study until December 1982. The Committee directs that a final report be issued not later than June 30, 1982.

PROGRAM SUMMARY

The following schedule shows the budget estimate, the recommended appropriation, and the change from the budget estimate (in thousands of dollars) for fiscal year 1982:

	Budget Request	Committee Recommended	Change from Request
RESEARCH DEVELOPMENT TEST + EVAL, ARMY			
TECHNOLOGY BASE			
IN-HOUSE LAB INDEPENDENT RESEARCH.....	21,560	21,560	---
DEFENSE RESEARCH SCIENCES.....	161,811	152,405	-9,406
MATERIALS.....	10,482	10,482	---
ATMOSPHERIC INVESTIGATIONS.....	5,547	5,547	---
FUZE/NUCLEAR WPNS EFFECTS/FLUIDICS.....	5,240	5,240	---
AIRCRAFT WEAPONS TECHNOLOGY.....	2,290	2,000	-290
AIRCRAFT AVIONICS TECHNOLOGY.....	6,107	5,977	-130
AERONAUTICAL TECHNOLOGY.....	18,086	18,086	---
AIRDROP TECHNOLOGY.....	1,543	1,543	---
MISSILE TECHNOLOGY.....	30,134	30,134	---
HIGH ENERGY LASER TECHNOLOGY.....	24,956	21,456	-3,500
TANK AND AUTOMOTIVE TECHNOLOGY.....	14,685	14,685	---
SMALL CAL AND FIRE CNTRL TECHNOLOGY.....	8,516	11,016	+2,500
BALLISTICS TECHNOLOGY.....	23,912	21,912	-2,000
CHEMICAL MUNITIONS/CHEMICAL CMBT SPT.....	20,528	18,528	-2,000
COMMUNICATIONS TECH.....	7,567	7,567	---
CMBT SURV TARGET ACQ/ID.....	2,217	2,217	---
MIL ENVIRONMENTAL CRITERIA DEV.....	2,763	2,763	---
ELECTRICAL AND ELECTRONIC DEVICES.....	15,298	15,298	---
CHEM BIOLOGICAL DEF/GEN INVEST.....	22,970	20,000	-2,970
MAPPING - GEODESY.....	5,758	5,758	---
NIGHT VISION INVESTIGATIONS.....	13,190	13,190	---
HUMAN FACTORS ENGR IN SYS DEV.....	8,568	8,568	---
HUMAN PERFORMANCE EFFECT/SIMULATION.....	3,380	3,380	---
MOBILITY AND WEAPONS EFFECTS TECH.....	6,275	6,275	---
ENVIRONMENTAL QUALITY TECH.....	8,481	7,500	-981
MANPOWER/PERSONNEL/TRAINING.....	5,937	5,937	---
CLOTHING EQUIP AND SHELTER TECH.....	5,586	5,586	---
JT SVC FOOD SYS TECH.....	5,736	5,569	-167
COMPUTER AND INFORMATION SCIENCE.....	1,797	1,797	---
NON-SYSTEM TRAINING DEVICES.....	2,665	2,665	---
COLD REGIONS ENGINEERING TECHNOLOGY.....	5,451	5,451	---
MILITARY FACILITIES ENGINEERING TECHNOLOGY.....	3,402	3,402	---
MOBILITY EQUIPMENT TECHNOLOGY.....	10,189	10,189	---
MED DEFENSE AGAINST CHEM AGENTS.....	23,252	23,252	---
TACTICAL ADP TECH.....	8,053	8,053	---
MILITARY DISEASE HAZARDS TECH.....	17,156	17,156	---
COMBAT CASUALTY CARE TECH.....	6,764	6,764	---
COMBAT MAXILLOFACIAL INJURY.....	1,476	1,476	---
SYSTEMS HEALTH HAZARD PREVENT TECH.....	15,529	14,000	-1,529
ENERGY TECH APPL FOR MILITARY FACIL.....	1,479	1,479	---
CLASSIFIED PROGRAMS.....	29,726	29,546	-180
TOTAL, TECHNOLOGY BASE.....	596,062	575,409	-20,653
ADVANCED TECHNOLOGY DEVELOPMENT			
MATERIALS SCALE-UP.....	5,426	4,000	-1,426
FUELS AND LUBRICANTS.....	1,308	1,308	---
AIRCRAFT POWER PLANTS AND PROPULSION.....	2,969	2,969	---
AIRCRAFT WEAPONS.....	10,312	512	-9,800
AIRCRAFT AVIONICS EQUIPMENT.....	2,320	2,320	---
AIR MOBILITY SUPPORT.....	1,810	1,810	---
ROTARY WING CONTROLS/ROTORS/STRUCTURES.....	28,520	28,520	---
SYNTHETIC FLIGHT SIMULATORS.....	7,773	3,746	-4,027
AIRDROP EQUIP AND TECHNIQUES.....	2,702	2,702	---
NOE AVIATION AND NAVIGATION EQUIPMENT.....	5,092	2,348	-2,744
TERMINALLY GUIDED PROJECTILES.....	---	2,000	+2,000
MSL/ROCKET COMPONENTS.....	311	311	---
ADVANCED LAND MOB SYSTEMS CONCEPTS.....	9,242	9,242	---
LANDMINE WARFARE/BARRIER DEV.....	10,799	10,799	---
COMBAT VEHICLE PROPULSION SYS.....	12,935	12,935	---
CMBT VEH TURRET AND CHASSIS SUBSYS.....	7,876	7,876	---
ELECTRIC POWER SOURCES.....	5,085	5,085	---
NIGHT VISION ADVANCED DEVELOPMENT.....	35,715	35,715	---
REMOTELY PILOTED VEHICLES/DRONES.....	4,514	4,514	---
MANPOWER AND PERSONNEL.....	4,614	3,614	-1,000
COMBAT MEDICAL MATERIAL.....	190	190	---
COMBAT ENGINEERING SYSTEMS.....	269	269	---
HUMAN FACTORS IN TNG/OPER EFFECT.....	3,118	3,118	---

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ADV ELECTRONIC DEVICES DEV.....	2,239	2,239	---
EDUCATION AND TRAINING.....	9,382	9,382	---
TRAINING SIMULATION.....	2,217	2,217	---
SOLDIER SUPPORT/SURVIVABILITY.....	3,140	3,140	---
ADV DEV OF AUTOMATIC TEST EQ/SYS.....	5,355	14,355	+9,000
TECHNICAL VULNERABILITY.....	12,938	12,938	---
DRUG AND VACCINE DEVELOPMENT.....	5,087	5,087	---
MEDICAL DEFENSE AGAINST CHEM WARFARE.....	2,941	2,941	---
DEMILITARIZATION CONCEPTS.....	11,921	9,500	-2,421
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT.....	218,120	207,702	-10,418
=====			
STRATEGIC PROGRAMS			
BMD ADVANCED TECHNOLOGY.....	126,883	126,883	---
BALLISTIC MSL DEF SYS TECH.....	353,685	336,685	-17,000
TOTAL, STRATEGIC PROGRAMS.....	480,568	463,568	-17,000
=====			
TACTICAL PROGRAMS			
JOINT SURVIVABILITY INVESTIGATIONS.....	931	931	---
SURF-TO-SURF MSL ROCKET SYS.....	2,997	2,997	---
CORPS SUPPORT WEAPON SYSTEM.....	10,762	10,762	---
JOINT SERVICE SMALL ARMS PROGRAM (JSSAP).....	3,529	5,500	+1,971
LETHAL CHEMICAL MUNITIONS CONCEPTS.....	8,182	8,182	---
LANDMINE/BARRIER SYS.....	6,066	6,066	---
COMBAT SUPPORT MUNITIONS.....	3,157	3,157	---
FIELD ARTILLERY AMMO DEV.....	24,722	24,722	---
FIELD ARTILLERY CANNON SYSTEMS.....	2,037	2,037	---
ARMORED CHBT SPT VEHICLE FAMILY.....	101	101	---
ADVANCED MULTI-PURPOSE ARMORED SYSTEM.....	20,805	8,000	-12,805
PHYSICAL SECURITY.....	3,822	3,822	---
IDENTIFICATION-FRIEND OR FOE DEV.....	9,496	9,496	---
ACFT SURV/EW SELF-PROTECTION.....	12,197	12,197	---
JOINT TACTICAL INFO DISTRIBUTION SYSTEMS.....	18,722	18,722	---
CHEMICAL DEFENSE MATERIEL CONCEPTS.....	20,084	20,084	---
TACTICAL AUTOMATION.....	22,008	21,000	-1,008
COMBAT SUPPORT EQUIPMENT.....	6,720	6,720	---
DIV AIR DEFENSE COMB/CNTRL.....	10,134	9,200	-934
SINGLE CHANNEL GRD/ABN RADIO SUB-SYS.....	15,225	12,225	-3,000
AIRCRAFT WEAPONS.....	3,504	3,504	---
AIR MOBILITY SUPPORT EQUIPMENT.....	2,310	2,310	---
UH-60A BLACKHAWK.....	6,158	6,158	---
ADVANCED ATTACK HELICOPTER.....	92,162	92,162	---
COBRA TOW.....	19,676	19,676	---
SYNTHETIC FLIGHT TRAINING SYSTEMS.....	8,333	3,080	-5,253
AIRDROP EQUIP DEVELOPMENT.....	3,126	2,926	-200
ARMY HELICOPTER IMPROVEMENT PROG.....	38,617	38,617	---
SURVEILLANCE SYSTEM.....	3,921	3,921	---
STINGER.....	16,171	16,171	---
PATRIOT (SAM-D).....	57,991	57,991	---
HELIBORNE MISSILE-HELLFIRE.....	24,300	24,300	---
PERSHING II.....	151,052	151,052	---
GRASS BLADE.....	29,919	29,919	---
GENERAL SUPPORT ROCKET SYS.....	38,291	38,291	---
DIVISION AIR DEFENSE GUN.....	30,042	30,042	---
JOINT TACTICAL FUSION PROGRAM.....	38,547	30,547	-8,000
INFANTRY SUPPORT WEAPONS.....	11,740	11,740	---
ARMY SMALL ARMS PROGRAM.....	393	393	---
COMBAT SUPPORT SYSTEMS.....	3,045	3,045	---
LETHAL CHEMICAL MUNITIONS.....	2,175	2,175	---
COUNTERMINE AND BARRIERS.....	2,981	2,981	---
FIGHTING VEHICLE SYS.....	103,671	103,671	---
LANDMINE WARFARE.....	8,146	4,963	-3,183
TANK SYSTEMS.....	28,495	28,495	---
COPPERHEAD.....	3,303	3,303	---
HIGH MOBILITY MULTI-PURPOSE VEHICLE.....	3,021	3,021	---
FIRE INTERGRATION SPT TEAM VEH.....	9,628	9,628	---
INDIRECT FIRE TRAINING MUNITIONS.....	1,341	1,341	---
TANK GUN COOPERATIVE DEVELOPMENT.....	82,978	82,978	---
FLD ARTY AMMUNITION.....	1,461	1,461	---
105MM TANK AMMUNITION.....	5,210	5,210	---
COMM ENGINEERING DEV.....	8,891	8,891	---
JOINT TACTICAL INFO DISTRIBUTION SYSTEMS.....	15,902	15,902	---
UNATTENDED GROUND SENSORS.....	6,948	6,948	---

MODULAR INTEGRATED COMM AND NAVIGATION SYS.....	17,643	17,643	---
RADIOLOGICAL DEFENSE EQUIPMENT.....	308	308	--
IDENTIFICATION-FRIEND OR FOE EQ.....	2,424	2,424	---
NIGHT VISION DEVICES.....	5,340	5,340	---
ACFT SURV/EW SELF-PROTECTION SYS.....	14,448	14,448	---
TACTICAL C3 SYSTEMS ENGINEERING.....	8,128	8,128	---
COMBAT FEEDING, CLOTHING AND EQUIPMENT.....	3,536	2,536	-1,000
TACTICAL ELECTRICAL POWER SOURCES.....	1,544	1,544	---
GENERAL COMBAT SUPPORT.....	8,018	8,018	---
PHYSICAL SECURITY.....	5,777	5,777	---
BIOLOGICAL DEFENSE MATERIEL.....	1,036	1,036	---
CHEMICAL DEFENSE MATERIEL.....	37,807	37,807	---
COMMAND AND CONTROL.....	15,008	15,008	---
REMOTELY PILOTED VEHICLES.....	36,384	73,348	+36,964
AUTOMATIC TEST SUPPORT SYSTEMS.....	4,998	4,998	---
STANDOFF TARGET ACQUISITION SYSTEM.....	69,776	---	-69,776
JT INTEROPERABILITY TAC COMB/CNTRL.....	29,554	29,554	---
JOINT CB CONTACT POINT AND TEST.....	1,417	1,417	---
HV ANTI-TANK ASSAULT WPN SYS (TOW).....	6,588	6,588	---
ADV FIELD ARTY TAC DATA SYS.....	5,976	5,976	---
CHAPARRAL.....	19,676	19,676	---
SAN HAWK/HAWK IMP PROG.....	39,558	39,558	---
COMBAT VEHICLE IMPROVE PROG.....	29,485	29,485	---
AN/TSQ-73 MODIFICATIONS.....	532	532	--
FORCE LEVEL ; MANEUVER CTRL SYSTEM SIGMA.....	14,869	11,000	-3,869
JT TACTICAL COMM PROG.....	48,107	43,107	-5,000
SATCOM GROUND ENVIRONMENT.....	36,438	36,438	---
EUCOM C3 SYSTEMS.....	4,028	4,028	---
CLASSIFIED PROGRAMS.....	127,151	114,245	-12,906
TOTAL, TACTICAL PROGRAMS.....	1,660,700	1,572,701	-87,999
=====			
INTELLIGENCE AND COMMUNICATIONS			
MAPPING AND GEODESY.....	1,044	1,044	---
AIRCRAFT AVIONICS.....	11,537	11,537	---
MAPPING AND GEODESY.....	100	100	---
NAVSTAR GLOBAL POS SYS (USER EQ).....	21,002	---	-21,002
STRATEGIC ARMY COMMUNICATIONS.....	789	789	---
LONG-HAUL COMMUNICATIONS (DCS).....	7,483	7,483	---
CLASSIFIED PROGRAMS.....	26,344	26,344	---
TOTAL, INTELLIGENCE AND COMMUNICATIONS.....	68,299	47,297	-21,002
=====			
DEFENSEWIDE MISSION SUPPORT			
NON-SYSTEM TRAINING DEVICES.....	1,384	1,384	---
ACFT ENGINE COMPONENT IMPROVE PROG.....	11,644	11,644	---
NON-SYSTEM TNG DEVICES ENGR.....	11,363	11,363	---
METEOROLOGICAL EQUIPMENT SYSTEMS.....	2,104	2,104	---
TRADOC STUDIES AND ANALYSES.....	1,547	1,547	---
AVIATION ENGINEERING FLIGHT ACTIVITY.....	5,443	5,443	---
KNAJALEIN MISSILE RANGE.....	140,985	140,985	---
SUPPORT OF DEVELOPMENT TESTING.....	36,728	36,728	---
MATERIAL SYSTEMS ANALYSIS.....	12,458	12,458	---
SUPPORT OF OPERATIONAL TESTING.....	42,691	42,691	---
DEFENSE SYSTEMS MANAGEMENT COLLEGE.....	203	203	---
PROGRAM-WIDE ACTIVITIES.....	67,815	63,915	-3,900
INTL COOPERATIVE RESEARCH AND DEV.....	981	981	---
TECHNICAL INFO ACTIVITIES.....	4,632	4,632	---
DARCOM MAJOR RANGE/TEST FACIL.....	292,109	270,000	-22,109
DOD MUNITIONS EFFECT/EXPLOSIVE SAFETY STAND.....	7,103	7,103	---
DOD HIGH ENERGY LASER SYSTEMS TEST FAC.....	40,349	40,349	---
PRODUCTIVITY INVESTMENT FUNDING.....	3,900	3,900	---
INSTL AUDIOVISUAL SPT (R/D).....	2,280	2,280	---
MGT HQ (RESEARCH/DEVELOPMENT).....	39,792	39,792	---
CLASSIFIED PROGRAMS.....	24,240	24,240	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	749,751	723,742	-26,009
=====			
FUEL PRICE ADJUSTMENT.....	---	-3,000	-3,000
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	-5,300	-5,300
REDUCTION, INFLATION/OFFSETS.....	-5,000	-5,000	---
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, ARMY.....	3,768,500	3,577,119	-191,381
=====			

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

Appropriation, 1981.....	\$4,978,855,000
New Obligational Authority, 1982:	
Estimate.....	5,885,488,000
Recommended.....	5,517,586,000
Reduction.....	367,920,000

The Committee recommends an appropriation of \$5,517,586,000 in new obligational authority for the Research, Development, Test and Evaluation activities of the Navy in fiscal year 1982.

The recommendation is a reduction of \$367,920,000 below the budget estimate, and \$542,817,000 more than the appropriation provided in fiscal year 1981.

AUTHORIZATION CHANGES

The Committee recommends the following changes in the budget estimate, in accordance with changes recommended by the authorization conference:

	Budget Request	Committee Recommended	Change from Request
AIRCRAFT TECHNOLOGY.....	30,198	25,000	-5,198
ADVANCED AIRCRAFT SUBSYSTEMS.....	5,201	4,500	-701
ELECTRIC DRIVE.....	550	---	-550
ADV ELEX COMPONENTS.....	1,992	---	-1,992
UNDER-GRAD JET FLY TNG SYS.....	12,409	5,000	-7,409
ABN ANTI-SUB WARFARE SYS.....	2,895	5,895	+3,000
V STOL ACFT DEV.....	14,960	---	-14,960
MEDIUM RANGE A-A SURF HSL.....	19,011	19,000	-11
FAIRAR SURVEILLANCE EQ.....	2,097	---	-2,097
SHIP SYSTEM ENG STANDARD (SEAMOD).....	1,999	10,000	+8,001
SHIP TACTICAL WARFARE SYS.....	79,640	49,640	-30,000
SHIP DEVELOPMENT (ADV).....	20,642	11,000	-9,642
SPECIAL TEST SYSTEMS.....	45,000	---	-45,000
NAVY AIR COMBAT FIGHTER (F-18).....	224,812	190,000	-34,812
SHIP TACTICAL WARFARE SYS.....	127,057	107,057	-20,000
SHIP DEVELOPMENT (ENG).....	91,897	70,000	-21,897
CHEMICAL WARFARE WEAPONS.....	3,731	7,500	+3,769
FIRE CONTROL SYS ELECTRO OPTICS.....	7,203	24,000	+16,797
PHOTO CARRIER OPER TEST/EVAL SITE.....	4,997	---	-4,997
F-14A.....	11,976	17,000	+5,024
AWAARD OUE.....	2,396	---	-2,396
SPECIAL WARFARE CRAFT.....	---	2,000	+2,000
TILT FAN VSTOL TECHNOLOGY.....	---	10,000	+10,000
AV-8B+.....	---	5,000	+5,000
NAVIGATION SATELLITE.....	16,841	---	-16,841
NAVSTAR GLOBAL POS SYS (USER EQ).....	34,362	---	-34,362
AERIAL TARGET SYS DEV.....	61,989	60,000	-1,989
PIPE INSTRUMENTATION/MATERIAL SPT.....	41,579	45,579	+4,000

COMMITTEE RECOMMENDATIONS

PROGRAM FUNDING ADJUSTMENTS

The budget request included amounts for a number of programs which exceeded by unjustifiably large percentages the amounts provided for fiscal year 1981. The Committee accordingly recommends the following reductions:

[In thousands of dollars]

	Budget request	Reduction	Recommended
Surf/Aero Target Surv	35,536	-2,992	32,544
Human Factors/Simulation	7,973	-1,195	6,778
Logistics Technology	14,603	-1,731	12,872
Adv Marine Bio	4,089	-300	3,789
Training Device Tech	8,252	-700	7,552
Acft Surv/Vuln	10,825	-1,000	9,825
Studies & Anal (MC)	4,049	-549	3,500
Civ Trng/Educ	1,290	-290	1,000

COMMAND/CONTROL TECHNOLOGY

The Navy budgeted \$1,800,000 for continued development of the S-1 computer. The Committee repeats its guidance of last year that no more funds will be provided for this project. The Committee recommends a reduction of \$1,800,000 from Command/Control Technology.

DIRECTED ENERGY TECHNOLOGY

The Committee agrees with concerns expressed by the House Armed Services Committee that high technology efforts, such as those in the Navy's Directed Energy program, should remain under the cognizance of DARPA. The Committee recommends a total of \$3,360,000 for Directed Energy Technology, a reduction of \$3,633,000 from the budget request.

STRATIFIED CHARGE ROTARY COMBUSTION ENGINE

Since 1977, the Marine Corps has been pursuing development of a stratified charge rotary combustion engine. Because this technology offers promise for improved fuel economy and use of a variety of fuels, the Committee believes that it should continue to be pursued. The Committee recommends that \$9,500,000 be provided above the budget for Marine Corps Stratified Charge Rotary Combustion Engine.

TACTICAL C3 COUNTERMEASURES

This program included \$500,000 for a Marine Corps project, the ZUNI Expendable Jammer, which has been cancelled. The Committee recommends a reduction of \$500,000 for Tactical C3 Countermeasures.

ARMY/NAVY SAM TECHNOLOGY

The Committee recommends this program be funded at the level originally contained in the budget, a figure agreed upon jointly by the Navy and OSD. The Committee recommends a total of \$11,000,000 for Army/Navy SAM Technology.

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ADVANCED DATA COMMAND SYSTEMS

This program, originally cancelled by the Navy for fiscal year 1981 and beyond, is being reinstated after a year's interruption. The Committee recommends \$2,655,000 for Advanced Data Command Systems, one half the requested amount.

RETRACT SILVER

The Committee recommends that no funds be provided for Retract Silver.

ATTACK SUBMARINE DEVELOPMENT

Of funds requested for Attack Submarine Development, approximately one half were for conceptual work on a new class SSN, an effort which the Navy has abandoned. The Committee recommends a reduction of \$5,000,000, which leaves a total of \$4,968,000 for continued work on improvements to the SSN-688 class submarine.

DIESEL ELECTRIC SUBMARINES

The Committee is concerned with the long term prospects for maintaining needed inventories of attack submarines. The Navy testified that it desires an attack submarine inventory of between 130 and 140. However, our current inventory of these critically important weapons is only 90, and in the period between 1989 and 1999, 45 are scheduled for retirement. It appears overly optimistic to project that the Navy could devote sufficient shipbuilding funds to replacing these submarines entirely with nuclear powered craft.

Thus the Committee recommends \$2,500,000 be added above the budget for examination of using diesel electric submarines as a complement to our nuclear attack force. While the Committee recognizes that for many demanding missions there is no substitute for nuclear submarines, there may well be missions for which lower cost diesel vessels are capable, thus freeing nuclear submarines for missions to which they are uniquely suited.

The Committee expects the Navy to make a detailed evaluation of the offer from the West German HDW firm to provide a diesel design that could be produced in U.S. shipyards and to examine other potential design options that are available. The Navy is requested to provide a report on its evaluation to the Committee no later than May 1, 1982.

MK-48 ADCAP

The Committee is deeply concerned over the significant cost increases in the MK-48 ADCAP program. Consequently, the Committee directs that the Navy conduct a "Should Cost Study" of the ADCAP program, and present it to the Committee no later than March 1, 1982. Additionally, the Navy is directed not to obligate or expend funds provided for the MK-48 ADCAP program until 30 days after the Secretary of the Navy states in writing to the Committee the costs and schedules of the restructured program, his satisfaction that these are fixed with reasonable certainty, and his belief that eventual procurement will be affordable.

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DDGX

Concerns have been expressed that reduced funding for the DDGX will cause program officials to reduce or eliminate efforts related to modularized design and to data buss multiplexing. These efforts, of the type embodied in the SSES and Shipboard Multiplex programs, should remain integral to the DDGX and future ship designs, and are key in reducing support and overhaul costs. The Committee desires that the DDGX program maintain these efforts at approximately the same levels as originally planned, and requests that progress and funding in these areas be specifically discussed in annual reports on the DDGX.

MARINE CORPS INTELLIGENCE/EW (ADVANCED)

The Marines requested \$357,000 for a new battlefield radar, an effort which should be foregone in favor of pursuing product improvements of the AN/PPS-15 jointly with the Army. The Marines requested \$301,000 for a seismic sensor project which has been delayed two years. The Committee recommends a total of \$2,209,000 for Marine Corps Intelligence/EW (Advanced), a reduction of \$658,000 from the budget request.

MOORED SURVEILLANCE SYSTEM

The Rapid Deployable Surveillance System has experienced technical difficulties, schedule slippage, and cost growth. The Navy originally did not fund RDSS in the fiscal year 1982 budget because it appeared to be unaffordable and lacked sufficient priority. The Committee recommends a reduction of \$6,000,000. The resulting total of \$5,000,000, together with unobligated prior year funds, will adequately fund the program while the Navy reexamines the strength of its commitment to this program.

AVIONICS DEVELOPMENT/VAST

The Committee finds that an unjustifiably large amount has been requested for continued R&D on the AN/AYK-14 computer, a device which has been operational since 1977. The Committee recommends a total of \$10,357,000 for Avionics Development/VAST, a reduction of \$4,687,000 from the budget request.

HXM HELICOPTER

The Marines requested \$5,229,000 to begin development of a new transport helicopter to replace the CH-46 and CH-53 A/D. The Committee is concerned that this program, which the Marines say could cost as much as \$2,400,000,000 to develop, would be unaffordable. Further, a new production program has been announced for building CH-53E's to replace existing assets. That program includes 94 CH-53E's for the Marines, which should provide adequately for their needs. The Committee recommends that no funds be provided for HXM Helicopter.

SHIP DEVELOPMENT (ENGINEERING)

The Committee denies the Navy's request of \$22,000,000 for survey and estimating work on inactive carriers. The Committee directs that \$2,000,000 of the funds provided be used for survey inspection and cost estimating work associated with possible reactivation of Des Moines class cruisers now in mothballs at the Philadelphia Navy Shipyard.

SUBMARINE WARFARE TRAINING DEVICES

The Navy requested \$1,831,000 for evaluation of the Submarine Advanced Reactive Tactical Training System (SMARTTS). The Committee is concerned that the development cost for this system has doubled. The Committee recommends that no funds be provided for SMARTTS, and that any additional evaluation be carried on within existing funds. The recommended total for Submarine Warfare Training Devices is \$4,553,000.

C2 SURVEILLANCE/RECONN SUPPORT

For reasons explained in the classified annex to this report, the Committee recommends a reduction of \$2,465,000 for C2 Surveillance/Reconn Support.

JOINT TACTICAL COMMUNICATIONS

For reasons discussed at the beginning of the RDT&E section of this report, the Committee recommends reductions of \$750,000 in Joint Tactical Communications, Marine Corps and \$2,000,000 in Joint Tactical Communications, Navy.

SECURITY/INVESTIGATIVE ACTIVITIES

The Committee finds, as it did last year, that this Navy request is for developments which duplicate those pursued by civilian investigative and law enforcement agencies. The Committee recommends no funds be provided for Security/Investigative Activities.

AIM-7M TEST AND EVALUATION

Technical problems with the AIM-7M have necessitated additional test and evaluation activities. The Committee recommends providing \$5,000,000 above the budget for this purpose.

PRODUCTIVITY ENHANCEMENT

The Navy requested \$13,508,000 to begin a new program intended to increase the productivity of its R&D laboratories. This is a worthy goal, and one which the Committee supports. However, until objective criteria are developed and more information is obtained on potential paybacks, the Committee believes that a smaller pilot program will be adequate. The Committee recommends a total of \$6,508,000 for Productivity Enhancement.

CONSULTANTS, ANALYSES, AND STUDIES

For reasons explained earlier in this report, the Committee recommends a reduction of \$48,000,000 from the RDT&E, Navy account to be applied against consultants, analyses and studies.

GAS TURBINE FUEL EFFICIENCY

Many Navy vessels are powered by the LM-2500 gas turbine engine. Because increased fuel efficiency would result in substantial savings in operating costs, the Committee believes that RDT&E efforts to investigate such a possibility will be a wise investment. The Committee recommends that \$7,000,000 be provided above the budget for Gas Turbine Fuel Efficiency.

SPECIAL WARFARE CRAFT

The Committee concurs with the recommendation of the Authorization Conference that \$2,000,000 be added for Research and Development of a Special Warfare Craft. The Committee agrees that a requirement exists for the development of a small missile boat capability and directs the Navy to evaluate two or more design alternatives.

MEDIUM DEPTH MINE

The Medium Depth Mine is a mine that could be used at depths between those which current generation shallow and deep water assets are employed by naval forces. The Navy is currently assessing development acceleration of a Medium Depth Mine as this capability could enhance the overall ASW environment. The Captor Deep Water Mine is a moored influence activated antisubmarine mine whose operational envelope covers submarine targets at all water depths. The Committee expects the Navy to submit their analysis on the need to employ a Medium Depth Mine, including an evaluation of developing a Captor Mine variant in partially meeting the medium depth requirement. This report should include disclosure of mission characteristics, as well as any cost and schedule advantage in developing a Captor Mine variant.

EXTENDING LIFE OF SUBROC

SUBROC is a nuclear depth bomb and is presently the only antisubmarine stand off weapon carried by U.S. attack submarines. The new ASW stand off weapon is scheduled to begin replacing SUBROC by the late 1980s. However, the Navy's acquisition program for the ASW stand off weapon was recently restructured and is currently experiencing cost overruns and anticipated schedule delays. The Committee is concerned the Navy will not meet its planned IOC for the ASW stand off weapon and should carefully consider supplementing the planned service life extension program

for SUBROC by ensuring compatibility of all SSN fire control systems with the SUBROC system and extending the service life of the full inventory of the weapon. This expansion will provide a credible nuclear stand off weapon capability until the new stand off weapon enters the fleet. The SUBROC life extension action would significantly lessen any additional military input as a result of any further delays in the IOC of the new standoff weapon. The Committee expects a full report on the Navy's extended refurbishment plan, its impact on lessening the gap caused by any delays in the ASW/SOW program and cost and refurbishment schedule information.

ASW STAND OFF WEAPON

The ASW Stand Off Weapon SOW System was approved by the Secretary of Defense in 1980 and is intended to develop a long range anti-submarine weapon by the late 1980s. Navy testimony defined an acquisition strategy that implied a competitive identification and exploration of alternative design concepts including an actual live firing during the development and validation phase. However, the strategy selected by the Navy was not directed at these expanded objectives and a single contractor was selected for the development process. The Committee believes this is an alteration in the program's direction and source selection criteria are not sufficiently justifiable in making a single source award. Further, the Committee believes this program as structured currently has high risk and experience has shown that sole source procurement carries a significant cost penalty. The Committee believes procurement rates and inventory objectives for the ASW/SOW program fully justify qualification for second source production. The Committee expects a full report on Navy plans for developing second source production, including current and projected program costs, and scheduling data.

MK 92 UPGRADE PROGRAM

The Committee restates its strong support for this program, which will provide a substantial increase in the anti-air warfare capability of the MK 92 fire control system through the addition of a new four-faced, x-band phased array radar to the system for use on the FFG-7 class frigates. The primary aim in this program's development should be the earliest possible introduction of this system into the fleet.

To date, the start of this program has been unacceptably delayed. Therefore, the committee requests that this program be executed without further delay. Special emphasis should be given to the early development of the phased array radar. The committee also requests that the MK 92 upgrade program be assigned a separate program element.

FLEET TACTICAL COMMUNICATIONS

The budget included a request of funds for a program entitled Fleet Tactical Communications R. & D. This program provides a phased approach to provide secure, anti-jam voice and data communications in Navy ships and tactical aircraft. The Committee notes

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that similar anti-jam communications programs are underway in the Army and the Air Force.

The Committee supports the need for anti-jam communications. However, the Committee has concerns regarding the coordination of service goals for these programs. Therefore, the Committee will closely monitor the Fleet Tactical Communications program and other such DOD programs to assure that a cost-effective and operationally-effective approach is taken in reconciling individual service goals with joint needs.

A-6 SQUADRONS

The Navy budgeted \$9,978,000 for A-6 Squadrons, to be used to continue development of the All Weather Standoff Attack Control System (AWSACS). The Committee fully supports this important system, and does not agree with recent proposals to fund AWSACS at a lesser amount in fiscal year 1982. The Committee recommends the budget request, and directs the Navy to use the full appropriated amount for AWSACS.

PROGRAM SUMMARY

The following schedule shows the budget estimate, the recommended appropriation, and the change from the budget estimate (in thousands of dollars) for fiscal year 1982:

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	Budget Request	Committee Recommended	Change from Request
RESEARCH DEVELOPMENT TEST + EVAL, NAVY			
TECHNOLOGY BASE			
IN-HOUSE LAB INDEPENDENT RESEARCH.....	21,363	21,363	---
DEFENSE RESEARCH SCIENCES.....	260,611	251,572	-9,039
AIRCRAFT TECHNOLOGY.....	30,198	25,000	-5,198
MISSILE PROPULSION TECHNOLOGY.....	10,042	10,042	---
STRIKE WARFARE WEAPONRY TECHNOLOGY.....	21,283	21,283	---
NUCLEAR PROPULSION TECHNOLOGY.....	47,633	47,633	---
SHIPS/SUBS/BOATS TECH.....	40,953	40,953	---
UNDERSEA WARFARE WEAPONRY TECHNOLOGY.....	23,360	23,360	---
UNDERSEA TARGET SURVEILLANCE.....	38,531	38,531	---
SURF/AEROSPACE TARGET SURVEIL TECH.....	35,536	32,544	-2,992
COMMAND/CONTROL TECHNOLOGY.....	30,312	29,299	-1,013
COUNTERMEASURES TECHNOLOGY.....	27,438	27,438	---
HIGH ENERGY LASER.....	57,973	57,973	---
HUMAN FACTORS/SIMULATION TECH.....	7,973	6,778	-1,195
BIOLOGICAL TECHNOLOGY.....	10,846	9,663	-1,183
OCEAN/ATMOSPHERIC SUPPORT TECHNOLOGY.....	23,594	23,594	---
LOGISTICS TECHNOLOGY.....	14,603	12,872	-1,731
MATERIALS TECHNOLOGY.....	32,428	32,428	---
ELECTRONIC DEVICE TECHNOLOGY.....	25,346	25,346	---
PERSONNEL SPT TECH.....	6,507	6,507	---
CHEMICAL/BIOLOGICAL DEFENSE TECH.....	1,541	1,541	---
ENERGY AND ENVIRONMENTAL PROTECTION.....	8,171	8,171	---
LAB INDEPENDENT EXPLORATORY DEV.....	10,187	10,187	---
DIRECTED ENERGY TECHNOLOGY.....	6,993	3,360	-3,633
TOTAL, TECHNOLOGY BASE.....	793,422	767,438	-25,984
ADVANCED TECHNOLOGY DEVELOPMENT			
AVIONICS.....	6,851	6,851	---
ADV HELICOPTER DEV.....	4,794	4,794	---
ENVIRONMENTAL APPLICATIONS.....	4,684	4,684	---
AIRCRAFT PROPULSION.....	9,748	9,748	---
AIRBORNE LIFE SUPPORT SYSTEMS.....	5,893	5,893	---
ADVANCED AIRCRAFT SUBSYSTEMS.....	5,201	4,500	-701
AIRCRAFT SYSTEMS.....	4,844	4,844	---
ADV ARM SYS TECH.....	5,969	5,969	---
ADV AIR LAUNCHED AIR-TO-SUR MSL SYS.....	4,039	4,039	---
A/A MSL ADV TECH DEMOS.....	4,464	4,464	---
SHIP PROPULSION SYSTEM.....	12,584	12,584	---
ADV SOFTWARE/COMPUTING TECH.....	4,542	4,542	---
ELECTRIC DRIVE.....	550	---	-550
SURFACE LAUNCHED MUNITIONS.....	4,724	4,724	---
JT SERV EXPLOSIVE ORD DEV.....	3,380	3,380	---
HUMAN FACTORS ENG DEV.....	4,150	4,150	---
OCEANOGRAPHIC INSTRUMENTATION DEV.....	3,117	3,117	---
MEDICAL DEVELOPMENT.....	11,644	9,044	-2,600
MANPOWER EFFECTIVENESS.....	3,023	3,023	---
ADVANCED MARINE BIOLOGICAL SYSTEM.....	4,089	3,789	-300
ADV CLEX COMPONENTS.....	1,992	---	-1,992
OCEAN ENGINEERING TECH DEVELOPMENTS.....	11,867	11,867	---
EDUCATION AND TRAINING.....	3,891	3,891	---
ENVIRONMENTAL PROTECTION.....	6,819	6,819	---
NAVAL SPECIAL WARFARE.....	3,052	3,052	---
NAV TECH INFO PRESENT SYS.....	1,316	1,316	---
MANUFACTURING TECH.....	3,660	3,660	---
MC ADV MANPOWER TRAINING SYS.....	1,489	1,489	---
TRAINING DEVICE TECH.....	8,252	7,552	-700
ABN ELECTRO-MAG/OPT SYS.....	8,407	8,407	---
SURF ELECTRO-MAGNETIC OPTICAL SYS.....	3,222	3,222	---
PROTO MPWR/PERSONNEL SYS.....	5,051	5,051	---
MC DIESEL ROTARY ENGINE.....	---	9,500	+9,500
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT.....	167,308	169,965	+2,657
STRATEGIC PROGRAMS			
TRIDENT II MISSILE SYS.....	239,542	239,542	---

SPACE TECHNOLOGY.....	7,975	7,975	---
SSBN SUBSYSTEM TECHNOLOGY.....	10,150	10,150	---
STRATEGIC TECHNICAL SUPPORT.....	6,082	6,082	---
FLEET BALLISTIC MISSILE SYSTEM.....	70,593	70,593	---
SSBN SECURITY TECHNOLOGY PROGRAM.....	41,783	41,783	---
TRIDENT.....	102,760	102,760	---
EXTREMELY LOW FREQUENCY COMM.....	34,874	34,874	---
GRYPHON.....	22,260	22,260	---
HYDRUS.....	898	898	---
SPACE SURVEILLANCE.....	555	555	---
MINIMUM ESSENTIAL EMER COMM NETWORK.....	3,139	3,139	---
TOTAL, STRATEGIC PROGRAMS.....	540,611	540,611	---

TACTICAL PROGRAMS

AIRBORNE ASW DETECTION SYS.....	2,311	2,311	---
ABN ELECTRONIC WARFARE EQ.....	9,987	9,987	---
UNDER-GRAD JET FLT ING SYS.....	12,409	5,000	-7,409
TACAIR IR C/M.....	4,831	4,831	---
HELICOPTER IR C/M.....	5,329	5,329	---
TAC COMB/CNTRL/COMM C/M.....	6,791	6,291	-500
AIRCRAFT ARMAMENT SYS.....	6,153	6,153	---
CV TACTICAL SUPPORT CENTER.....	4,605	4,605	---
ABN ANTI-SUB WARFARE SYS.....	2,895	5,895	+3,000
V/STOL ACFT DEV.....	14,960	---	-14,960
ACOUSTIC SEARCH SENSORS.....	4,643	4,643	---
AIRBORNE MINE COUNTERMEASURES.....	22,476	22,476	---
TACTICAL AIRBORNE RECONNAISSANCE.....	6,026	6,026	---
ACFT SURVIVABILITY/VULNERABILITY.....	10,825	9,825	-1,000
AH-IT COMP ROTOR BLADE.....	2,268	2,268	---
NATO IDENTIFICATION SYS.....	2,489	2,489	---
AIR TO GROUND WEAPONS.....	8,684	8,600	-84
ARMY/NAVY SAM TECH.....	13,568	11,000	-2,568
SUB ASW STANDOFF WPN.....	50,084	50,084	---
MEDIUM RANGE A-A SURF MSL.....	19,011	19,000	-11
REACTOR PROPULSION PLANTS.....	6,069	6,069	---
ADVANCED MINE COUNTERMEASURES.....	41,142	41,142	---
ACOUSTIC COMMUNICATIONS.....	2,711	2,711	---
SUBMARINE SONAR DEV.....	45,923	45,923	---
NEW SHIP DESIGN.....	8,000	8,000	---
SHIPBOARD SYS COMPONENT DEVELOPMENT.....	8,362	8,362	---
SHIPBOARD DAMAGE CONTROL.....	18,739	18,739	---
ADVANCED IDENTIFICATION TECHNIQUES.....	3,813	3,813	---
RADAR SURVEILLANCE EQ.....	2,097	---	-2,097
ADVANCED COMMAND DATA SYSTEMS.....	5,310	2,655	-2,655
ADVANCED COMMUNICATIONS.....	2,661	2,661	---
SURFACE ELEC WARFARE.....	3,918	3,918	---
SUBMARINE COMBAT SYS DEV.....	40,625	40,625	---
PILOT FISH.....	57,462	57,462	---
ANTI-SUB WARFARE MOBILE TARGETS.....	857	857	---
OVER-THE-HORIZON TARGETING.....	16,603	16,603	---
HY 130 STEEL (NEW SSN MATERIAL).....	1,665	1,665	---
SHIP SYSTEM ENG STANDARD (SEAMOD).....	1,999	10,000	+8,001
RETRACT SILVER.....	63,528	---	-63,528
RETRACT AMBER.....	12,960	12,960	---
DIESEL ELEC SUB.....	---	2,500	+2,500
SURFACE ASW.....	9,203	9,203	---
SUBMARINES.....	59,403	59,403	---
SUB TACTICAL WARFARE SYS.....	79,640	49,640	-30,000
SHIP DEVELOPMENT (ADV).....	20,642	11,000	-9,642
AMPHIB ASSAULT CRAFT.....	7,340	7,340	---
COMBAT SYSTEMS ARCH.....	4,366	4,366	---
ATTACK SUBMARINE DEV.....	9,968	4,968	-5,000
ADV REACTOR COMPONENTS/SYS DEV.....	9,101	9,101	---
SHIPRD PHYSICAL SECURITY.....	4,598	4,598	---
SPECIAL TEST SYSTEMS.....	45,000	---	-45,000
A4W/AIG NUCLEAR PROP PLANT.....	11,862	11,862	---
D2W NUCLEAR PROP REACTOR.....	10,461	10,461	---
COMBAT SYSTEM INTEGRATION.....	7,493	7,493	---
MAJOR SURFACE COMBATANTS.....	101,000	101,000	---
NINE DEVELOPMENT.....	21,484	21,484	---
ADV ASW TORPEDO.....	106,014	106,014	---
LANDING VEHICLE ASSAULT.....	52,333	52,333	---
TAC NUCLEAR WEAPON DEV.....	736	736	---
MC GRD COMBAT/SPT ARMS SYS.....	4,441	4,441	---
OCEAN ENGINEERING SYS DEVELOPMENT.....	3,149	3,149	---
ADVANCED LOGISTICS.....	12,260	12,260	---

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FLEET TAC D/E PROGRAM.....	4,900	4,900	---
COMMAND AND CONTROL SYS.....	8,830	8,830	---
CONTAINER OFFLOAD/TRANSFER SYS.....	8,053	8,053	---
NAVY ENERGY PROGRAM.....	18,498	18,498	---
FACILITIES IMPROVEMENT.....	3,697	3,697	---
MC COMBAT SERVICES SPT.....	3,122	3,122	---
MC INTEL/ELC WARFARE SYS.....	2,867	2,209	-658
MC COMB/CTRL/COMM SYS.....	1,490	1,490	---
ASW SURVEILLANCE (C).....	1,260	1,260	---
LRAP.....	14,229	14,229	---
SPECIAL PROCESSES.....	46,397	46,397	---
MOORED SURVEIL SYS.....	11,000	5,000	-6,000
AVIONICS DEVELOPMENT/VAST.....	15,044	10,357	-4,687
AIMS/ATCRBS/MARK XII.....	4,444	4,444	---
LT ABN MULTI-PURPOSE SYS MK III.....	73,778	73,778	---
VSTOL/HELO DEV.....	10,257	10,257	---
AV-8B AIRCRAFT.....	227,426	227,426	---
ACFT HANDLING/SERVICING EQ.....	6,952	6,952	---
S-3 WEAPONS SYS IMPROVEMENT.....	42,212	42,212	---
AIRBORNE ASW DEV.....	22,641	22,641	---
ACFT IR SIGNATURE SUPPRESSION.....	1,400	1,400	---
P-3 MODERNIZATION PROG.....	19,192	19,192	---
ADV RADAR WARNING SYS.....	398	398	---
ADV SELF-PROTECTIVE SYS.....	23,884	23,884	---
AIR ELECTRONIC WARFARE.....	16,991	16,991	---
CH-53E.....	11,141	11,141	---
ACOUSTIC SEARCH SENSORS.....	18,691	18,691	---
HSX ASW HELICOPTER (H).....	5,229	---	-5,229
NAVY AIR COMBAT FIGHTER (F-18).....	224,812	190,000	-34,812
LIFE SUPPORT EQUIP.....	10,684	10,684	---
ADV SIGNAL PROCESSOR.....	7,151	7,151	---
AWG-9 UPDATE.....	4,207	4,207	---
ACFT ENGINE COMPONENT IMPROVE PROG.....	84,455	84,455	---
AERA AIR DEFENSE.....	34,446	34,446	---
COMBAT SYS ENGR DEV SITE.....	16,156	16,156	---
PENGUIN COMBAT DEV.....	3,808	3,808	---
ADV MEDIUM RANGE AIR-TO-AIR MSL.....	5,000	5,000	---
SURFACE LAUNCHED WEAPONRY SYS TECH.....	57,386	57,386	---
VERTICAL LAUNCHING SYSTEM.....	85,685	85,685	---
AIR/AIR MSL SYS ENGR.....	30,388	30,388	---
CLOSE-IN WFN SYS (PHALANX).....	1,406	1,406	---
HI-SPEED ANTI-RADIATION MSL.....	20,992	20,992	---
NATO SEA SPARROW.....	1,599	1,599	---
SURFACE MISSILE WARHEAD DEV.....	14,000	14,000	---
STANDARD MISSILE IMPROVEMENTS.....	51,222	51,222	---
TOMAHAWK CRUISE MSL.....	141,364	141,364	---
5" ROLLING AIR FRAME MSL.....	20,081	20,081	---
688 CLASS VLS.....	37,549	37,549	---
SUBMARINE COMMUNICATIONS.....	7,337	7,337	---
SUBMARINE SONAR DEV.....	41,003	41,003	---
AIR CONTROL.....	9,694	9,694	---
SSN INTEGRATED COMM CENTER SYS.....	3,600	3,600	---
CW COUNTERMEASURES.....	7,940	7,940	---
RADAR SURVEILLANCE EQ.....	15,434	15,434	---
COMMUNICATIONS SYSTEMS.....	3,223	3,223	---
INTELLIGENCE SYSTEMS.....	2,709	2,709	---
COMBAT INFO CENTER CONVERSION.....	9,486	9,486	---
SUBMARINE COMBAT SYS DEV.....	30,274	30,274	---
SURFACE ELEC WARFARE.....	8,547	8,547	---
SUBMARINES.....	2,042	2,042	---
SUB TACTICAL WARFARE SYS.....	127,057	107,057	-20,000
ACOUSTIC COMMUNICATIONS.....	6,249	6,249	---
SHIP DEVELOPMENT (ENG).....	91,897	70,000	-21,897
NATO SEA GNAT.....	3,010	3,010	---
SHIPBOARD ELECTRONIC WARFARE IMPROVE.....	14,655	14,655	---
TAC EMBEDDED COMPUTER PROG.....	17,980	17,980	---
MINE DEVELOPMENT.....	7,016	7,016	---
GUN AMMUNITION IMPROVEMENT.....	2,913	2,913	---
UNGUIDED CONVL AIR LAUNCHED WEAPONS.....	24,061	24,061	---
CHEMICAL WARFARE WEAPONS.....	3,731	7,500	+3,769
FIRE CONTROL SYS ELECTRO OPTICS.....	7,203	24,000	+16,797
JT ARMY/NAVY SEMI-ACTIVE LASER GUIDE PROJ.....	3,216	3,216	---
GUN SYSTEM IMPROVEMENT PROG.....	10,703	10,703	---
JT SERV EXPLOSIVE ORD DEV.....	2,478	2,478	---
MC GRD COMBAT/SPT ARMS SYS.....	23,402	23,402	---
PROTO CARRIER OPER TEST/EVAL SITE.....	4,997	---	-4,997
NAVY ENERGY PROGRAM.....	16,503	16,503	---
COMMAND AND CONTROL SYS.....	10,835	10,835	---

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TACTICAL TOWED ARRAY SONAR.....	16,562	16,562	---
AIR WARFARE TNG DEV.....	27,924	27,924	---
SURFACE WARFARE TNG DEV.....	45,576	45,576	---
SUBMARINE WARFARE TNG DEV.....	6,384	4,553	-1,831
MC COMBAT SERVICES SPT.....	3,729	3,729	---
MC INTEL/ELEC WARFARE SYS.....	1,985	1,985	---
MC COMD/CNTRL/COMM SYS.....	46,526	46,526	---
NAV INTEG/BTFD EXPLOIT TGT ACQ.....	1,605	1,605	---
INTELLIGENCE.....	6,070	6,070	---
MEDICAL DEVELOPMENTS.....	2,146	2,046	-100
JT INTEROPERABILITY TAC COMD/CNTRL.....	5,605	5,605	---
JT INTEROPERABILITY TAC COMD/CNTRL.....	1,249	1,249	---
ELECTROMAGNETIC SPECTRUM MGT.....	7,411	7,411	---
MANAGEMENT AND TECHNICAL SUPPORT.....	12,606	12,606	---
TACTICAL ELECTRO SUPPORT.....	8,881	8,881	---
C2 SURVEILLANCE/RECON SPT.....	4,160	1,695	-2,465
A-6 SQUADRONS.....	9,978	9,978	---
EARLY WARNING ACFT SQUADRONS.....	18,948	18,948	---
AVIATION SPT - ATTACK AIR WINGS.....	10,983	10,983	---
FLEET TELECOMMUNICATIONS (TAC).....	35,060	35,060	---
SUBMARINES.....	7,629	7,629	---
MINES/MINE SUPPORT.....	2,980	2,980	---
SHIP TOWED ARRAY SURV SYS.....	6,371	6,371	---
COVER AND DECEPTION PROGRAM.....	13,320	13,320	---
ELECTRONIC WARFARE SPT PROJECTS.....	19,370	19,370	---
TACTICAL INFORMATION SYSTEMS.....	48,569	48,569	---
ASW COMBAT SYSTEMS INTEGRATION.....	21,366	21,366	---
SURF SHIP SONAR MODERNIZATION.....	14,273	14,273	---
AN/SUR-18 IMPROVEMENT.....	6,683	6,683	---
SUBMARINE SILENCING.....	15,913	15,913	---
MODULAR GUIDED GLIDE WPN IMP.....	2,167	2,167	---
F-14A.....	11,976	17,000	+5,024
TACTICAL INTELL PROCESSING.....	3,224	3,224	---
EW COUNTER RESPONSE.....	10,628	10,628	---
OPERATIONAL REACTOR DEV.....	2,345	2,345	---
MARINE CORPS TELECOMMUNICATIONS.....	1,713	1,713	---
MC GRD COMBAT/SPT ARMS SYS.....	1,635	1,635	---
MC COMBAT SERVICES SPT.....	368	368	---
MC COMD/CNTRL/COMM SYS.....	12,202	12,202	---
AMRAAM OUE.....	2,396	---	-2,396
JT TACTICAL COMM PROG.....	17,362	16,612	-750
JT TACTICAL COMM PROG.....	10,678	8,678	-2,000
SATELLITE COMMUNICATIONS.....	36,886	36,886	---
SECURITY/INVESTIGATIVE ACTYS.....	737	737	---
SPECIAL WARFARE CRAFT.....	---	2,000	+2,000
GAS TURBINE FUEL EFF IMPROVEMENT.....	---	7,000	+7,000
TILT FAN VSTDL TECHNOLOGY.....	---	10,000	+10,000
AV-BB+.....	---	5,000	+5,000
CLASSIFIED PROGRAMS.....	113,002	111,002	-2,000
AIM-7M TEST AND EVALUATION.....	---	5,000	+5,000
TOTAL, TACTICAL PROGRAMS.....	3,788,073	3,561,888	-226,185
=====			
INTELLIGENCE AND COMMUNICATIONS			
NAVIGATION SATELLITE.....	16,841	---	-16,841
ADV NAVIGATION DEVEL.....	2,143	2,143	---
NUMCCS ARCHITECTURE.....	1,072	1,072	---
NAVIGATION SYSTEMS.....	7,644	7,644	---
NAVSTAR GLOBAL POS SYS (USER ED).....	34,362	---	-34,362
C2 SYSTEMS PLANNING/ENGR SPT.....	5,163	5,163	---
PATROL COMBATANTS.....	292	292	---
INTELLIGENCE SUPPORT CENTER.....	237	237	---
LONG HAUL COMMUNICATIONS (DCS).....	1,533	1,533	---
CONSEC EQUIPMENT (C).....	13,596	13,596	---
SPECIAL ACTIVITIES.....	101,823	101,823	---
CLASSIFIED PROGRAMS.....	10,611	10,611	---
TOTAL, INTELLIGENCE AND COMMUNICATIONS.....	195,317	144,114	-51,203
=====			
DEFENSEWIDE MISSION SUPPORT			
RANGE INSTRUMENTATION SYS DEV.....	16,816	16,816	---
ENVIRONMENTAL SYSTEMS.....	481	481	---
AERIAL TARGET SYS DEV.....	61,989	60,000	-1,989
TRAINING DEVICES PROTOTYPE DEV.....	10,004	10,004	---
STUDIES AND ANALYSIS SUPPORT (MAR CORPS).....	4,049	3,500	-549

STUDIES AND ANALYSIS SUPPORT (NAVY).....	7,893	7,893	---
MAR CORPS OPNS ANALYSIS GP-CNA.....	2,482	2,482	---
CENTER FOR NAVAL ANALYSIS (NAVY).....	11,476	11,476	---
FLEET TACTICAL DEV/EVAL.....	19,178	19,178	---
MAR CORPS OPERATIONAL TEST/EVAL.....	1,205	1,205	---
TECHNICAL INFORMATION SERVICES.....	1,456	1,456	---
LANT UNDERSEA TEST/EVAL CTR.....	36,197	36,197	---
DEVELOPMENT CENTER SUPPORT.....	5,428	5,428	---
INTERNATIONAL RDT/E.....	1,679	1,679	---
ANTI-SHIP HSL DEFENSE TEST RANGE.....	7,059	7,059	---
RDTE LAB/FAC MGT SPT.....	56,747	56,747	---
RDTE INSTRUMENTATION/MATERIAL SPT.....	41,579	45,579	+4,000
RDTE SHIP/AIRCRAFT SPT.....	63,308	63,308	---
TEST/EVALUATION SPT.....	244,982	244,982	---
OPERATIONAL TEST/EVAL CAPABILITY.....	5,776	5,776	---
OCCUPATIONAL SAFETY/HEALTH ADM SPT.....	522	522	---
RANGE INSTRUMENTATION SHIP SUPPORT.....	26,579	26,579	---
TAC EXPLOITATION OF NATL CAPABILITY.....	248	248	---
PRODUCTIVITY ENHANCEMENT.....	13,508	6,508	-7,000
AIRCRAFT EQ R/M IMPROVEMENT PROG.....	9,331	9,331	---
LAB FLEET SUPPORT.....	3,011	3,011	---
ACFT PROPULSION EVAL GENERAL.....	2,865	2,865	---
ACFT FLIGHT TEST GENERAL.....	997	997	---
WEATHER SERVICE.....	2,872	2,872	---
DEF METEOROLOGICAL SATELLITE PROG.....	1,350	1,350	---
CIVILIAN TRAINING/EDUCATION DEV.....	1,290	1,000	-290
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	662,357	656,529	-5,828
FUEL PRICE ADJUSTMENT.....	---	-3,000	-3,000
REDUCTION, INFLATION/OFFSETS.....	-7,000	-7,000	---
UNDISTRIBUTED REDUCTION.....	-211,300	-211,300	---
CONSULTANT SERVICES.....	-43,300	-43,300	---
CONSULTANTS, ANALYSES AND STUDIES.....	---	-48,000	-48,000
AUDIO-VISUAL ADJUSTMENT.....	---	-1,200	-1,200
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	-8,200	-8,200
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, NAVY.....	5,885,488	5,518,545	-366,943

RESEARCH, DEVELOPMENT, TEST AND EVALUATION—AIR FORCE

Appropriation, 1981.....	\$7,082,987,000
New Obligational Authority, 1982:	
Estimate.....	8,823,400,000
Recommended.....	6,553,010,000
Reduction.....	2,270,390,000

The Committee recommends an appropriation of \$6,553,010,000 in new obligational authority for the Research, Development, Test and Evaluation activities of the Air Force in fiscal year 1982. The recommendation is a reduction of \$2,270,390,000 below the budget estimate, and is \$529,977,000 less than the appropriation provided in fiscal year 1981.

AUTHORIZATION CHANGES

The Committee recommends the following changes in the budget estimate, in accordance with changes recommended by the authorization conference:

	Budget Request	Committee Recommended	Change from Request
COUNTER SUAWACS TECHNOLOGY PROG.....	9,000	---	-9,000
ADVANCED WARNING SYSTEMS.....	12,400	10,000	-2,400
SPACE SURVEILLANCE TECHNOLOGY.....	28,800	23,800	-5,000
B-52 SQUADRONS.....	124,500	96,000	-28,500
ADVANCED TACTICAL FIGHTER.....	10,100	---	-10,100
EF-111A.....	14,200	9,200	-5,000
NIGHT PRECISION ATTACK.....	59,600	87,600	+28,000
AIR-LAUNCHED ASSAULT BREAKER.....	36,100	24,100	-12,000
F-16 SQUADRONS.....	42,200	57,500	+15,300
SIMULATOR VALIDATION (SIMVAL).....	1,400	---	-1,400
NAVSTAR GPS USER EQUIPMENT.....	166,100	166,000	-100
DEVELOPMENT PLANNING.....	2,200	---	-2,200
ACQUISITION AND COMMAND SUPPORT.....	259,400	253,000	-6,400

COMMITTEE RECOMMENDATIONS

PROGRAM FUNDING ADJUSTMENTS

The budget request included amounts for a number of programs which exceeded by unjustifiably large percentages the amounts provided for fiscal year 1981. The Committee accordingly recommends the following reductions:

[In thousands of dollars thousands of dollars]

	Budget request	Reduction	Recommended
Geophysics.....	34,600	-1,000	33,600
Materials.....	43,300	-3,000	40,300
Aerospace Biotech.....	40,100	-3,000	37,100
Aerospace Avionics.....	63,700	-4,000	59,700
Training/Simulation.....	16,000	-2,000	14,000
Adv Weapons.....	40,300	-2,000	38,300
Conventional Munitions.....	32,800	-1,000	31,800
Comm/Control/Commo.....	67,100	-2,000	65,100
Appl for Info Process.....	5,900	-1,000	4,900

ADVANCED AVIONICS

The Air Forces requested \$17,100,000 for Advanced Avionics. Of the \$15,000,000 provided for this program last year, the Air Force reprogrammed \$4,200,000 for other higher priority purposes. It appears to the Committee that a lesser amount for this program is required. The Committee recommends a total of \$15,000,000 for Advanced Avionics, a reduction of \$2,100,000.

CONVENTIONAL WEAPONS

The Air Force budget request for Conventional Weapons increased by 29 percent between the January and March submittals without satisfactory explanation. The Committee recommends a total of \$21,300,000 for Conventional Weapons, a reduction of \$2,000,000 from the budget request.

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VERY HIGH SPEED INTEGRATED CIRCUITS

The Air Force requested \$50,700,000 for Very High Speed Integrated Circuits (VHSIC). The Committee is informed that this important program is underfunded and recommends \$5,000,000 above the budget. The Committee is further informed that administrative delay has been encountered in transfer of funds by the Air Force needed to support VHSIC. The Committee expects this matter to be resolved promptly, by reprogramming of existing funds if necessary. The funds which have been appropriated for VHSIC are expected to be used for VHSIC.

ADVANCED RADIATION TECHNOLOGY

The Committee is growing increasingly concerned over the large sums being spent on laser technology, and intends to make detailed inquiry into these programs in the future. The Committee recommends \$70,800,000 for Advanced Radiation Technology, a reduction of \$10,000,000 from the budget request.

CIVIL/ENVIRONMENTAL ENGINEERING TECHNOLOGY

The Air Force requested \$100,000 for a study of the climactic survivability of windmills which could be used to power the MX. The Committee recommends a total of \$3,900,000 for Civil/Environmental Engineering Technology, a reduction of \$100,000 from the budget request.

ADVANCED BALLISTIC RE-ENTRY SYSTEMS

The Committee agrees with concerns expressed over providing a stable funding profile for the ABRES program. The Committee recommends a total of \$100,000,000 for ABRES, an increase of \$51,000,000 over the budget request.

LONG RANGE COMBAT AIRCRAFT (B-1)

The Air Force requested \$471,000,000 for Long Range Combat Aircraft (B-1). The Committee's Surveys and Investigations Staff reports that of the \$260,100,000 provided for this program in fiscal year 1981, \$179,100,000 remained unobligated at the end of that fiscal year. Since the Air Force intends to use these funds for tasks to be performed in fiscal year 1982, the budget request can be reduced by a like amount. The Committee recommends a reduction of \$179,100,000 from the budget request, resulting in a recommended total for Long Range Combat Aircraft (B-1) of \$291,900,000.

MX

The Air Force requested \$1,913,200,000 for MX. The rejection by the President of the MPS basing mode has forced the Department to begin anew the analysis of alternatives. Because this examination is expected to take some time, the Committee recommends that further work on the MX be deferred, and that no funds be provided.

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The Committee supports continuing those initiatives intended to improve the Minuteman force, and to begin development of the new Trident D-5 missile.

NEXT GENERATION TRAINER

The Air Force requested \$14,700,000 for Next Generation Trainer, an aircraft intended to replace the T-37 primary trainer. A report submitted by the Air Force which explains why it cannot use the existing Navy T-34C trainer for this purpose is manifestly unsatisfactory. The Air Force is on the threshold of completely revising its training syllabus, and of requesting funds to begin development of a new Tanker Transport Bomber (TTB) trainer. These considerations were omitted from the T-34C evaluation. The Committee is determined that a full and fair evaluation shall be made. The Committee denies the request for funds for Next Generation Trainer. The Committee directs that an assessment be made, using available funds, of the T-34C within the new Air Force training syllabus, and the T-34C's compatibility not only with the T-38 basic trainer, but also the planned TTB trainer. The Air Force should consider getting advice and counsel from an independent organization, such as Program Analysis and Evaluation in OSD, to avoid future appearances of partiality.

OTHER OPERATIONAL EQUIPMENT

The Air Force requested funds for a project to develop tactical shelters, although a family of such shelters is already a DoD standard. The Committee recommends a total of \$12,200,000 for Other Operational Equipment, a reduction of \$1,000,000 from the budget request.

FLIGHT SIMULATOR DEVELOPMENT

The Air Force proposed deleting \$5,200,000 for improving the B-52D flight simulator. Consistent with its decision to deny Air Force proposals to retire B-52D's, the Committee directs that improvements to the B-52D flight simulator be continued. The recommended total for Flight Simulator Development is \$16,500,000.

RAPPORT III

Last year the Committee directed that \$4,500,000 of the funds appropriated for various electronic warfare programs be used to procure and test the RAPPORT III System.

Subsequently the House and Senate appropriations conferees agreed that development tests should be made of the RAPPORT III System in order to provide a full and fair evaluation of the system's ability to meet the requirements of U.S. forces. Funds required to procure test articles and to pay the cost of the tests were to be derived by reprogramming of available funds. To date the Department of Defense has not complied with the directions provided by this Committee and the Senate Appropriations Committee.

The Committee is disturbed and displeased that the direction provided last year has not been undertaken. We reiterate our

position of last year and stress that the Department of Defense should proceed without further delay to procure a limited number of test articles and conduct the necessary tests by reprogramming within available funds.

TACTICAL COMMAND AND CONTROL MODERNIZATION

The Committee is concerned the Air Force has serious deficiencies in its tactical command and control capability which severely impacts on the tactical command and control mission. These deficiencies have been identified by the Air Force and defined within a Required Operational Capability (ROC) and an Air Force Statement of Need (SON) for an improved Tactical Command and Control System (TACS). The Air Force has requested funds in FY 1982 to support equipment that has evolved over the past twenty-five years. The Committee believes the Air Force should expedite meeting the TACS modernization requirement, including full exploitation of other existing service programs in order to maximize savings and operational capability. The Committee expects a full report on Air Force TACS modernization plans, including cost and schedule data relating to reducing acquisition costs.

JOINT TACTICAL COMMUNICATIONS

For reasons explained at the beginning of the RDT&E section of this report, the Committee recommends a reduction of \$3,000,000 for Joint Tactical Communications, resulting in a recommended total of \$25,500,000.

ALTERNATE FIGHTER ENGINE

The Air Force requested \$35,000,000 for Alternate Fighter Engine, to keep the F-101 DFE in advanced development. The Air Force stated in writing on August 24, 1981 that it had no firm requirement, and that no funds were programmed past fiscal year 1982, for this engine. The Committee concludes that more funds beyond the \$82,000,000 already spent are not required and recommends that no fiscal year 1982 funds be provided.

CLASSIFIED PROGRAM ADJUSTMENTS

For reasons explained in the classified annex to this report and in a classified letter to the Secretary of Defense, the Committee recommends adjustments in the following programs:

[In thousands of dollars]

	Budget request	Adjustment	Recommended
Air Launched Cruise Missile.....	69,000	+35,000	104,000
CONUS OTH Radar.....	21,300	-4,000	17,300
Classified, Strategic.....	34,000	+32,400	66,400
Adv Tac Air Recon.....	3,000	-3,000	0
Tactical Fusion Center.....	8,300	-3,000	5,300
Classified, Tactical.....	95,200	+39,900	135,100
Classified, I&C.....	918,733	+16,900	935,633

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PROGRAM SUMMARY

The following schedule shows the budget estimate, the recommended appropriation, and the change from the budget estimate (in thousands of dollars) for fiscal year 1982:

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	Budget Request	Committee Recommended	Change from Request
RESEARCH DEVELOPMENT TEST + EVAL, AIR FORCE			
TECHNOLOGY BASE			
IN-HOUSE LAB INDEPENDENT RESEARCH.....	11,300	11,300	---
DEFENSE RESEARCH SCIENCES.....	139,500	133,500	-6,000
GEOPHYSICS.....	34,600	33,600	-1,000
MATERIALS.....	43,300	40,300	-3,000
AEROSPACE FLIGHT DYNAMICS.....	55,300	55,300	---
AEROSPACE BIOTECHNOLOGY.....	40,100	37,100	-3,000
AEROSPACE PROPULSION.....	54,100	54,100	---
AEROSPACE AVIONICS/VHSI CIRCUITS.....	63,700	59,700	-4,000
TRAINING/SIMULATION TECH.....	16,000	14,000	-2,000
ROCKET PROPULSION.....	34,200	34,200	---
ADVANCED WEAPONS.....	40,300	38,300	-2,000
CONVENTIONAL MUNITIONS.....	32,800	31,800	-1,000
COMMAND/CONTROL/COMMUNICATION.....	67,100	65,100	-2,000
PERS UTILIZATION TECH.....	5,400	5,400	---
TOTAL, TECHNOLOGY BASE.....	637,700	613,700	-24,000
ADVANCED TECHNOLOGY DEVELOPMENT			
ACFT PROPULSION SUBSYS INTEGRATION.....	23,100	23,100	---
ADV AVIONICS FOR ACFT.....	17,100	15,000	-2,100
FLT VEHICLE TECHNOLOGY.....	6,700	6,700	---
RECON SENSORS/PROCESSING TECHNOLOGY.....	4,100	4,100	---
AEROSPACE STRUCTURES/MATERIALS.....	19,500	19,500	---
AVIATION TURBINE FUEL TECHNOLOGY.....	6,800	6,800	---
ADV TURBINE ENGINE GAS GENERATOR.....	33,400	33,400	---
ADVANCED SIMULATOR DEVELOPMENT.....	2,200	2,200	---
ADV FIGHTER TECH INTEGRATION.....	11,900	11,900	---
LINCOLN LABORATORY.....	22,200	22,200	---
ADV HSLC PROPULSION.....	7,200	7,200	---
HYPERVELOCITY MISSILE.....	8,100	8,100	---
VERY HIGH SPEED INTEGRATED CIRCUITS.....	50,700	55,700	+5,000
CONVENTIONAL WEAPONS.....	23,300	21,300	-2,000
ADVANCED RADIATION TECH.....	80,800	70,800	-10,000
CIVIL/ENVIRONMENTAL ENG TECH.....	4,000	3,900	-100
ADVANCED COMPUTER TECHNOLOGY.....	4,800	4,800	---
ELECTRO-OPTICAL WARFARE.....	10,300	10,300	---
COUNTER/COUNTERMEASURES.....	1,900	1,900	---
INNOVATIONS IN EDUCATION/TRAINING.....	2,500	2,500	---
COMB/CNTRL/COMM ADV DEV.....	10,200	10,200	---
MODULAR AUTOMATIC TEST EQUIPMENT.....	20,300	20,300	---
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT.....	371,100	361,900	-9,200
STRATEGIC PROGRAMS			
ADV BALLISTIC RE-ENTRY SYS.....	49,000	100,000	+51,000
COUNTER SUAWACS TECHNOLOGY PROG.....	9,000	---	-9,000
ADVANCED TECHNOLOGY CRUISE MISSILE.....	30,100	30,100	---
HSL SURVEILLANCE TECH.....	13,900	13,900	---
ADVANCED WARNING SYSTEMS.....	12,400	10,000	-2,400
SFACE SURVEILLANCE TECHNOLOGY.....	28,800	23,800	-5,000
SFACE COMMUNICATIONS.....	66,400	66,400	---
SATELLITE SYS SURVIVABILITY.....	11,100	11,100	---
CONUS OVER-THE-HORIZON RADAR.....	4,300	4,300	---
LONG RANGE COMBAT AIRCRAFT.....	471,000	291,900	-179,100
M-X.....	1,913,200	---	-1,913,200
AIR LAUNCHED CRUISE MISSILE.....	69,000	104,000	+35,000
SFACE DEFENSE SYS.....	180,900	180,900	---
SYSTEMS SURVIVABILITY (NUC AFFECTS).....	12,100	12,100	---
B-52 SQUADRONS.....	124,500	96,000	-28,500
KC-135 SQUADRONS.....	31,900	31,900	---
MINUTEMAN SQUADRONS.....	14,200	14,200	---
POST ATTACK COMB/CNTRL SYS.....	9,400	9,400	---
SAC COMMUNICATIONS.....	29,500	29,500	---
WMCCS ADF-NORAD/ADCOM.....	2,400	2,400	---
NORAD CDC.....	23,600	23,600	---
JOINT SURVEILLANCE SYSTEM.....	1,300	1,300	---
SURVEILL RADAR STATIONS/SITES.....	4,300	4,300	---

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CONUS OVER-THE-HORIZON RADAR.....	21,300	17,300	-4,000
BALLISTIC MSL EARLY WNG SYSTEM.....	12,800	12,800	---
SPACETRACK.....	8,000	8,000	---
DEFENSE SUPPORT PROGRAM.....	146,300	146,300	---
INTEG OPERATIONAL NUDETS DETECT SYS.....	7,000	7,000	---
SPACE DEFENSE OPS.....	1,100	1,100	---
MINIMUM ESSENTIAL EMER COMM NETWORK.....	45,600	45,600	---
AIR FORCE SAT COMM SYS.....	50,100	50,100	---
SATELLITE DATA SYSTEM.....	28,500	28,500	---
CLASSIFIED PROGRAMS.....	34,000	66,400	+32,400
TOTAL, STRATEGIC PROGRAMS.....	3,467,000	1,444,200	-2,022,800

TACTICAL PROGRAMS

NEXT GENERATION TRAINER ACFT.....	14,700	---	-14,700
ADVANCED TACTICAL FIGHTER.....	10,100	---	-10,100
ADV TACTICAL AIR RECONNAISSANCE SYS.....	3,000	---	-3,000
ACFT NON-NUCLEAR SURVIVABILITY.....	1,600	1,600	---
NIGHT ATTACK PROGRAM.....	3,100	3,100	---
ADVANCED SYSTEM INTEGRATION DEMO.....	6,800	6,800	---
ADV MSL SUBSYSTEMS DEMONSTRATION.....	5,900	5,900	---
ADV MED RANGE A-A MSL.....	1,300	1,300	---
ADV ATTACK WEAPONS.....	55,400	55,400	---
DOD PHYSICAL SECURITY EQ-EXTERIOR.....	1,000	1,000	---
ELECTRONIC WARFARE TECHNOLOGY.....	11,800	11,800	---
ADVANCED COMMUNICATIONS TECHNOLOGY.....	5,300	5,300	---
ADV DRONE/REMOTELY PILOTED VEH DEV.....	2,800	2,800	---
TACTICAL IDENTIFICATION SYSTEM.....	8,500	8,500	---
CHEMICAL WARFARE DEFENSE.....	4,000	4,000	---
PAVE MOVER.....	5,200	5,200	---
ACFT AVIONICS EQUIPMENT DEVELOPMENT.....	13,100	13,100	---
AIRCRAFT EQUIPMENT DEV.....	2,200	2,200	---
ENGINE MODEL DERIVATIVE PROG.....	25,100	25,100	---
INTEGRATED DIGITAL AVIONICS.....	2,100	2,100	---
EF-111A.....	14,200	9,200	-5,000
NUCLEAR WEAPONS SUPPORT.....	1,700	1,700	---
C-X PROGRAM.....	169,700	---	-169,700
NIGHT PRECISION ATTACK.....	59,600	87,600	+28,000
ACFT ENGINE COMPONENT IMPROVE PROG.....	122,500	122,500	---
ADV MED RANGE AIR-TO-AIR MSL.....	138,600	138,600	---
TACTICAL FUSION CENTERS.....	8,300	5,300	-3,000
GRD LAUNCHED CRUISE MSL.....	80,367	80,367	---
C/B DEFENSE EQUIPMENT.....	8,800	8,800	---
ARMAMENT ORDNANCE DEVELOPMENT.....	25,300	25,300	---
WIDE-AREA ANTI-ARMOR MUNITION.....	20,800	20,800	---
CLOSE AIR SUPPORT WEAPONS SYSTEM.....	14,600	14,600	---
LOW LEVEL LASER GUIDED BOMB.....	8,300	8,300	---
ADV CONVENTIONAL STAND-OFF MSL.....	49,100	49,100	---
AIR-LAUNCHED ASSAULT BREAKER.....	36,100	24,100	-12,000
LIFE SUPPORT SYSTEM.....	11,000	11,000	---
WEATHER SYSTEMS.....	3,800	3,800	---
OTHER OPERATIONAL EQUIPMENT.....	13,200	12,200	-1,000
RECONNAISSANCE EQUIPMENT.....	11,400	11,400	---
DOD PHYSICAL SECURITY EQ-EXTERIOR.....	7,900	7,900	---
TAC C3 COUNTER-MEASURES.....	12,100	12,100	---
ACFT IDENTIFICATION SYSTEMS.....	12,200	12,200	---
SURFACE DEF SUPPRESSION.....	9,600	9,600	---
AIRBORNE SELF-PROTECTION JAMMER.....	54,300	54,300	---
PROTECTIVE SYSTEMS.....	108,900	108,900	---
TACTICAL PROTECTIVE SYSTEMS.....	23,800	23,800	---
APPL FOR INFO PROCESSING TECH.....	5,900	4,900	-1,000
PRECISION LOCATION STRIKE SYSTEM.....	81,200	81,200	---
EXPENDABLE DRONES.....	8,500	8,500	---
INTELLIGENCE EQUIPMENT.....	14,800	14,800	---
INTRA-THEATRE IMAGING SYSTEM.....	500	500	---
COMBAT HELICOPTER MOD (H-X).....	18,900	18,900	---
JT TAC INFO DIST SYS.....	85,600	85,600	---
SIDE LOOKING AIRBORNE RADAR (SLAR).....	29,200	29,200	---
JT INTEROPERABILITY TAC CMD/CNTRL.....	7,500	7,500	---
F-4 SQUADRONS.....	6,300	6,300	---
F-111 SQUADRONS.....	2,700	2,700	---
F-15 SQUADRONS.....	57,100	29,800	-27,300
A-10 SQUADRONS.....	14,000	14,000	---
F-16 SQUADRONS.....	42,200	57,500	+15,300
TACTICAL AGM MISSILES.....	4,300	4,300	---
TACTICAL SURVEILLANCE SYS.....	300	300	---

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OVERSEAS AIR WEAPON CONT SYS.....	2,300	2,300	---
TACTICAL AIR CONTROL SYSTEM.....	1,200	1,200	---
TAC AIRBORNE COMB/CNTRL SYS.....	52,600	52,600	---
ADV COMM SYS.....	50,600	50,600	---
TAC AIR INTELL SYS ACTYS.....	9,100	9,100	---
AMRAAM OPER UTILITY EVAL.....	3,100	3,100	---
JT TACTICAL COMM PROG (TRI-TAC).....	28,500	25,500	-3,000
SIMULATOR VALIDATION (SIMVAL).....	1,400	---	-1,400
C-130 AIRLIFT SQUADRONS (IF).....	15,000	15,000	---
C-5 AIRLIFT SQUADRONS (IF).....	15,600	15,600	---
CLASSIFIED PROGRAMS.....	95,200	135,100	+39,900
TOTAL, TACTICAL PROGRAMS.....	1,862,767	1,694,767	-168,000
=====			
INTELLIGENCE AND COMMUNICATIONS			
WWWCCS ARCHITECTURE.....	9,000	9,000	---
NAVSTAR GPS USER EQUIPMENT.....	166,100	166,000	-100
AIRCRAFT NAVIGATION SYS VERIF.....	1,700	1,700	---
DEFENSE DISSEMINATION SYSTEMS.....	1,700	1,700	---
JNFRARED PROCESSING + EXPLOITATION.....	2,400	2,400	---
MISSILE AND SPACE TECH COLLECTION.....	15,700	15,700	---
FOREST GREEN.....	21,200	21,200	---
INTEG OPERATIONAL NUDETS DETECT SYS.....	4,500	4,500	---
DEF SATELLITE COMM SYS.....	40,300	40,300	---
LONG-HAUL COMMUNICATIONS (DCS).....	8,000	8,000	---
ELECTROMAG COMPATIBILITY ANAL CTR.....	6,900	6,900	---
COMMUNICATIONS SECURITY.....	1,600	1,600	---
TRAFFIC CNTRL/APPROACH/LANDING SYS.....	5,300	5,300	---
CLASSIFIED PROGRAMS.....	918,733	935,633	+16,900
TOTAL, INTELLIGENCE AND COMMUNICATIONS.....	1,203,133	1,219,933	+16,800
=====			
DEFENSEWIDE MISSION SUPPORT			
DEVELOPMENT PLANNING.....	2,200	---	-2,200
DOD COMMON PROG LANGUAGE(ADA)ADV DEV.....	7,000	7,000	---
SPACE TEST PROGRAM.....	42,800	42,800	---
WEATHER SYSTEMS.....	2,900	2,900	---
ADV AERIAL TARGETS DEV.....	12,300	12,300	---
ALTERNATE FIGHTER ENGINE.....	35,000	---	-35,000
FLIGHT SIMULATOR DEVELOPMENT.....	11,300	11,300	---
SPACE SHUTTLE.....	266,000	266,000	---
IMPROVED CAPABILITY FOR OTE.....	22,700	22,700	---
ELECTROMAG RADIATION TEST FACIL.....	3,100	3,100	---
PROJECT AIR FORCE.....	13,800	13,800	---
ACQ/COMB SPT - TELECOM.....	4,700	4,700	---
ENVIRONMENTAL EPIDEMIOLOGY.....	3,900	3,900	---
ACQUISITION AND COMMAND SUPPORT.....	259,400	253,000	-6,400
TEST AND EVALUATION SPT.....	365,500	365,500	---
ADV SYS ENGINEERING/PLAN.....	5,000	5,000	---
INSTL AUDIOVISUAL SPT (R/D).....	5,800	5,800	---
MGT HQ (RESEARCH/DEV).....	22,900	22,900	---
SATELLITE CONTROL FACILITY.....	67,900	67,900	---
SPACE BOOSTERS.....	19,300	19,300	---
CONSOLIDATED SPACE OPERATIONS CENTER.....	19,500	19,500	---
DEF METEOROLOGICAL SATELLITE PROG.....	47,400	47,400	---
SPACE LAUNCH SUPPORT.....	39,700	39,700	---
UTAH TESTING + TRAINING RANGE.....	1,800	1,800	---
PRODUCT/RELIABLE/AVAIL/MAINTAIN PROG.....	9,200	9,200	---
INTERNATIONAL ACTIVITIES.....	2,600	2,600	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	1,293,700	1,250,100	-43,600
=====			
FUEL PRICE ADJUSTMENT.....	---	-3,000	-3,000
AUDIO-VISUAL ADJUSTMENT.....	---	-4,190	-4,190
REDUCTION, INFLATION/OFFSETS.....	-12,000	-12,000	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	-12,400	-12,400
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, AIR FORCE.....	8,823,400	6,553,010	-2,270,390
=====			

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES

Appropriation, 1981	\$1,298,948,000
New Obligational Authority, 1982:	
Estimate	1,789,000,000
Recommended	1,613,204,000
Reduction	175,796,000

The Committee recommends an appropriation of \$1,613,204,000 for the Research, Development, Test and Evaluation activities of the Defense Agencies in fiscal year 1982. The recommended amount is a reduction of \$175,796,000 below the budget estimate, and is \$314,256,000 more than the appropriation provided in fiscal year 1981.

COMMITTEE RECOMMENDATIONS

EXPERIMENTAL EVALUATION

The budget request for Experimental Evaluation of Major Innovative Technology included \$42,000,000 for a Korean Upgrade project which the Committee denies. The total costs of this project are unknown, its benefits uncertain, and its relationship to DARPA's mission questionable. The budget request also included \$23,400,000 for work related to IMAAWS, a program cancelled by the Army. The Committee recommends that \$10,000,000 be provided for this project for advanced seeker work. In summary, the Committee recommends a total \$216,340,000 for this program.

DEFENSE NUCLEAR AGENCY

Total funding requested for Defense Nuclear Agency is an increase of 43 percent over last year. Between the January and September budget submissions, the request increased by \$53,000,000 with little substantiation beyond statements that costs had gone up. The Committee recommends a total of \$230,000,000 for Defense Nuclear Agency, a reduction of \$58,078,000 from the budget request.

TRANSFERS FROM O&M

Funds are transferred to the following programs from Operations and Maintenance to realign resources needed for WWMCCS modernization

[In thousands of dollars]

	Budget	Change	Recommended
NMCS-Wide Support	7,713	+1,600	9,313
WWMCCS ADP	12,814	+1,500	14,314
WWMCCS Sys Eng	45,052	+4,400	49,452

In addition, \$500,000 is added to Long Haul Communications.

LONG HAUL COMMUNICATIONS

The Committee recommends a net reduction of \$1,500,000 for Long Haul Communications, Defense Communications Agency. The net reduction includes an increase of \$500,000 for Increased Circuit Reliability which is transferred from O&M, Air Force to RDT&E, Defense Agencies. A decrease of \$500,000 is recommended for PD-53 NCS. The Committee remains open minded about the future of this program, but does not want to start any major initiatives in this area prior to analyzing the recommendations pending a review of the program by the Committee's S&I Staff. A decrease of \$1,500,000 should be allocated among the various subprograms in this activity.

The recommended total for this program is \$18,050,000.

DEFENSE MAPPING AGENCY

The Committee recommends a reduction of \$4,418,000 requested for MX surveys, and a recoupment of \$583,000 provided in the Fiscal Year 1981 supplemental for MX surveys. Also, an addition of \$1,000,000 is recommended for reasons explained in the classified annex to this report. The recommended total for Defense Mapping Agency is \$21,905,000.

INFORMATION ANALYSIS CENTERS

The budget request for this program was 30 percent higher than last year, although the same workload is to be done. The Committee recommends a total of \$3,200,000 for Information Analysis Centers, a reduction of \$687,000 from the budget request.

AUTHORIZATION REDUCTION, OSD AND OASD

The Committee recommends a reduction of \$7,103,000 to be applied to OSD and OASD activities, in accordance with the authorization conference.

PROGRAM SUMMARY

The following schedule shows the budget estimate, the recommended appropriation, and the change from the budget estimate (in thousands of dollars) for fiscal year 1982:

	Budget Request	Committee Recommended	Change from Request
RESEARCH DEVELOPMENT TEST + EVAL, DEF AGENCIES			
TECHNOLOGY BASE			
DEFENSE RESEARCH SCIENCES.....	94,400	89,400	-5,000
IN-HOUSE LAB INDEPENDENT RESEARCH.....	1,650	1,650	---
TECHNICAL STUDIES.....	3,000	3,000	---
STRATEGIC TECHNOLOGY.....	145,831	145,831	---
TACTICAL TECHNOLOGY.....	81,695	81,695	---
PARTICLE BEAM TECHNOLOGY.....	29,000	29,000	---
INTEGRATED COMD/CONTROL TECH.....	41,600	41,600	---
EXPERIMENTAL EVAL MAJ INNOVATIVE TECH.....	273,340	216,340	-57,000
MATERIALS PROCESSING TECH.....	13,500	13,500	---
NUCLEAR MONITORING.....	15,600	15,600	---
DEFENSE NUCLEAR AGENCY.....	288,078	230,000	-58,078
TOTAL, TECHNOLOGY BASE.....	987,694	867,616	-120,078
STRATEGIC PROGRAMS			
WMCCS ARCHITECTURE.....	1,170	1,170	---
CINC C2 INITIATIVES.....	2,729	2,729	---
NMCS-WIDE SUPPORT.....	7,713	9,313	+1,600
WMCCS ADF-JTSA.....	12,814	14,314	+1,500
WMCCS SYSTEM ENGINEER.....	45,052	49,452	+4,400
MINIMUM ESSENTIAL EMER COMM NETWORK.....	6,507	6,507	---
WMCCS INFORMATION SYSTEM.....	3,899	3,899	---
TOTAL, STRATEGIC PROGRAMS.....	79,884	87,384	+7,500
INTELLIGENCE AND COMMUNICATIONS			
MAP/CHART/GEODESY INV/PROTOTYPE DEV.....	19,810	15,808	-4,002
MAP/CHART/GEODESY ENGR DEV/TEST.....	6,097	6,097	---
LONG-HAUL COMMUNICATIONS (DCS).....	19,550	18,050	-1,500
CLASSIFIED PROGRAMS.....	623,580	576,154	-47,426
TOTAL, INTELLIGENCE AND COMMUNICATIONS.....	669,037	616,109	-52,928
DEFENSEWIDE MISSION SUPPORT			
TECHNICAL SUPPORT TO USDR/E.....	14,539	14,539	---
GENERAL SUPPORT FOR PA/E.....	3,181	3,181	---
GENERAL SUPPORT FOR ISA.....	4,114	4,114	---
GENERAL SUPPORT FOR NET ASSESSMENT.....	3,634	3,634	---
GENERAL SUPPORT FOR MRA/L.....	2,635	2,635	---
DEFENSE TECHNICAL INFO CENTER.....	14,619	14,619	---
INFORMATION ANALYSIS CENTERS.....	3,887	3,200	-687
MGT HQ (RESEARCH/DEVELOPMENT).....	7,776	7,776	---
AUTHORIZATION REDUCTION, OSD AND OASD.....	---	-7,103	-7,103
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	54,385	46,595	-7,790
REDUCTION, INFLATION/OFFSETS.....	-2,000	-2,000	---
ARMY GUARD AND RESERVE EQUIPMENT TRANSFER.....	---	-2,500	-2,500
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, DEFENSE AGENCIES.....	1,789,000	1,613,204	-175,796

DIRECTOR OF TEST AND EVALUATION, DEFENSE

Appropriation, 1981.....	\$42,100,000
Estimate, 1982.....	53,000,000
Recommended in the bill.....	53,000,000

The Committee recommends the appropriation of \$53,000,000 for the activities of the Director of Test and Evaluation in fiscal year 1982.

TITLE VI

SPECIAL FOREIGN CURRENCY PROGRAM

Appropriation, 1981.....	\$2,760,000
Estimate, 1982.....	3,083,000
Recommended in the bill	3,083,000

The new obligational authority recommended in the bill is \$323,000 more than the amount provided in fiscal year 1981.

The special foreign currency appropriation provides dollars to be used exclusively for the purchase from the Treasury of excess foreign currencies which are used in the financing of programs of benefit to the Department of Defense. Such expenditures are authorized by 80 Stat. 990.

TITLE VII

GENERAL PROVISIONS

The accompanying bill includes 91 general provisions. Of these provisions, 68 were included in the Department of Defense Appropriation Bill for fiscal year 1981 and many have been included in the Defense Appropriation Act for a number of years. Of the 76 general provisions contained in the Act for fiscal year 1981, eight have been deleted. Twenty-three new provisions have been added to the bill for fiscal year 1982.

The action taken on the various budget recommended proposals regarding the general provisions carried in the bill and other changes being recommended by the Committee are discussed below:

AVAILABILITY OF APPROPRIATIONS

The committee agrees to a new subsection (m) in Section 708, as proposed in the budget, which would allow payments for depot maintenance contracts for 12 months beginning at any time during the fiscal year.

The committee recommends a new subsection (n) in Section 708, which allows payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal years provided the Secretary of Defense notifies Congress prior to obligation of such payment.

The committee recommends a new subsection (o) in Section 708, which allows for payments from annual appropriations to industrial fund activities and/or under contract for changes in scope of ship overhaul, maintenance, and repair after expiration of such appropriations, for such work either inducted into the industrial fund activities or contracted for in that fiscal year.

The committee agrees to delete subsection (k) in Section 709, as proposed in the budget, because availability of appropriations for expenses of arrangements with foreign governments for cryptologic support is now permanent law.

OPERATING MESSES

The committee agrees to delete, as proposed in the budget, the section which provided funds to be available for operating expenses of messes because it is contained in permanent law.

LIMITATION ON CONVERSIONS OF HEATING PLANTS IN EUROPE

The budget requested the deletion of the proviso contained in Section 719 which prohibited the conversion of heating plants from coal to oil at defense facilities in Europe. The committee recommends restoring the proviso in section 719 and also restores section 737.

PROCUREMENT LIMITATIONS

The committee recommends additional language in Section 723 which prohibited the military clothing sales stores from purchasing option uniform items from foreign manufacturers.

The budget requested the deletion of the test program for exceptions of payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations for certain contracts not involving fuel by the Defense Logistics Agency. The committee recommends restoring the above language but changed the cumulative value to \$5 billion.

LEGISLATIVE LIAISON ACTIVITIES

The budget proposed to increase the amount authorized for legislative liaison activities from \$7.5 million last year to \$8 million. The committee did not agree to such change.

TRANSFER OF FUNDS

The Department of Defense Appropriation Act has for a number of years contained a provision allowing for the transfer of funds between the various appropriation accounts. Section 733 of the accompanying bill continues this provision in fiscal year 1982.

Prior to 1972, the transfer of funds was restricted to appropriations in the Act. Between 1972 and 1978 the provision was changed so that transfers were permitted from any funds available to the Department of Defense. In fiscal year 1979, the Congress reverted to the original language by reinserting the words "in this Act." This was done because the Department had been using this provision to give new life to funds about to expire and initiate development and procurement programs, contrary to the intent of Congress.

For the past three years, the budget has proposed that the words "in this Act" be deleted. The Committee recommends again this year that the words "in this Act" be retained in order to maintain discipline in budget execution and avoid the abuses of the past.

In fiscal year 1982, the budget also proposed that the ceiling on total transfers be raised from \$750,000,000 to \$1,000,000,000. The Committee likewise recommends denial of this request. Section 733 of the accompanying bill retains the \$750,000,000 limitation.

FEDERAL EMPLOYEES COMPENSATION FUND

The budget proposed the deletion of this general provision which placed a limitation on the amount of Defense funds that can be paid to the fund. The committee recommends restoring the general provision but increased the amount from \$192.8 million to \$206.1 million.

CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES

The committee recommends a proviso to section 741 which allows personnel who have separate health insurance coverage covering 75 percent to utilize CHAMPUS benefits in lieu of seeking a waiver

from using a military medical facility within a 40-mile radius of the patient's residence.

The committee agrees to delete language, as proposed in the budget, which authorized a test program to determine whether it is cost effective to allow direct, independent reimbursement to certified psychiatric nurses, other than certified nurse practitioners, and certified clinical social workers.

The committee recommends deleting a section which permitted a test to evaluate a capitation approach to providing medical care because the test has been completed.

DISPOSITION OF FREE ASSETS

Since fiscal year 1978, the Department of Defense Appropriation Act has had a general provision requiring the deposit of free assets in the Treasury as miscellaneous receipts. Free assets are receipts received by the Department as a result of sales of military equipment (usually to a foreign customer) which does not have to be replaced. The fiscal year 1982 budget proposed that the phrase "unless provided by statute enacted during the First Session of the Ninety-seventh Congress" be inserted. This was consistent with an Administration proposal to use free assets to buy additional equipment for future foreign sales. The Committee has serious reservations about the advisability of such a proposal on the grounds of budget control and backdoor spending. In addition, it is highly doubtful that the proposed legislation will be enacted in the remaining days of this session. Therefore, the Committee recommends denial of the proposed change. The language in Section 748 of the accompanying bill is identical to that included in appropriation acts since 1978.

SENIOR RESERVE OFFICERS' TRAINING CORPS

The committee agrees to change the wording of section 749, as proposed in the budget, because required standards were revised during fiscal year 1981.

COMPETITIVE RATE PROGRAM

The committee agrees to delete, as proposed in the budget, the general provision which prohibited the expansion of the competitive rate program to Alaska and Hawaii.

CENTRAL INTELLIGENCE AGENCY FUND AVAILABILITY

The committee recommends amending section 752 to allow funds appropriated for the Reserve to remain available until September 30, 1983.

DEFENSE PRODUCTION ACT LOAN GUARANTEES

The budget proposed the deletion of the general provision which permitted the Department to make guarantees and requested similar language under the new heading "Defense Production Guarantees." The committee again sees no reason for this change and recommends the retention of section 755.

UNDERGRADUATE HELICOPTER PILOT TRAINING

The committee agrees to delete, as proposed in the budget, the general provision prohibiting funds for the consolidation or realignment of advanced or undergraduate pilot training squadrons of the Navy. There are no proposals pending to consolidate or realign such training.

OBLIGATIONS INCURRED IN ANTICIPATION OF APPROPRIATIONS

The committee recommends continuation of the general provision, section 756, which states that all obligations incurred in anticipation of the appropriations and authorized provided in this Act are hereby ratified and confirmed if otherwise in accordance with the provisions of the Act. The budget requested the deletion of this language, but the committee recommends restoring it because the fiscal year 1982 bill did not become law prior to the beginning of the fiscal year.

ABORTION

The committee agrees to the more restrictive language which allows abortions only if the life of the mother would be endangered if the fetus were carried to term, as proposed in the budget.

DISABILITY RETIREMENTS

The committee agreed to the deletion, as proposed in the budget, of this provision which prohibited the payment of a military disability annuity to anyone who retired from both military and civilian positions for the same disability because it is now permanent law.

INSIGNIA RESALE

The Committee does not agree to the budget proposal to delete the general provision which requires the Department to charge a fair market price for items of insignia purchased by the Department of Defense for resale.

AUDITS

The committee does not agree to the budget proposal to delete the general provision which requires all new audit on expenditures be resolved within six months after completing initial audit report.

FEDERAL REPUBLIC OF GERMANY CLAIMS

The committee does not agree to the budget proposal to delete the general provision which prohibits funding of anticipatory possession compensation claims between the United States and the Federal Republic of Germany, other than those listed in a 1973 agreement.

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DEBT COLLECTION

The committee does not agree to the budget proposal which instructs the Department to improve collection of overdue debts owed the United States.

MEDICAL CARE FOR FOREIGN NATIONALS

The committee does not agree to the budget proposal to delete the general provision which prohibits funds for medical care in the United States on an inpatient basis for foreign military and diplomatic personnel and their dependents.

FOREIGN CURRENCY FLUCTUATIONS, DEFENSE

The committee agrees to delete the general provision, as proposed in the budget, which removed the military personnel accounts from coverage by the Foreign Currency Fluctuations, Defense appropriation because it is now permanent law.

SECOND CAREER TRAINING

The committee does not agree to the budget proposal to change the general provision which prohibits funds for second career training of air traffic controllers under Public Law 96-347.

DEMILITARIZATION OF SMALL FIREARMS

The committee does not agree to the budget proposal to delete the general provision which prohibits funds for the purposes of demilitarization of small firearms.

DOD TEACHERS

The committee agrees, as proposed in the budget, to add a general provision (Section 769) which would prevent paying for an increased salary based upon a teacher having obtained an education level of fifteen additional hours of education beyond a bachelor's degree.

The committee agrees, as proposed in the budget, to add a general provision (Section 770) which would impose a 4.8 percent pay cap on the teachers in the school system during the school year 1981-82.

The committee recommends a general provision (Section 771) which would prevent an adjustment in teachers' pay in excess of 4.8 percent for August and September 1981, the first two months of the 1981-82 school year, as proposed in the budget. However, the committee changed the wording to include the months August through December 1981.

KENNEBEC ARSENAL

The committee agrees to delete, as proposed in the budget, a general provision which gave this property to the State of Maine for public purposes because it became permanent law.

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CASH AWARDS

The committee agrees to delete, as proposed in the budget, the general provision which allowed cash awards to be paid not withstanding a member's death, separation, or retirement from the Armed Forces because it is now permanent law.

MULTIYEAR CONTRACTS

The committee recommends a new general provision (Section 772) which would insure the committee's full participation in decisions to initiate multiyear contracts for major weapons systems.

SHIPBUILDING INSURANCE CLAIMS

The committee recommends a new general provision (Section 773) which would eliminate the loopholes in the language contained in the FY 1981 supplemental act which precluded funds appropriated from being available to reimburse defense contractors for the cost of commercial insurance which would cover the cost of correcting the contractors' own defects in materials and workmanship incident to the normal course of construction.

SUBSISTENCE DOUBLE PAYMENTS

The committee recommends a new general provision (Section 774) which would permit full reimbursement of subsistence expenses to enlisted personnel in a travel status while prohibiting double payment for the same expenses.

RETIREMENT ROUNDING

The committee recommends a new general provision (Section 775) which would round military retirement service credit to the nearest month for any portion of a year in excess of six months.

STANDARD LEVEL USER CHARGE

The committee recommends a new general provision (Section 776) which would limit rental reimbursement to the General Services Administration to 50 percent of the Standard Level User Charge.

MILITARY RETIRED PAY CALCULATION

The committee recommends a new general provision (Section 777) which would exclude the 5.2 percent active duty catch-up raise from the base for calculating military retired pay.

PAY CAP FOR GUARD AND RESERVE TECHNICIANS

The committee recommends a new general provision (Section 778) which would exclude the pay of Guard and Reserve technicians to \$50,112 annually. This is the same level at which all other government employees are capped.

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FOREIGN MILITARY SALES WAIVERS

The committee recommends a new general provision (Section 779) which would require the Department of Defense to notify the Appropriations Committees before they waive RDT&E or other non-recurring costs related to a foreign military sale.

PAY RATE CONTINUATION

The committee recommends a new general provision (Section 780) which would prohibit an employee who has been working in Alaska or Hawaii and who is transferred or reassigned to the United States from continuing to receive the higher Alaska or Hawaii pay rate for two additional years.

FOREIGN NATIONAL HIRES

The committee recommends a new general provision (Section 781) which would prohibit giving foreign nationals priority over United States citizens living in a foreign country in filling vacant positions.

PREPOSITIONED EQUIPMENT CONFIGURED IN UNIT SETS (POMCUS)

The committee recommends a new general provision (Section 782) to insure that the two additional division sets of Army equipment will not be placed in storage in Europe.

ARMY MEDICAL INTELLIGENCE AND INFORMATION AGENCY

The committee recommends a new general provision (Section 783) to prohibit the operation of the Army Medical Intelligence and Information Agency after September 1, 1982.

DEPENDENTS SCHOOLS

The committee recommends a new general provision (Section 784) which would insure the status quo is maintained with respect to the Department of Defense dependents school system pending Congressional action on the proposal to repeal the transfer of the system to the Department of Education. The provision would prohibit funding of the activities of the Advisory Council on Dependents' Education.

The committee recommends a new general provision (Section 785) which would insure that the Secretary of Defense is charged to administer the funds provided for operation of section 6 schools.

WAGE BOARD RATES

The committee recommends a new general provision (Section 786) which would allow wage board employees in the Wichita, Kansas, area to have their wages fully updated after the current wage survey is completed.

LEASE OF AIRCRAFT

The committee recommends a new general provision (Section 787) which would permit the Department to lease no more than six aircraft as suitable replacements for C-140 aircraft.

TRANSFER OF EQUIPMENT TO FOREIGN COUNTRY

The committee recommends a new general provision (Section 788) which would prohibit the transfer of any article of military equipment or data related to the manufacture of such equipment to a foreign country prior to the approval in writing by the secretary of the military service involved.

SINGLE MANAGER FOR CONVENTIONAL AMMUNITION

The Committee has included a new general provision (Sec. 789) which requires the Single Manager for Conventional Ammunition to operate only under a Phase II directive after January 1, 1982. This provision is further discussed at the beginning of the procurement section of this report.

PROCUREMENT OF FOREIGN ADMINISTRATIVE USE VEHICLES

The Committee has included a general provision (Sec. 790) directing the Department of Defense to purchase vehicles for its administrative use fleet by competitive bidding without differential in favor of foreign manufacturers. This provision applies to all procurement contracts in excess of \$50,000. The provision will give the opportunity to bid for such work to companies who manufacture, assemble and produce such vehicles in the United States or Canada.

CONSULTING SERVICE THROUGH PROCUREMENT CONTRACT

The Committee recommends a new general provision (Section 791) which would require any consulting service through procurement contract shall be limited to contracts where such expenditures are available for public record, except if otherwise provided for under existing law or executive order.

**TITLE VIII
RELATED AGENCIES**

INTELLIGENCE COMMUNITY STAFF

Appropriations, 1981.....	\$18,271,000
New Obligational Authority, 1982:	
Estimate.....	13,563,000
Recommended.....	12,563,000
Decrease.....	1,000,000

The organization of the Intelligence Community Staff (ICS) was approved by the President and the Congress by the process of reprogramming fiscal year 1978 resources and by amending the fiscal year 1979 budget. Final approval came with passage of the fiscal year 1979 Department of Defense Appropriations bill which explicitly provided funds and manpower levels for the Intelligence Community Staff. That bill was signed into law by the President on September 18, 1978. The ICS provides the Director of Central Intelligence with staff assistance to carry out his intelligence community responsibilities.

The amended fiscal year 1982 budget for the Intelligence Community Staff totals \$13,563,000 and 230 positions. Congress subsequently authorized only 220 positions for fiscal year 1982. The amount appropriated in fiscal year 1981 was \$17,824,000 at which time the ICS was authorized 245 positions.

During the past year, the Committee's Surveys and Investigations Staff conducted an in-depth review of the ICS organization, its activities and responsibilities. A report was rendered under date of July 1, 1981, at which time a reorganization of the ICS was then taking place. The report was rather critical of the ICS, and the investigations staff was astonished at the disdain for the ICS held by the rest of the intelligence community.

From a personnel standpoint, the ICS has never reached the level of its 245 authorized positions. The highest number of employees was 225 reached in September 1980. At the end of June and July 1981, it had an on-board strength of 201; at the end of August 1981, there were 203 personnel on board. The latest report indicated that at the end of September 1981, the on-board strength was 205 personnel.

The reorganization of the ICS was completed October 1, 1981, at which time the Resource Management Staff and National Collection Planning Staff were eliminated. Other organizational changes and consolidations were made, and the authorized level was set at 230 personnel, even though only 220 personnel were authorized for fiscal year 1982 by Congress. The ICS reorganization was completed too late in the year for the Committee to conduct a hearing to determine if the asserted shortcomings of the ICS were corrected by the recent reorganization. One would assume, however, that with the elimination of prior staffs and realignment of others, a reduction of more than 15 positions could be realized if there were

any successful efforts made to streamline certain functional organizations within the ICS.

The Committee has recommended funding for 200 positions in the ICS for fiscal year 1982. This is the approximate level of on-board strength the ICS has experienced since May 1981. To accommodate this level, the Committee recommends an appropriation of \$12,563,000, which includes \$7,948,000 for personnel costs, \$2,265,000 for external contracts, and \$2,350,000 for other costs, a reduction of \$1,000,000 from the amended fiscal year 1982 budget. The Committee has directed its Surveys and Investigations Staff to reevaluate the current ICS structure and functions to determine whether or not the deficiencies noted in the July 1, 1981 report have been addressed and corrected by the reorganization, and whether or not the ICS does in fact require more than 200 personnel.

**CENTRAL INTELLIGENCE AGENCY RETIREMENT AND
DISABILITY SYSTEM FUND**

Appropriations, 1981.....	\$55,300,000
New Obligational Authority, 1982:	
Estimate.....	84,600,000
Recommended.....	84,600,000

The Committee recommends \$84,600,000, the budget request, for the Central Intelligence Agency (CIA) Retirement and Disability System Fund. The CIA Retirement Act of 1964 for Certain Employees (P.L. 88-643, October 3, 1964) authorized the establishment of a CIA Retirement and Disability System for a limited number of CIA employees, and authorized the establishment and maintenance of a Fund from which benefits would be paid to qualified beneficiaries.

Payments to this Fund in fiscal year 1977 totalled \$28,300,000. The current request is \$29,300,000 above the fiscal year 1981 appropriation of \$55,300,000. It is estimated that payments to this Fund will total \$120,000,000 by fiscal year 1986. These annual payments are mandated by law and are beyond the control of the Committee.

INTELLIGENCE AND INTELLIGENCE RELATED ACTIVITIES

The Committee reviews the intelligence and intelligence related activities budgets with the same degree of intensity as that afforded other portions of the Department of Defense (DOD) budget. Because of the highly sensitive nature of these activities, the results of the Committee's budget review are published in a separate classified annex to this report. The classified annex is as detailed and comprehensive as this report which accompanies the fiscal year 1982 DOD Appropriations bill. The intelligence community is expected to comply with the recommendations and direction in the classified annex with the same degree of compliance afforded this report and previous reports accompanying DOD appropriation bills.

COMMITTEE'S OVERSIGHT FUNCTION

In pursuing its oversight function in the intelligence and intelligence related activities areas, the Committee held numerous separate hearings and briefings which comprised several thousand pages of transcript and written responses for the record relating to those hearings. Also, there were several hundred pages of written responses for the record not related to any specific hearing.

Additionally, the Committee has relied heavily on its Surveys and Investigations Staff to augment and complement this oversight responsibility. During 1981 a total of 16 separate study reports and four memoranda were submitted by the Committee's investigative staff. These 16 studies involved 17 investigators and 133 man-months of effort. These reports were utilized extensively during the Committee's review of the fiscal year 1982 intelligence and intelligence related activities budgets. Prior to our hearings on the fiscal year 1982 budget, the Committee made available to the intelligence community copies of 13 current study reports, and the three remaining studies will be released to the intelligence community in the next few weeks.

The Committee continues to be convinced that an intensive investigative effort in this overall intelligence area is merited because of the relative isolation of the intelligence community from outside scrutiny. Traditionally, the intelligence agencies generally have been exempt from routine review by the General Accounting Office (GAO) except in a very limited and insignificant number of instances. The GAO effort primarily encompass the intelligence related activities areas.

The Committee's investigative study efforts have served a common good over the years, both in furthering and assisting in the Committee's oversight function and in surfacing important issues for the intelligence community as a whole. During the past six years, every intelligence activity has been investigated in depth at least once, and several have been reviewed more than once by the Committee's Surveys and Investigations Staff.

These investigative studies will be continued during the forthcoming months. Thus far, the Committee has authorized six new

study efforts involving the intelligence community. These studies will permit the Committee to maintain a current data base and ensure that the intelligence agencies are complying with previous Committee directives and recommendations, and to discover new problem areas or issues requiring Committee action.

NATIONAL FOREIGN INTELLIGENCE PROGRAM

The National Foreign Intelligence Program consists of those intelligence activities of the Government which provide the President, other officers of the Executive Branch, and the Congress with national foreign intelligence on broad strategic concerns bearing on U.S. national security. These concerns are stated by the National Security Council in the form of long-range and short-range requirements by the principal users of intelligence and include political trends, military balance trends, economic trends, treaty monitoring and support to military theater commanders.

The National Foreign Intelligence Program budget funded in the Department of Defense Appropriations Act consists primarily of resources of the Central Intelligence Agency, the Office of the Secretary of Defense, the Defense Intelligence Agency, the National Security Agency, the Departments of the Army, Navy, and Air Force, the Intelligence Community Staff of the Director of Central Intelligence, and the CIA Retirement and Disability System Fund.

The Committee has recommended reductions totalling \$21,096,000 in the fiscal year 1982 National Foreign Intelligence Program budget. The recommended reduction is a net figure consisting of both increases and decreases, the details of which are explained in the classified annex to this report. In spite of the reductions, very substantial real growth is provided, and the Committee believes that the funds recommended are more than adequate to support the National Foreign Intelligence Program in the forthcoming fiscal year.

INTELLIGENCE RELATED ACTIVITIES PROGRAMS

The Department of Defense Intelligence Related Activities (IRA) are a diverse array of reconnaissance, surveillance and target acquisition programs which are primarily a functional part of the basic tactical military force structure, and provide direct information support to combat operations. IRA include those activities outside the General Defense Intelligence Program which respond to operational command tasking for time-sensitive information as well as to national command, control and intelligence requirements.

The Committee has recommended reductions totalling \$192,556,000 in the fiscal year 1982 intelligence related activities budget. Of the total reduction recommended by the Committee, a net total of \$111,876,000 failed authorization. The reduction recommended by the Committee also is a net figure consisting of both increases and decreases, the details of which are explained in the classified annex. The recommended total for IRA represents substantial real growth, which the Committee feels is more than adequate to support these activities in the forthcoming fiscal year.

The following table reflects the changes recommended by the Committee in intelligence related activities programs:

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	<i>Thousands</i>
Title I, Military Personnel:	
Military personnel, Navy: TENCAP Office	-\$0,070
Military personnel, Air Force: PARCS	-0,500
Total change, military personnel	-0,570
Title III, Operation and Maintenance:	
Operation and maintenance, Air Force:	
PARCS (communications)	-0,500
PARCS (support)	-7,100
Classified program	-2,500
Defense support program	-2,000
DEW line	-19,400
Total change, operation and maintenance	-31,500
Title IV, Procurement:	
Aircraft procurement, Air Force: Classified program	-8,100
Missile procurement, Air Force: Defense support program	+12,000
Total change, procurement	+3,900
Title V, Research, Development, Test and Evaluation (RDT&E):	
RDT&E, Army:	
SOTAS	-69,776
Joint tactical fusion program	-8,000
Classified programs	-11,719
Subtotal, Army	-89,495
RDT&E, Navy:	
Classified program	-2,000
C ² Surveillance/Reconn. Support	-2,465
Moored surveillance system	-6,000
Subtotal, Navy	-10,465
RDT&E, Air Force:	
Classified programs	-0,600
Tactical fusion centers	-3,000
Advance warning systems	-2,400
Space surveillance technology	-5,000
CONUS OTH Radar	-4,000
Advanced Tactical Air Recon. System	-3,000
Subtotal, Air Force	-18,000
RDT&E, Defense agencies	-46,426
Total change, intelligence related activities	-192,556

COMMUNICATIONS PROGRAMS

The Committee reviews communications programs on a functional basis rather than on an appropriations basis. This functional approach is required since these activities affect almost every aspect of DOD operations and can meaningfully be reviewed only as a coherent whole rather than as separate pieces. The Committee recommends the following adjustments in communications programs:

Appropriations, 1981	¹ \$5,828,155,000
New obligational authority, 1982:	
Estimate	¹ 6,401,905,000
Recommended	6,301,705,000
Reduction	100,200,000

¹ Includes the GPS program.

C³ DOCUMENTS

The new Administration has made various changes in the management structure and the "program mix" of programs which have traditionally been in the Telecommunications and Command, Control Programs (T&CCP) function. In light of this restructuring, the Committee believes that the best approach for providing information to the Committee on these important programs is to have the office of the Deputy Under Secretary of Defense C³I extract from the regularly printed justification books, i.e., Air Force Procurement, Navy RDT&E, etc., the budget request for the programs in the C³ area. These "extracts" should be compiled in separate books arranged in the major C³ categories and include introductory comments giving an OSD perspective to the various C³ categories and tables or charts which would be useful for the Committee to analyze.

DISTRIBUTION BY APPROPRIATION OF \$100,210,000 NET REDUCTION IN FISCAL YEAR 1981 COMMUNICATION PROGRAMS

Program	O. & M.	Procurement	R.D.T. & E.	Total
Army Communications Programs:				
AUTODIN II	-\$2,000			
WWMCCS-ADP	-2,000			
Telephone Services	-1,600			
Joint Tactical Communications			-\$5,000	
Global Positioning System			-21,002	
SINGGARS			-3,000	
Subtotal	-5,600		-29,002	-\$34,210,000
Navy Communications Programs:				
AUTODIN II	-600			
WWMCCS-ADP	-1,400			
Telephone Services	-1,600			
LEASSAT	+59,000			
Joint Tactical Communications			-2,750	
Global Positioning System			-34,362	

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DISTRIBUTION BY APPROPRIATION OF \$100,210,000 NET REDUCTION IN FISCAL YEAR 1981
COMMUNICATION PROGRAMS—Continued

Program	O. & M.	Procurement	R.D.T. & E.	Total
Subtotal.....	+55,400		-37,112	+18,288
Air Force Communications Programs:				
AUTODIN II	-2,000			
WWMCCS-ADP	-2,000			
Telephone Services	-1,600			
Joint Tactical Communications Program			-3,000	
Global Positioning System		-73,596		
Subtotal.....	-5,600	-\$73,596	-3,000	-82,196
Defense Agencies Communications Programs:				
Telephone Services	-200			
Long Haul Communications			-1,500	
Subtotal.....	-200		-1,500	
Total.....	+44,000	-73,956	-70,614	-100,200,000

Details on these recommended adjustments appear in the report in the account in which the program appears. However, a few observations will be made at this point of the report regarding programs in which adjustments have been made in numerous accounts.

COMMUNICATION EQUIPMENT FOR GUARD AND RESERVES

As noted elsewhere in the report, a substantial increase is provided for equipment for the Reserve Component. This increase included communications equipment specifically for the Air National Guard. The increases for communications equipment for the overall Reserve Component are not included in the above table because most of the overall increase may be expended according to priorities set by the Reserve Component and thus the portion of the total to be expended on communications equipment is not certain at this time. The Committee urges the DoD to submit adequate budgets for communication equipment for the Reserve Component.

WORLDWIDE MILITARY COMMAND AND CONTROL SYSTEM—AUTOMATIC
DATA PROCESSING (WWMCCS-ADP)

The WWMCCS-ADP system currently consists of 35 medium to large computer systems. The systems are located around the world at 26 major sites. Other sites are served by remote processors and/or terminals. The role of this system includes providing information necessary for planning, decision making and force deployment and employment. A total of \$196,393,000 is requested in fiscal year 1982 for this program.

The Committee notes that O&M costs for this system are projected to grow from a level of \$66,873,000 in fiscal year 1980 to \$120,062,000 in fiscal year 1983. The existing WWMCCS-ADP operational hardware/software is very old and expensive to maintain. Continued use of this hardware could result in operational deficiencies before its replacement.

As the DoD continues to develop the future "architecture" of WWMCCS-ADP it should address the following issues:

- Replacement of those computer systems having immediate shortfalls with modern upward compatible computers in the most cost beneficial manner.
- Completion of a detailed information requirements analysis that will serve as a basis for specifying a revised WWMCCS-ADP architecture.
- Development of an architecture that satisfies and is responsive to detailed information requirements analysis.

DoD's response to these observations should be submitted to the Committee in three months. Prior to the submission of DoD's response to these recommendations, no major initiatives should be begun in the following programs:

32019K—WSE—\$3.3 R&D
33152K—Joint Program Management Office—\$3.9 R&D
32017K—Joint Technical Support Activity—\$7.4 R&D
32018K—National Military Command System ADP Support—\$4.1 Procurement.

SECURE VOICE

The enhancement of DOD's capabilities for its secure voice telephone system has been one of the highest priority program within the communications program of the DOD. Presently, DOD intends to proceed with ALCEP (AUTOSEVOCOM Life Cycle Extension Program) which involves the procurement of various types of equipment to improve the present system until the Standard Telephone Unit 11 modified (STU-11M), which would incorporate the latest secure voice technology, is available.

No funds in this bill are included for the ALCEP program. However, the Committee has made no dollar reduction since the funds which were requested for ALCEP are to be used instead to procure STU-11 telephones which will provide a high degree of secure voice capability. A number of Federal agencies are planning on using the initial STU-11's.

Since the DOD plans a major buy of STU-11M telephones, the prudent course at this time is to begin to buy the STU-11 telephone and then transition to the STU-11M as it becomes available. Testimony presented to the Committee strongly supports this approach. The Committee has fully funded the RDT&E request for continued development of the STU-11M.

JOINT TACTICAL COMMUNICATION PROGRAM (TRI-TAC)

The TRI-TAC program provides tactical communications equipment for all branches of the Armed Services. Eventually, a "family" of equipment, consisting of a wide variety of types of equipment, will be deployed in the TRI-TAC program. A total of \$352,851,000 is requested for the TRI-TAC program. These funds are requested in various accounts—Procurement, RDT&E, Military Personnel—for the program.

Over the years the Committee has supported the program, but has voiced its misgivings about the soaring costs, the long delay in actual deployment of equipment, and the emphasis on high technology within the program. This program has been under development since 1971. The so-called "Tick-39" switches which are the

"heart" of the TRI-TAC system are reportedly performing well. However, the Committee notes that they are very expensive.

The Committee has made a number of relatively minor reduction to various RDT&E accounts for this program. The Committee encourages DoD and the TRI-TAC program officials to consider alternative, available or soon to be available capabilities to satisfy the requirements that would assure a more timely fielding of the system as RDT&E continues on this program.

DOD TELEPHONE SERVICES

DoD's cost for leased communications totals approximately \$500,000,000. Recent rate changes have significantly increased these costs. The Committee believes that a number of changes, some of which are already underway, can bring savings for this area. Savings can be realized through (a) increased usage of FTS vs commercial toll calls, (b) use of cost saving electronic switching equipment, (c) use of lower cost alternatives, in lieu of AT&T service, as is being done by various civil agencies, (d) consolidation and elimination of dedicated circuits and consolidation of switching in Metropolitan area. The Committee has recommended a reduction of approximately 1 percent in the total request for leased communications.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended;

On page 8, beginning in line 21, in connection with "Operation and maintenance, Navy":

: Provided further, That not less than \$59,000,000 shall be available only for payments in support of the LEASAT program in accordance with the terms of the Aide Memoire, dated January 5, 1981

On page 9, beginning in line 18, in connection with "Operation and maintenance, Air Force":

of which not less than \$46,800,000 shall be available only for the installation of modification kits into KC-135 aircraft, and

On page 17, beginning in line 1, in connection with "Procurement of weapons and tracked combat vehicles, Army":

of which \$1,900,000 shall be available only for the continued testing and evaluation of 9mm handguns without delay,

On page 17, beginning in line 24, in connection with "Other procurement, Army":

(including not to exceed 14 vehicles required for physical security of personnel notwithstanding price limitations applicable to passenger carrying vehicles but not to exceed \$100,000 per vehicle)

On page 19, beginning in line 6, in connection with "Aircraft procurement, Navy":

of which \$37,000,000 shall be available only for purchase of C-2 aircraft under a multiyear contract,

On page 23, beginning in line 18, in connection with "Aircraft procurement, Air Force":

of which \$1,817,600,000 shall be available only for purchase of F-16 aircraft under a multiyear contract, \$103,500,000 shall be available only for the procurement of B-707 aircraft to provide for engines and parts to re-engine KC-135 aircraft, \$121,700,000 shall be available only for the procurement of A-7K aircraft only if such procurement is authorized in the Department of Defense Authorization Act, 1982,

On page 25, beginning in line 19, in connection with "Other procurement, Air Force":

of which \$67,200,000 shall be available only for purchase of AN/TRC-170 radios under a multiyear contract and for related support,

On page 32, beginning in line 23, in connection with "Section 708 of the General Provisions":

; (m) for payments for depot maintenance contracts for twelve months beginning at any time during the fiscal year; (n) for payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal years: Provided, That the Secretary of Defense shall notify the Congress promptly prior to obligation of any such payments; and (o) for payments from annual appropriations to industrial fund activities and/or under contract for changes in scope of ship overhaul, maintenance, and repair after expiration of such appropriations, for such work either inducted into the industrial fund activity or contracted for in that fiscal year.

On page 42, beginning in line 7, in connection with "Section 723 of the General Provisions":

. Neither shall any part of appropriations contained in this Act be used to facilitate the sale of optional uniform items by military clothing sales stores or by the Department of Defense operated exchange system stores

On page 50, beginning in line 9, in connection with "Section 741 of the General Provisions":

: Provided, That the foregoing limitation shall not apply to payments that supplement primary coverage provided by other insurance plans or programs that pay for at least 75 per centum of the covered services

On page 55, beginning in line 21, in connection with "Section 752 of the General Provisions":

, except for funds appropriated for the Reserve, which shall remain available until September 30, 1983

On page 61, beginning in line 12, in connection with "General Provisions":

SEC. 769. None of the funds provided in this Act may be obligated or expended to pay a person whose pay is determined pursuant to section 903 of title 20, United States Code (section 5 of Public Law 86-91, as amended), any increase in pay as the result of the establishment of any new category of pay that was not in effect prior to the school year 1979-1980.

On page 61, beginning in line 19, in connection with "General Provisions":

SEC. 770. None of the funds provided in this Act shall be available to pay a person whose pay is determined pursuant to section 903 of title 20, United States Code (section 5 of Public Law 86-91, as amended), any increase in basic compensation as the result of adjustments pursuant to section

903(c) of title 20, United States Code, in excess of 4.8 percent of the amount such person was entitled to receive for the school year 1980-1981.

On page 62, beginning in line 63, in connection with "General Provisions":

SEC. 771. None of the funds available to the Department of Defense by this or any other Act shall be available to pay a person whose pay is determined pursuant to section 903 of title 20, United States Code (section 5 of Public Law 86-91, as amended), any increase in pay in excess of 4.8 percent for the months of August through December 1981 as a result of adjustments in pay made thereafter.

On page 62, beginning in line 10, in connection with "General Provisions":

SEC. 772. No part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for major weapons systems except as specifically provided herein.

On page 62, beginning in line 14, in connection with "General Provisions":

SEC. 773. None of the funds appropriated in this Act shall be available for obligation to reimburse a contractor for the cost of commercial insurance that would protect against the costs of the contractor for correction of the contractor's own defects in materials or workmanship or against the costs of fortuitous or casualty losses resulting from such defects.

On page 62, beginning in line 20, in connection with "General Provisions":

SEC. 774. None of the funds appropriated by this Act which are available for payment of travel allowances for per diem in lieu of subsistence to enlisted personnel shall be used to pay such an allowance to any enlisted member in an amount that is more than the amount of per diem in lieu of subsistence that the enlisted member is otherwise entitled to receive minus the basic allowance for subsistence, or pro rata portion of such allowance, that the enlisted member is entitled to receive during any day, or portion of a day, that the enlisted member is also entitled to be paid a per diem in lieu of subsistence: Provided, That if an enlisted member is in a travel status and is not entitled to receive a per diem in lieu of subsistence because the member is furnished meals in an Government mess, funds available to pay the basic allowance for subsistence to such a member shall not be used to pay that allowance, or pro rata portion of that allowance, for each day, or portion of a day, that such enlisted member is furnished meals in a Government mess.

On page 63, beginning in line 13, in connection with "General Provisions":

SEC. 775. Effective January 1, 1982, none of the funds appropriated by this Act shall be available to pay the retired pay or retainer pay of a member of the Armed Forces for any month who, on or after January 1, 1982, becomes entitled to retired or retainer pay, in an amount that is greater than the amount otherwise determined to be payable after such reductions as may be necessary to reflect adjusting the computation of retired pay or retainer pay that includes credit for a part of a year of service to permit credit for a part of a year of service only for such month or months actually served: Provided, That the foregoing limitation shall not apply to any member who before January 1, 1982: (a) applied for retirement or transfer to the Fleet Reserve or Fleet Marine Corps Reserve; (b) is being processed for retirement under the provisions of chapter 61 of title 10 or who is on the temporary disability retired list and thereafter retired under the provisions of sections 1210 (c) or (d) of title 10; or (c) is retired or in an inactive status and would be eligible for retired pay under the provisions of chapter 67 of title 10, but for the fact that the person is under 60 years of age.

On page 64, beginning in line 8, in connection with "General Provisions":

SEC. 776. No part of any appropriation, funds, or other authority contained in this Act shall be available for paying to the Administrator of the General Services Administration in excess of 50 percent of the standard level user charge established pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended, for space and services in effect on October 1, 1981.

On page 64, beginning in line 15, in connection with "General Provisions":

SEC. 777. None of the funds appropriated by this Act shall be available to pay the retired pay or retainer pay of a member of the Armed Forces who, on or after January 1, 1982, becomes entitled to retired or retainer pay, in an amount that is greater than 94.8 percent of the amount to which that member would otherwise be entitled.

On page 64, beginning in line 21, in connection with "General Provisions":

SEC. 778. None of the funds appropriated by this Act for the pay of Reserve and National Guard technicians based upon their employment as technicians and their performance of duty as members of the Reserve components of the Armed Forces shall be available to pay such technicians a combined compensation in excess of the rate payable for level V of the Executive Schedule.

On page 65, beginning in line 3, in connection with "General Provisions":

SEC. 779. None of the funds appropriated by this Act shall be available to approve a request for waiver of the costs otherwise required to be recovered under the provisions of section 21(e)(1)(C) of the Arms Export Control Act unless the Committees on Appropriations have been notified in advance of the proposed waiver.

On page 65, beginning in line 9, in connection with "General Provisions":

SEC. 780. None of the funds appropriated by this Act shall be available to make any payments authorized under the provisions of subchapter VI of chapter 53 of title 5 to any prevailing rate employee who is transferred or reassigned from a position in Alaska or Hawaii to a position in another wage area outside Alaska or Hawaii on or after April 1, 1982: Provided, That the foregoing limitation shall not apply to a prevailing rate employee who is transferred or reassigned as a result of a reduction in force or a functional or organizational transfer from Alaska or Hawaii: Provided further, That the foregoing limitation shall not apply to a prevailing rate employee whose transfer or reassignment had been approved prior to April 1, 1982, or who had applied for a position in another wage area outside Alaska or Hawaii prior to April 1, 1982, and is accepted for that position.

On page 65, beginning in line 24, in connection with "General Provisions":

SEC. 781. None of the funds appropriated by this Act shall be available after April 1, 1982, to pay for the direct or indirect hiring of any locally hired non-United States citizen in a position in an overseas area as specified in Department of Defense Directive 1400.6 or Department of Defense Instruction 1400.10 if qualified United States citizens are available at the overseas area and have applied for employment by the Department of Defense in such a position: Provided, That this limitation shall not apply to non-United States citizens employed before April 1, 1982, or to a non-United States citizen who has been recognized by the Department of Defense as a dependent of a military member or a civilian employee of the Department of Defense.

On page 66, beginning in line 12, in connection with "General Provisions":

SEC. 782. None of the funds appropriated by this Act shall be available for the transportation of equipment or materiel designated as Prepositioned Materiel Configured in Unit Sets (POMCUS) in Europe in excess of four division sets.

On page 66, beginning in line 17, in connection with "General Provisions":

SEC. 783. None of the funds provided in this Act shall be available for operation of the Army Medical Intelligence and Information Agency after September 1, 1982.

On page 66, beginning in line 20, in connection with "General Provisions":

SEC. 784. None of the funds provided in this Act may be obligated or expended to transfer the Defense Dependents' Schools to the Department of Education, or to fund the activities of the Advisory Council on Dependents' Education until legislative proposals to repeal such transfer of the dependents' schools are considered and acted upon by Congress.

On page 67, beginning in line 1, in connection with "General Provisions":

SEC. 785. Notwithstanding the provisions of section 505(c) of the Omnibus Budget Reconciliation Act of 1981, funds made available to the Department of Defense by this Act for payments and arrangements authorized by section 505(c) shall be administered by the Secretary of Defense who shall be responsible for the conduct of programs with such funds and who shall not delegate such responsibility outside of the Department of Defense.

On page 67, beginning in line 9, in connection with "General Provisions":

SEC. 786. Without regard to any other provision of law limiting the amounts payable to prevailing wage rate employees, during the current fiscal year prevailing wage rate employees employed in the Wichita, Kansas, wage area shall be paid, beginning the first pay period beginning on or after January 1, 1982, the wages determined as a result of the full scale wage survey of that area scheduled to become effective in January, 1982.

On page 67, beginning in line 17, in connection with "General Provisions":

SEC. 787. Appropriations for the Department of Defense shall be available until the end of fiscal year 1983 for lease of no more than six aircraft, in accordance with applicable laws and regulations, for the purpose of providing passenger airlift support to the Department of the Air Force Special Airlift Mission, pending procurement of suitable replacements for the C-140 aircraft.

On page 67, beginning in line 24, in connection with "General Provisions":

SEC. 788. None of the funds in this Act may be used to transfer any article of military equipment or data related to the manufacture of such equipment to a foreign country prior to the approval in writing of such transfer by the Secretary of the military service involved.

On page 68, beginning in line 4, in connection with "General Provisions":

SEC. 789. Funds made available in this Act for the Single Manager for Conventional Ammunition shall be used only for implementation of phase II under a reissued Department of Defense Directive 5160.65 after January 1, 1982.

On page 68, beginning in line 8, in connection with "General Provisions":

SEC. 790. None of the funds available in this Act shall be used by the Secretary of a military department to make a contract for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless the contractor was selected through competitive bidding without a differential in favor of foreign manufacturers: Provided, That this section does not apply to contracts for amounts less than \$50,000.

On page 68, beginning in line 16, in connection with "General Provisions":

SEC. 791. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

ADDITIONAL VIEWS OF HONORABLE JOSEPH P. ADDABBO

The action of the Defense Subcommittee in reducing the Defense budget by \$6.3 billion is certainly a step in the right direction but it represents only a portion of wasteful spending found within the budget request that should have been eliminated. After extensive debate the Subcommittee declined to make further cuts in marginal programs at this time. My belief is that we could have prudently cut \$11.2 billion without harming necessary military programs or hindering national security in any way.

I will discuss only two such program areas. The first is the B1-B strategic manned bomber. The budget requests \$2.4 billion this year for the B1-B, \$1.9 billion for procurement and \$500 million for research and development. Almost all of the bad things that can happen to a major procurement program are present in the B1-B program. There is far too much concurrency between development and production. More than one-half of the aircraft are scheduled to be produced and delivered before the development program has been completed. The B1-B is obsolete. It is an old design. There are better ways to penetrate enemy defenses than those offered by the B1-B. The costs are completely out of control. The Air Force officially claims that development and production of 100 aircraft will cost \$19.7 billion in FY 1981 dollars. Internal Air Force documents admit to a cost of \$29.4 billion in "then-year" dollars. The Congressional Budget Office estimates that the then-year dollar cost will be \$39.8 billion. The CBO estimate includes the cost of many systems needed for the B1-B which the Air Force conveniently "forgot" to include in its cost estimates, such as cruise missile carrying capability. At a cost of \$290 million per copy, the B1-B would be too expensive. At a cost of \$400 million each, it is ridiculous. The spending of such sums for this purpose will take so much money from needed defense programs, it will hurt, not help our national security.

Another area in which huge savings could and should be made is in theatre nuclear weapons. Our NATO allies for the most part do not want and will not allow these weapons to be deployed in their countries. There is no other way to usefully deploy them. Yet, we are spending \$367.1 million for procurement of the Air Force's Ground-Launched Cruise Missile (GLCM) and \$191.8 million for the Army's Pershing II theatre ballistic missile. Until we have signed agreements from the countries where the missiles must be deployed, it makes little sense to produce them. The trend appears to be away from obtaining such approval. Yet, the funds for both the GLCM and Pershing II are included in the bill.

There is absolutely no doubt of the adverse impact of defense spending on the economy. Money which goes for national defense and which does not produce any marketable goods or services is by definition inflationary. Every year the American people pay a terrible toll because of economic inflation. It appears that they will be

required to continue to do so at least for as long as the present administration is in office.

One of the saddest aspects of the much touted increase in defense spending is that many Americans have been led to believe that an increase in defense spending automatically provides for greater national security; but it does not. When the additional funds are spent for consultants, cost overruns, obsolete weapons, and wasteful procurement policies and procedures, it is very easy to spend more money but very difficult to obtain any additional real defense capability. As I have tried to point out all year, the huge increase in defense spending we are asked to agree to does not provide for any major increases in military forces. The increase, and it is a large one, is primarily for the purpose of maintaining the status quo. We are agreeing to pay more for the people we have and to pay more for the equipment we purchase and the supplies we purchase, but we do not get significant additional combat units for the additional money we are spending.

As is pointed out elsewhere in the report, even with the \$6.3 billion reduction which the Committee proposes, the Defense Appropriation Bill for Fiscal Year 1982 is \$22.9 billion more than was provided by the Congress for fiscal year 1981 including the FY 1981 supplemental. As a matter of fact, it is really more than \$40 billion more than was appropriated in the previous fiscal year because an additional \$7 billion was provided at the initiation of the new Administration in a supplemental bill which was enacted into law late in fiscal year 1981.

In a very interesting acknowledgement of defense spending uncertainties, the Administration submitted a budget amendment on the second of October which reduced by \$7.6 billion the funds for Defense that were requested in the April budget amendment. I applaud the President for his efforts in this instance to try to reduce unnecessary defense spending but it does not give an administration a great deal of credibility when funds are urgently requested in April and then deleted in October.

The Appropriations Committee has ongoing a study of the procurement policies and practices of the Department of Defense. Along with the Chairman of the Full Committee and the ranking minority members of the Full Committee and the Defense Subcommittee, I have written to the Secretary of Defense with regard to some of the findings from this study in the hope that these findings would be useful to him in better managing the Defense Department. Some of the major points discussed are:

- (1) The over-emphasis on very advanced and uncertain technology in the development of weapons systems;
- (2) Excessive numbers of design changes and change orders during development of a weapon system;
- (3) Excessive and increasingly lengthy time required for developing a weapon system. For example, the first submarine-launched ballistic missile submarine, the Polaris A-1, required 5 years. The successor, the Polaris A-3, required 6 years. The new Poseidon C3 submarine took 9 years, and the now projected Trident C4 will take about 11 years.

(4) The practice of contractors of submitting a low estimate to "buy-in" on a contract and subsequently receive price increases under the contract after the award.

(5) The lack of competitive procurement. Only about 11 percent of DOD's procurement dollars are spent under the competitive procurement method.

(6) The pyramiding of prices for components and parts by prime contractors cost the taxpayers millions of dollars annually. An example is given of a part which was purchased from a prime contractor at the cost of \$199,405.00. This part had been obtained by the prime from a subcontractor at a cost of only \$9,770.

(7) Defense contractors continue to pass unallowable overhead cost to the Department of Defense.

(8) Post initial provisioning reviews are not being conducted as required by regulations and as a result there are severe shortages of spare parts in many major equipments.

(9) The military services continue to resist the establishment of a strong, workable challenging procedure for the requisition of non-standard and nonstocked items.

(10) Inventory losses in the military services run to the tens of millions of dollars, due to inadequate supply of processes, losses in transit and theft.

The wastes committed against the American taxpayer in the name of national defense are many. Only constant vigilance on the part of the Department of Defense, the military services and the Congress can hope to cope with this situation. Unfortunately, when an atmosphere is created in which there are constant outcries for more and more defense spending, the atmosphere is created under which the military services are given no incentive to become more efficient.

When more money is requested by the Department of Defense than the Department can adequately cope with, we can expect nothing but bad management and waste. Ample evidence of the fact that the Department is having more money thrown at it than it can usefully spend is the sharp increase in unobligated and unexpended balances. The Department's own projections, not mine, show that it is estimated that at the end of fiscal year 1982, \$29 billion will remain unobligated. That is, there will not be a binding contractual obligation for the spending of those funds. This compares with an estimated unobligated amount of \$21.3 billion at the end of fiscal year 1981, \$17.8 billion in fiscal 1980, \$16.2 billion in fiscal 1979, and \$16.7 billion in fiscal 1978.

The unbelievably large amount of \$134.6 billion is estimated to remain unexpended, unspent, at the end of fiscal year 1982 just for those parts of the Department of Defense funded in this bill. This is an increase of more than \$36 billion more than the estimated \$97 billion remaining unexpended at the end of fiscal year 1981. The actual figures for fiscal year 1980 are \$79.6 billion; for 1979, \$72.6 billion; and for 1978, \$64.6 billion. So, the unexpended balance for the Department of Defense will have more than doubled in the past five years.

Looking at the huge influence Defense spending has on our nation's economy and the huge influence Defense spending has on our law-making bodies, brings to mind the admonition of former

President Eisenhower in his farewell address to beware of the undue influence of the military-industrial complex. This nation is much closer to a failure of civilian control of the military than most citizens are aware. The present Administration has almost given up trying to manage the military services and has turned over that management almost exclusively to the military themselves.

The influence of the Defense Department and the Defense budget is shown when one looks at some of the other appropriation areas. The \$22.9 billion recommended increase over last year—in the Defense bill, as recommended by the Defense Subcommittee, is more than the entire amount appropriated for the Department of Agriculture. It is almost twice the amount appropriated for the Department of the Interior or the Department of Transportation, or the bill for Energy and Water Development.

If there was a justified need to sharply increase defense spending or if the military services really proved what was needed or tried to manage effectively, I would support the increases in defense spending. Few of these factors are present.

We must use the rule of reason and keep defense spending under control and not sacrifice many genuine needs of our people needlessly.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982

Agency and item	Bill compared with—					
	(1)	(2)	(3)	(4)	(5)	(6)
	New budget (obligational) authority fiscal year 1981	Budget estimates of new (obligational) authority fiscal year 1982 ²	New budget (obligational) authority recommended in bill	New budget (obligational) authority fiscal year 1981	Budget estimates of new (obligational) authority fiscal year 1982	
TITLE I - MILITARY PERSONNEL						
Military personnel, Army.....	12,148,300,000	12,631,700,000	12,278,300,000	+130,000,000	-353,400,000	
Military personnel, Navy.....	8,893,095,000	9,340,090,000	8,807,520,000	-85,575,000	-532,570,000	
Military personnel, Marine Corps.....	2,633,300,000	2,807,870,000	2,703,970,000	+70,670,000	-103,900,000	
(Transfer from other accounts).....	(47,800,000)	---	---	(-47,800,000)	---	
Military personnel, Air Force.....	10,001,821,000	10,440,820,000	10,209,920,000	+208,099,000	-230,900,000	
Military personnel, special pay for aviation officers, Army.....	55,500,000	---	---	-55,500,000	---	
Reserve personnel, Army.....	869,300,000	955,200,000	962,500,000	+93,200,000	+7,300,000	
Reserve personnel, Navy.....	318,758,000	329,020,000	346,420,000	+27,662,000	+17,400,000	
Reserve personnel, Marine Corps.....	120,357,000	138,920,000	138,120,000	+17,763,000	-800,000	
Reserve personnel, Air Force.....	277,360,000	298,848,000	291,548,000	+14,188,000	-7,300,000	
National Guard personnel, Army.....	1,168,200,000	1,299,100,000	1,287,600,000	+119,400,000	-11,500,000	
National Guard personnel, Air Force.....	386,209,000	418,192,000	421,392,000	+35,183,000	+3,200,000	
Total, title I, new budget (obligational) authority, Military personnel.....	36,872,200,000	38,659,760,000	37,447,290,000	+575,090,000	-1,212,470,000	
(Transfer from other accounts).....	(47,800,000)	---	---	(-47,800,000)	---	
TITLE II - RETIRED MILITARY PERSONNEL						
Retired pay, Defense.....	13,887,800,000	14,981,815,000	14,931,815,000	+1,044,015,000	-50,000,000	

TITLE III - OPERATION AND MAINTENANCE

Operation and maintenance, Army.....	13,160,533,000	15,207,500,000	14,788,712,000	11,628,179,000	-418,788,000
(Liquidation of contract authority).....	(2,985,000)	---	---	(-2,985,000)	---
(Transfer from other accounts).....	(5,000,000)	---	---	(-5,000,000)	---
Army stock fund.....	34,000,000	211,300,000	163,300,000	129,300,000	-48,000,000
Operation and maintenance, Navy.....	17,728,799,000	19,611,170,000	19,258,970,000	11,530,171,000	-352,200,000
(Liquidation of contract authority).....	(153,567,000)	---	---	(-153,567,000)	---
(Transfer from other accounts).....	(135,500,000)	---	---	(-135,500,000)	---
Navy stock fund.....	309,000	17,435,000	5,435,000	15,126,000	-12,000,000
Operation and maintenance, Marine Corps.....	1,072,206,000	1,176,940,000	1,169,240,000	1,169,240,000	-7,700,000
(Liquidation of contract authority).....	(4,077,000)	---	---	(-4,077,000)	---
(Transfer from other accounts).....	(9,700,000)	---	---	(-9,700,000)	---
Marine Corps stock fund.....	4,108,000	13,334,000	13,334,000	13,334,000	---
Operation and maintenance, Air Force.....	14,769,614,000	16,696,076,000	15,895,276,000	11,125,662,000	-800,800,000
(Liquidation of contract authority).....	(388,743,000)	---	---	(-388,743,000)	---
(Transfer from other accounts).....	(56,000,000)	---	---	(-56,000,000)	---
Air Force stock fund.....	28,300,000	107,800,000	67,800,000	139,500,000	-40,000,000
Operation and maintenance, Defense agencies.....	4,380,816,000	4,635,500,000	4,941,470,000	4,560,654,000	1305,970,000
(Transfer from other accounts).....	(20,000,000)	---	---	(-20,000,000)	---
Defense stock fund.....	458,000,000	79,000,000	59,000,000	399,000,000	-20,000,000
Operation and maintenance, Army Reserve.....	522,793,000	614,900,000	661,635,000	138,842,000	146,735,000
Operation and maintenance, Navy Reserve.....	554,172,000	578,640,000	585,540,000	131,368,000	16,900,000
(Liquidation of contract authority).....	(8,786,000)	---	---	(-8,786,000)	---
Operation and maintenance, Marine Corps Reserve.....	28,854,000	40,299,000	40,299,000	11,445,000	---
Operation and maintenance, Air Force Reserve.....	601,980,000	678,008,000	668,454,000	166,474,000	-9,554,000
(Liquidation of contract authority).....	(14,997,000)	---	---	(-14,997,000)	---
Operation and maintenance, Army National Guard.....	958,770,000	1,041,200,000	1,087,250,000	128,480,000	146,050,000
(Liquidation of contract authority).....	(2,663,000)	---	---	(-2,663,000)	---
Operation and maintenance, Air National Guard.....	1,531,907,000	1,682,468,000	1,643,818,000	1,111,911,000	-38,650,000
(Liquidation of contract authority).....	(44,235,000)	---	---	(-44,235,000)	---
National Board for the Promotion of Rifle Practice	---	---	---	---	---
Army.....	845,000	444,000	845,000	---	1401,000
Claims, Defense.....	141,850,000	195,500,000	155,700,000	13,850,000	-39,800,000
Court of Military Appeals, Defense.....	2,310,000	2,607,000	2,607,000	297,000	---
Liquidation of obligations, 1976.....	68,000	---	---	-68,000	---
Total, title III, Operation and maintenance:	55,980,234,000	62,590,121,000	61,208,685,000	15,228,451,000	-1,381,436,000
New budget (obligational) authority.....	(620,053,000)	---	---	(-620,053,000)	---
(Liquidation of contract authority).....	(226,200,000)	---	---	(-226,200,000)	---
(Transfer from other accounts).....	---	---	---	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

Agency and item	Bill compared with—				
	(1)	(2)	(3)	(4)	(5)	(6)
	New budget (obligational) authority fiscal year 1981 ¹	Budget estimates of new (obligational) authority fiscal year 1982 ²	New budget (obligational) authority recommended in bill	New budget (obligational) authority fiscal year 1981	Budget estimates of new (obligational) authority fiscal year 1982
Aircraft Procurement, Army.....	1,193,100,000	1,897,300,000	1,775,100,000	+582,000,000	-122,200,000
Missile Procurement, Army.....	1,544,900,000	2,210,200,000	2,131,200,000	+586,300,000	-79,000,000
Procurement of weapons and tracked combat vehicles, Army.....	3,378,200,000	3,856,700,000	3,806,200,000	+428,000,000	-50,500,000
Procurement of ammunition, Army.....	1,558,700,000	2,282,500,000	2,350,900,000	+792,200,000	+68,400,000
Other Procurement, Army.....	2,822,408,000	3,683,800,000	3,804,300,000	+981,892,000	+120,500,000
Aircraft Procurement, Navy.....	6,254,307,000	9,244,500,000	8,946,800,000	+2,692,493,000	-297,700,000
Weapons Procurement, Navy.....	2,766,029,000	3,283,800,000	3,196,100,000	+430,071,000	-87,700,000
Shipbuilding and conversion, Navy.....	7,697,100,000	8,475,300,000	7,748,900,000	+51,800,000	-726,400,000
(Transfer from other accounts), Navy.....	(27,900,000)	---	(73,100,000)	(45,200,000)	(73,100,000)
Other Procurement, Navy.....	3,037,657,000	3,822,000,000	3,692,177,000	+654,520,000	-129,823,000
Procurement, Marine Corps.....	506,013,000	1,734,916,000	1,682,556,000	+1,176,543,000	-52,360,000
Aircraft Procurement, Air Force.....	10,427,428,000	13,843,898,000	13,957,598,000	+3,530,170,000	+113,700,000
Missile Procurement, Air Force.....	3,346,786,000	4,204,646,000	4,546,550,000	+1,199,764,000	+341,904,000
Other Procurement, Air Force.....	3,149,578,000	5,174,144,000	5,379,288,000	+2,229,710,000	+205,144,000
(Transfer from other accounts), Air Force.....	---	---	(800,000)	(+800,000)	(+800,000)
Procurement, Defense agencies.....	321,464,000	512,200,000	511,500,000	+190,036,000	-700,000
Total, title IV, Procurement:	48,003,670,000	64,225,904,000	63,529,169,000	+15,525,499,000	-696,735,000
New budget (obligational) authority.....	(27,900,000)	---	(73,900,000)	(+46,000,000)	(+73,900,000)
(Transfer from other accounts).....	---	---	---	---	---

TITLE IV - PROCUREMENT

TITLE V - RESEARCH, DEVELOPMENT, TEST, AND EVALUATION					
Research, development, test, and evaluation, Army.....	3,127,774,000	3,768,500,000	3,577,119,000	4,449,345,000	-191,381,000
Research, development, test, and evaluation, Navy.....	4,974,769,000	5,885,488,000	5,518,545,000	4,543,776,000	-366,943,000
Reappropriation, by transfer.....	4,086,000	---	---	-4,086,000	---
(Transfer from other accounts).....	(1,966,000)	---	---	(-1,966,000)	---
Research, development, test, and evaluation, Air Force	7,082,987,000	8,823,400,000	6,553,010,000	-529,977,000	-2,270,390,000
Research, development, test, and evaluation, Defense	1,298,948,000	1,789,000,000	1,613,204,000	434,256,000	-175,796,000
Director of Test and Evaluation, Defense.....	42,100,000	53,000,000	53,000,000	+10,900,000	---
Total, title V, Research, development, test, and					
evaluation:					
New budget (obligational) authority.....	16,530,664,000	20,319,388,000	17,314,878,000	4,784,214,000	-3,004,510,000
(Transfer from other accounts).....	(1,966,000)	---	---	(-1,966,000)	---
TITLE VI - SPECIAL FOREIGN CURRENCY PROGRAM					
Special foreign currency program.....	2,760,000	3,083,000	3,083,000	+323,000	---
TITLE VII - GENERAL PROVISIONS					
(Additional transfer authority, sec. 733).....	(750,000,000)	(1,000,000,000)	(750,000,000)	---	(-250,000,000)
TITLE VIII - RELATED AGENCIES					
Intelligence Community Staff.....	18,271,000	13,563,000	12,563,000	-5,708,000	-1,000,000
CIA Retirement and Disability System Fund.....	55,300,000	84,600,000	84,600,000	+29,300,000	---
Total, title VIII, new budget (obligational)					
authority, Related agencies.....	73,571,000	98,163,000	97,163,000	+23,592,000	-1,000,000

¹ Includes amounts in Supplemental Appropriations and Rescission Act, 1981. ² Includes changes proposed in H. Docs. 97-29, 97-61, 97-94, 97-101, and S. Doc. 97-8.