

THE WHITE HOUSE
WASHINGTON

June 27, 2001

The Speaker of the

House of Representatives

Sir:

I ask the Congress to consider the enclosed requests for FY 2002 budget amendments for the Department of Defense (DoD). These amendments would increase my proposed budget totals by \$18.4 billion in support of national defense priorities.

In this amended DoD budget request, I am proposing a total of \$328.9 billion in discretionary budget authority. This is \$32.6 billion, or seven percent in real growth, above the FY 2001 enacted level of \$296.3 billion and \$18.4 billion more than included in my initial budget level of \$310.5 billion.

The revised FY 2002 Budget begins to address severe shortfalls in readiness, healthcare, operations, maintenance, and infrastructure that my Administration inherited and that are far worse than originally understood. The amended budget's increase of \$18.4 billion helps remedy previously underfunded programs, reduces critical military shortfalls, funds realistic reestimates of previously understated costs, and supports modernization programs consistent with the early results of Secretary Rumsfeld's ongoing strategy review.

The amended budget carefully targets resources to improve military morale, bolster readiness, and transform defense capabilities. It begins efforts to streamline and upgrade the deteriorating DoD infrastructure, which will help boost morale and readiness, support transformation, and ultimately save billions of dollars. And, it initiates several management reform initiatives to change the way DoD conducts business.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to be "G. W. Bush", written in a cursive style.

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 27, 2001

The President

The White House

Submitted for your consideration are requests for the FY 2002 budget amendment for the Department of Defense (DoD). These amendments would increase your proposed budget totals by \$18.4 billion in support of your national defense priorities.

The FY 2002 amended DoD budget requests a total of \$328.9 billion in discretionary budget authority. This topline is \$32.6 billion, or seven percent in real growth, above the FY 2001 enacted level of \$296.3 billion and \$18.4 billion more than your initial budget level of \$310.5 billion. This increase is in addition to the \$5.6 billion in your FY 2001 supplemental appropriations request for DoD, nearly all of which is for defense activities related to the quality of life and readiness of our military.

The amended FY 2002 Budget begins to address severe shortfalls in readiness, healthcare, operations, maintenance, and infrastructure that the Administration inherited and that are far worse than originally understood. The amended budget's increase of \$18.4 billion helps remedy previously underfunded programs, reduces critical military shortfalls, funds realistic reestimates of previously understated costs, and supports modernization programs consistent with the early results of Secretary Rumsfeld's ongoing strategy review.

The amended budget carefully targets resources to restore military morale, bolster readiness, and transform defense capabilities. It also begins efforts to streamline and upgrade the deteriorating DoD infrastructure, which will help boost morale and readiness, support transformation, and ultimately save billions of dollars.

As described below, the proposed amendments include the following:

Military Personnel

To carry out your commitment to restore morale and provide a robust defense capability, the FY 2002 amended budget includes the largest boost in military pay and benefits in a generation.

- Military Compensation. The amended budget includes your \$1.4 billion initiative for military compensation, which was included in the February Blueprint. The initiative funds a targeted pay raise – at least five percent for every service member and up to 10 percent for mid-grade officers and enlisted grades E-4 to E-9. The initiative would help to pay military people what is needed to attract, motivate, and retain the top quality people essential to the Nation's security.

- Housing Allowance. The amended budget increases housing allowances to enable military personnel and their families to afford acceptable private sector housing. It would reduce the service members' average out-of-pocket housing expenses from the current 15 percent to 11.3 percent in FY 2002 and eliminate the average out-of-pocket expense by FY 2005.

Operation and Maintenance

To bolster readiness, the FY 2002 amended DoD request funds flying hours, steaming hours, training, and other critical readiness-related programs. It includes robust funding for readiness training, base operations, spare parts, force protection, utilities, and training range repair and modernization.

- Readiness Training. The budget supports the Military Services' readiness training. It includes funds necessary to meet flying hour goals for the Air Force, Navy, and Marine Corps flight crews and covers the increasing costs to operate aging weapons systems for all Services.
- Defense Health Program. For the first time in recent years, the request would fund a realistic estimate of military healthcare costs. The FY 2002 amended budget includes funding for new benefits and realistic growth rates for both managed-care support contracts -- a 12-percent increase over the FY 2001 enacted level -- and pharmacy purchases -- a 15-percent increase over the FY 2001 enacted level.
- Maintenance. This budget revision makes a significant investment toward reducing the backlog of equipment maintenance and achieving optimal annual funding levels (e.g., aircraft maintenance for the Air Force would be increased from 85 to 92 percent of requirements and funding for the Navy would sustain ship maintenance at 90 percent of requirements).

Research, Development, Test, and Evaluation and Procurement

The budget accelerates the development and acquisition of capabilities especially appropriate for the 21st Century security environment, such as capabilities to locate and track targets more rapidly and on a global basis; strike with increased speed, higher precision, and at greater ranges; and capitalize on the aggregate power of networked forces.

- Procurement. The amended DoD budget aligns procurement programs and funding to provide balanced and strong support for both the U.S. military's short-term requirements and its long-term transformation. The budget emphasizes robust funding of systems that will continue to be necessary even with significant shifts in defense strategy, such as airlift assets. It supports overhauling systems that will continue to be central to our defense posture until the next generation of equipment is developed and fielded, and it inaugurates realistic pricing of major weapons programs, which should reduce program disruptions.

- Research, Development, Test and Evaluation (RDT&E). The amended budget builds upon the \$2.6 billion RDT&E initiative for leap-ahead technologies included in your initial budget by targeting technologies with the greatest promise for transforming the U.S. defense posture. Within RDT&E, the budget includes \$8.8 billion for Science and Technology, which funds basic and applied research and development of technologies and prototype subsystems that are the key to fielding future leap-ahead systems.
- Information and Space Capabilities. The budget includes substantial increases for information and space capabilities, both critical to deterrence and warfighting, and provides unique advantages for the United States and its allies. America's growing dependence on information and space capabilities necessitates greater assurance that these capabilities will remain effective against any prospective threat. The budget emphasizes situational awareness, attack warning, protection of assets, prevention of unintended use, and counters to likely future threats.
- Missile Defense. The amended budget request advances your commitment to build effective missile defenses based on the best available technologies, deployed at the earliest possible date. The budget includes a total of \$7.0 billion for the Ballistic Missile Defense Organization (BMDO) and \$1.3 billion for lower-tier programs funded within the Service accounts. It emphasizes a new approach focused on an expanded, robust RDT&E program with flexibility to pursue the most promising developments. The Airborne Laser, Space-Based Laser, and Space-Based Infra-Red System (SBIRS)-Low programs are merged into BMDO's missile defense program.
- Strategic Forces and Precision Strike. The budget begins implementation of your initiative to reshape U.S. strategic and tactical nuclear forces for the post-Cold War world by beginning to convert two TRIDENT submarines to cruise missile-carrying submarines and by initiating the retirement of Peacekeeper missiles.
- Future Threat Initiatives. The revised budget initiates funding for programs that the ongoing strategy review has identified as especially critical to countering threats that appear likely in the future. Examples include close-in ship self-defense improvements, E-2C radar modernization, chemical/biological vaccines, and miniature munitions development. Through this initiative, the budget accelerates the transformation of U.S. forces by focusing on global joint response forces, capabilities encompassing the full spectrum of conflict (from a major conflict to peacetime activities), and transforming early-entry forces first.

Military Construction and Family Housing

The amended defense budget includes a robust \$5.9 billion Military Construction program to upgrade and maintain a streamlined facilities inventory. The budget moves the Department toward restoring or eliminating the most seriously degraded facilities. Key to the long-range goal will be the Efficient Facilities Initiative in which the Administration plans to reduce DoD facilities by 25 percent and, ultimately, to save \$3.5 billion annually. Another long-range goal is to reduce the facilities' replacement age from the FY 2001 unacceptable

recapitalization rate of 192 years to a rate that more closely approximates commercial standards. The increase in military construction funding in this amended budget reduces this recapitalization rate for FY 2002 to 101 years.

The amended defense budget includes \$4.1 billion for Family Housing and begins new and intensive measures to improve the quality of military housing and accelerate elimination of substandard housing. It provides \$1.1 billion to construct or renovate about 6,500 family housing units and privatize another 30,000 plus units. It includes your \$400 million initiative to improve housing for military personnel and their families (\$293.2 million for family housing and \$106.8 million for barracks).

Management Initiatives

The amended budget reflects efforts to change the way the Department does business. These efforts include more competition and outsourcing, more commercialization, and other innovations to ensure more efficient use of Defense resources. The amended budget includes \$100 million for reforming DoD's financial management. It requests flexibility to accomplish the depot maintenance workload in a more efficient manner. It also would enable the Department to acquire services in an efficient business-like or commercial manner applicable to construction and service requirements.

Revolving and Management Funds

The amended budget requests appropriations totaling \$1.9 billion for the Defense Working Capital Funds, including:

- \$639 million to recover prior-year losses in the Defense Logistics Agency due to actual fuel prices being above the budgeted rate and \$19.2 million for price increases in natural gas and electricity;
- \$100 million requested to augment the Army's spares at their supply activities and to reduce backorders in aviation spares;
- \$1.1 billion for operations of the Defense Commissaries; and,
- \$93 million for additional war reserve material.

General Provisions

The amended budget request includes several proposed general provisions, including amendments related to the Davis-Bacon Act, depot maintenance, and the costs related to the collision with the EHIME MARU.

Recommendation

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the Secretary of Defense in recommending that you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in dark ink, appearing to read "MCDaniels", followed by a vertical line.

Mitchell E. Daniels, Jr.
Director

Enclosures

FY 2002 Amended Budget Appropriations Request Summary
(Budget Authority in thousands of dollars)

<i>Account</i>	<i>Pending Request</i>	<i>Proposed Amendment</i>	<i>Revised Request</i>
Military Personnel			
Military Personnel, Army	23,473,254	153,430	23,626,684
Military Personnel, Navy	18,811,111	795,873	19,606,984
Military Personnel, Marine Corps	7,248,191	116,849	7,365,040
Military Personnel, Air Force	19,195,490	956,024	20,151,514
Reserve Personnel, Army	2,614,614	-10,417	2,604,197
Reserve Personnel, Navy	1,673,252	-29,729	1,643,523
Reserve Personnel, Marine Corps	477,331	-14,031	463,300
Reserve Personnel, Air Force	1,033,021	22,139	1,055,160
National Guard Personnel, Army	4,015,960	-1,825	4,014,135
National Guard Personnel, Air Force	1,747,457	29,287	1,776,744
Total Military Personnel	80,289,681	2,017,600	82,307,281
Operation & Maintenance			
Operation & Maintenance, Army	19,446,000	1,745,680	21,191,680
Operation & Maintenance, Navy	24,049,043	2,912,339	26,961,382
Operation & Maintenance, Marine Corps	2,856,000	36,314	2,892,314
Operation & Maintenance, Air Force	22,536,000	3,610,770	26,146,770
Operation & Maintenance, Defense-Wide	12,464,000	54,631	12,518,631
Office of the Inspector General	154,000	-1,979	152,021
Operation & Maintenance, Army Reserve	1,638,000	149,246	1,787,246
Operation & Maintenance, Navy Reserve	970,000	33,690	1,003,690
Operation & Maintenance, Marine Corps Reserve	148,000	-3,977	144,023
Operation & Maintenance, Air Force Reserve	1,948,000	81,866	2,029,866
Operation & Maintenance, Army National Guard	3,405,000	272,359	3,677,359
Operation & Maintenance, Air National Guard	3,472,000	395,361	3,867,361
Quality of Life Enhancements, Defense	164,000	-164,000	- - -
Overseas Contingency Operations Transfer Fund	2,993,000	-148,774	2,844,226
United States Court of Appeals for the Armed Forces	9,000	96	9,096
Drug Interdiction & Counter-Drug Activities, Defense	885,297	-64,916	820,381
Support for International Sporting Competitions, Defense	- - -	15,800	15,800
Defense Health Program	16,314,000	1,584,969	17,898,969
Environmental Restoration Fund, Defense	1,337,809	-91,308	1,246,501
Payment to Kaho'olawe Island Fund	61,125	-36,125	25,000
Overseas Humanitarian, Disaster and Civic Aid	57,000	-7,300	49,700
Former Soviet Union (FSU) Threat Reduction	451,000	-48,000	403,000
Defense Vessels Transfer Program Account	4,000	-4,000	- - -
Total Operation & Maintenance	115,362,274	10,322,742	125,685,016

FY 2002 Amended Budget Appropriations Request Summary
(Budget Authority in thousands of dollars)

<i>Account</i>	<i>Pending Request</i>	<i>Proposed Amendment</i>	<i>Revised Request</i>
Procurement			
Aircraft Procurement, Army	1,583,000	342,491	1,925,491
Missile Procurement, Army	1,330,000	529,634	1,859,634
Procurement of W&TCV, Army	2,471,000	-194,254	2,276,746
Procurement of Ammunition, Army	1,229,000	-35,635	1,193,365
Other Procurement, Army	4,501,000	-539,263	3,961,737
Aircraft Procurement, Navy	8,544,000	-291,457	8,252,543
Weapons Procurement, Navy	1,472,000	-38,525	1,433,475
Procurement of Ammunition, Navy & Marine Corps	502,000	-44,901	457,099
Shipbuilding & Conversion, Navy	7,817,000	1,527,121	9,344,121
Other Procurement, Navy	3,542,000	555,576	4,097,576
Procurement, Marine Corps	1,244,000	-262,276	981,724
Aircraft Procurement, Air Force	10,495,000	249,458	10,744,458
Missile Procurement, Air Force	2,855,000	378,536	3,233,536
Procurement of Ammunition, Air Force	654,000	211,344	865,344
Other Procurement, Air Force	7,806,000	353,521	8,159,521
Procurement, Defense-Wide	2,346,000	-742,073	1,603,927
National Guard & Reserve Equipment	101,000	-101,000	- - -
Defense Production Act Purchases	3,000	47,000	50,000
Chemical Agents & Munitions Destruction, Army	998,000	155,557	1,153,557
Total Procurement	59,493,000	2,100,854	61,593,854
Research, Development, Test & Evaluation (RDT&E)			
RDT&E, Army	6,415,001	278,919	6,693,920
RDT&E, Navy	9,665,998	1,457,391	11,123,389
RDT&E, Air Force	14,225,000	118,982	14,343,982
RDT&E, Defense-Wide	11,260,000	3,790,787	15,050,787
Operational Test & Evaluation, Defense	230,000	-12,645	217,355
Research & Development Initiative Transfer Account	2,600,000	-2,600,000	- - -
Total RDT&E	44,395,999	3,033,434	47,429,433

FY 2002 Amended Budget Appropriations Request Summary
(Budget Authority in thousands of dollars)

<i>Account</i>	<i>Pending Request</i>	<i>Proposed Amendment</i>	<i>Revised Request</i>
Military Construction			
Military Construction, Army	964,000	796,541	1,760,541
Military Construction, Navy	952,000	119,408	1,071,408
Military Construction, Air Force	898,000	170,250	1,068,250
Military Construction, Defense-Wide	830,000	-135,442	694,558
Military Construction, Army National Guard	292,000	-24,611	267,389
NATO Security Investment Program	176,000	-13,400	162,600
Military Construction, Air National Guard	208,000	-58,928	149,072
Military Construction, Army Reserve	110,000	1,404	111,404
Military Construction, Navy Reserve	63,000	-29,359	33,641
Military Construction, Air Force Reserve	38,000	15,732	53,732
Base Realignment & Closure Account	1,025,730	-493,530	532,200
Total Military Construction	5,556,730	348,065	5,904,795
Family Housing			
Family Housing, Army	1,200,000	-1,200,000	- - -
Family Housing Construction, Army	- - -	291,542	291,542
Family Housing Operation & Maintenance, Army	- - -	1,108,991	1,108,991
Family Housing, Navy & Marine Corps	1,319,000	-1,319,000	- - -
Family Housing Construction, Navy & Marine Corps	- - -	304,400	304,400
Family Housing Operation & Maintenance, Navy & Marine	- - -	918,095	918,095
Family Housing, Air Force	1,093,000	-1,093,000	- - -
Family Housing Construction, Air Force	- - -	518,237	518,237
Family Housing Operation & Maintenance, Air Force	- - -	869,121	869,121
Family Housing, Defense-Wide	46,000	-1,988	44,012
Family Housing Initiative Transfer Account	400,000	-400,000	- - -
Homeowners Assistance Fund, Defense	18,269	-8,150	10,119
Department of Defense Family Housing Improvement Fund	16,000	-14,000	2,000
Total Family Housing	4,092,269	-25,752	4,066,517

FY 2002 Amended Budget Appropriations Request Summary
(Budget Authority in thousands of dollars)

<i>Account</i>	<i>Pending Request</i>	<i>Proposed Amendment</i>	<i>Revised Request</i>
Revolving Funds			
National Defense Sealift Fund	507,000	-592	506,408
Defense Working Capital Funds	933,000	1,018,986	1,951,986
Total Revolving Funds	1,440,000	1,018,394	2,458,394
Trust Funds			
National Security Education Trust Fund	7,000	1,000	8,000
Legislative Contingencies			
Davis Bacon	- - -	-190,000	-190,000
Depot Maintenance Utilization Waiver	- - -	-140,000	-140,000
Total Legislative Contingencies	- - -	-330,000	-330,000
Total Appropriations	310,636,953	18,486,337	329,123,290
Mandatory – Military Personnel	-23,681	- - -	-23,681
Appropriated in General Provisions	-146,138	-37,736	-183,874
Total Discretionary Budget Authority	310,467,134	18,448,601	328,915,735

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Military Personnel, Army

FY 2002 Budget
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FY 2002
Pending Request: \$23,473,254,000

Proposed Amendment: \$153,430,000

Revised Request: \$23,626,684,000

(In the appropriations language under the above heading, delete "to Section 229(b) of the Social Security Act (42 U.S.C. 429(b)),".)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support an active duty end strength of 480,000.
- Includes the Army's portion, \$407 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Provides \$0.8 billion to improve retention and recruit soldiers of high quality and with critical skills -- through a robust program of Selective Reenlistment Bonuses, Enlistment Bonuses, and other incentive programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Military Personnel, Navy

FY 2002 Budget
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FY 2002
Pending Request: \$18,811,111,000

Proposed Amendment: \$795,873,000

Revised Request: \$19,606,984,000

(In the appropriations language under the above heading, delete "to section 229(b) of the Social Security Act (42 U.S.C. 429(b)),".)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support an active duty end strength of 376,000.
- Includes the Navy's portion, \$314 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Provides funding to improve retention and recruit sailors of high quality and with critical skills -- through a robust program of Selective Reenlistment Bonuses, Enlistment Bonuses, and other incentive programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Military Personnel, Marine Corps

FY 2002 Budget
Appendix Page: 247

FY 2002
Pending Request: \$7,248,191,000

Proposed Amendment: \$116,849,000

Revised Request: \$7,365,040,000

(In the appropriations language under the above heading, delete "to section 229(b) of the Social Security Act (42 U.S.C. 429(b)),".)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support an active duty end strength of 172,600.
- Includes the Marine Corps' portion, \$129 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Provides funding to improve retention and recruit Marines of high quality and with critical skills -- through a robust program of Selective Reenlistment Bonuses, Enlistment Bonuses, and other incentive programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Military Personnel, Air Force

FY 2002 Budget
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FY 2002
Pending Request: \$19,195,490,000

Proposed Amendment: \$956,024,000

Revised Request: \$20,151,514,000

(In the appropriations language under the above heading, delete "to section 229(b) of the Social Security Act (42 U.S.C. 429(b)),".)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support an active duty end strength of 358,800.
- Includes the Air Force's portion, \$339 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Fully funds recruiting and retention programs. While the President's pay initiative will enhance overall pay levels, the Department must maintain a robust program of Enlistment Bonuses to attract the best applicants, especially in hard to fill mechanical and technical skills. Selective Reenlistment Bonuses, Aviation Continuation Pay, Judge Advocate and Medical Continuation Pays are critical to retaining our highly trained force and maintaining readiness at the level required to support the National Military Strategy.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Reserve Personnel, Army

FY 2002 Budget
Appendix Page: 249

FY 2002
Pending Request: \$2,614,614,000

Proposed Amendment: -\$10,417,000

Revised Request: \$2,604,197,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 205,000, which includes 13,108 full-time active duty personnel.
- Includes the Army Reserves' portion, \$44 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Supports increasing rates of participation of officers in individual duty training, as well as increasing participation rates for both officers and enlisted personnel in annual training.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Reserve Personnel, Navy

FY 2002 Budget
Appendix Page: 250

FY 2002
Pending Request: \$1,673,252,000

Proposed Amendment: -\$29,729,000

Revised Request: \$1,643,523,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 87,000, which includes 14,811 full-time active duty personnel.
- Includes the Navy Reserves' portion, \$26 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.
- Provides funding necessary to achieve a budgeted participation rate in annual training for enlisted drilling Reservists of 90 percent.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Reserve Personnel, Marine Corps

FY 2002 Budget
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FY 2002
Pending Request: \$477,331,000

Proposed Amendment: -\$14,031,000

Revised Request: \$463,300,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 39,558, which includes 2,261 full-time active duty personnel.
- Includes the Marine Corps Reserves' portion, \$8 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: Reserve Personnel, Air Force

FY 2002 Budget
Appendix Page: 251

FY 2002
Pending Request: \$1,033,021,000

Proposed Amendment: \$22,139,000

Revised Request: \$1,055,160,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 74,700, which includes 1,437 full-time active duty personnel.
- Includes The Air Force Reserves' portion, \$17 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: National Guard Personnel, Army

FY 2002 Budget
Appendix Page: 252

FY 2002
Pending Request: \$4,015,960,000

Proposed Amendment: -\$1,825,000

Revised Request: \$4,014,135,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 350,000, which includes 22,974 full-time active duty personnel.
- Provides funding to train, educate, and prepare Army National Guard personnel for their Federal missions.
- Includes the Army National Guard's portion, \$71 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY PERSONNEL

Heading: National Guard Personnel, Air Force

FY 2002 Budget
Appendix Page: 252-253

FY 2002
Pending Request: \$1,747,457,000

Proposed Amendment: \$29,287,000

Revised Request: \$1,776,744,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds pay and allowances to support selected reserve end strength of 108,400, which includes 11,591 full-time active duty personnel.
- Provides funding to train, educate, and prepare Air National Guard personnel for their Federal missions.
- Includes the Air Force National Guard's portion, \$31 million, of the President's \$1.4 billion initiative to improve and target pay raises. This initiative will enhance recruiting and retention by fundamentally changing the enlisted pay structure, altering the shape of the earnings profile, and increasing pay for senior enlisted personnel and mid-grade officers.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Army

FY 2002 Budget
Appendix Page: 253-254

FY 2002
Pending Request: \$19,446,000,000

Proposed Amendment: \$1,745,680,000

Revised Request: \$21,191,680,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides \$5 billion for Base Operations Support to fund critical base support and reduce the risk of funds migrating from Operating Tempo (OPTEMPO), thereby increasing the Army's ability to meet OPTEMPO goals and improve morale, retention, and readiness.
- Funds critical day-to-day operation and maintenance of training ranges, Combat Training Centers, and training equipment to meet individual and collective live fire and maneuver training requirements. Provides the necessary investment to properly support the Army's Transformation efforts and develop the capability to support future training needs.
- Provides \$0.8 billion for Depot Maintenance, allowing the Army to reduce the maintenance backlog, support recapitalization to extend the service life of key systems.
- Provides funding to improve the availability of spare parts/war reserve secondary items to meet higher demands, reduce current out-of-stock levels, reduce the rate of future backorders, reduce the use of cannibalization, and extend the service life of aging systems.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Navy

FY 2002 Budget
Appendix Page: 254-255

FY 2002
Pending Request: \$24,049,043,000

Proposed Amendment: \$2,912,339,000

Revised Request: \$26,961,382,000

(In the appropriations language under the above heading, delete "\$4,569,000" and substitute \$6,000,000; and, delete "\$24,049,043,000" and substitute \$26,961,382,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides \$4.1 billion for the Navy's flying hour program to achieve fully the Chief of Naval Operation's training readiness goal.
- Provides \$5.3 billion for improved depot maintenance funding levels, including funding to complete repairs on the USS COLE so it can be returned to service.
- Properly funds various mission support operational accounts (e.g., base operations support and information technology applications) which, over the years, have been drawn upon to finance critical readiness programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Marine Corps

FY 2002 Budget
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FY 2002
Pending Request: \$2,856,000,000

Proposed Amendment: \$36,314,000

Revised Request: \$2,892,314,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides \$0.1 billion to improve substantially the level of depot maintenance funding and make a major investment toward achieving optimal future funding.
- Funds readiness enhancements for all Marine Expeditionary Forces (MEFs). Appropriately finances various mission support accounts (e.g., base operations support and information technology applications) which, over the years, have been drawn upon to finance readiness requirements, as well as force protection enhancements to redress emergent vulnerabilities.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Air Force

FY 2002 Budget
Appendix Page: 256

FY 2002
Pending Request: \$22,536,000,000

Proposed Amendment: \$3,610, 770,000

Revised Request: \$26,146,770,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides \$4.7 billion to fund fully the readiness training flying hour program covering increases in depot level repairable consumption that result from the aging inventory of aircraft.
- Provides \$0.9 billion for training, which restores training to required levels, adds participation of low-flying observable aircraft in all training exercises, modernizes ranges, and supports more trainers to improve aircrew skills.
- Provides \$2.0 billion for depot maintenance to increase the percentage of aircraft repair requirements from 85 to 92 percent and to make a major investment toward achieving optimal future funding.
- Provides \$4.8 billion for base support to fund fully operating costs to include anticipated increases in natural gas and electricity prices, expansion of child development centers, and purchase of furniture for renovated and new dormitories.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Defense-Wide

FY 2002 Budget
Appendix Page: 257

FY 2002
Pending Request: \$12,464,000,000

Proposed Amendment: \$54,631,000

Revised Request: \$12,518,631,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides \$1.8 billion to fund Special Operations Forces (SOF) training, maintenance, and worldwide deployment activities; transportation for joint exercises; efforts to combat terrorism; and joint readiness training programs of the Commanders-in-Chief. Fully funds a robust SOF flight operations program.
- Provides \$4.8 billion for intelligence functions and other classified activities.
- Provides \$1.6 billion for dependent education, acquisition work force training programs, and increased enrollment for the Defense Leadership and Management Program.
- Provides \$0.8 billion for command, control, computer, and intelligence support of worldwide strategic communications.
- Provides \$1.3 billion for contract audit and management functions, including a Standard Procurement System initiative to standardize automation of DoD procurement functions.
- Provides \$1.1 billion for arms control treaty compliance, defense against weapons of mass destruction, and certain headquarters functions.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Office of the Inspector General

FY 2002 Budget
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FY 2002
Pending Request: \$154,000,000

Proposed Amendment: -\$1,979,000

Revised Request: \$152,021,000

(In the appropriation language under the above heading, delete "\$154,000,000" and substitute \$152,021,000; delete "\$152,134,000" and substitute \$150,221,000; and, delete "\$1,866,000" and substitute \$1,800,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request sustains efforts to conduct audits and evaluations of DoD programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Army Reserve

FY 2002 Budget
Appendix Page: 259

FY 2002
Pending Request: \$1,638,000,000

Proposed Amendment: \$149,246,000

Revised Request: \$1,787,246,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Funds flying hours to achieve 9.0 crew hour individual training strategy.
- Provides funding to recruit adequate personnel to attain the Army Reserve's requirements.
- Provides funding for Base Operations Support to fund properly critical base support and to reduce the risk of funds migrating from Operating Tempo programs.
- Funds depot maintenance at a level to allow the Army Reserve to reduce the maintenance backlog and to ensure that requirements of early deployers are addressed.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Navy Reserve

FY 2002 Budget
Appendix Page: 260

FY 2002
Pending Request: \$970,000,000

Proposed Amendment: \$33,690,000

Revised Request: \$1,003,690,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides funding to support the Naval Reserve Force's ship operations necessary to augment the regular naval forces to expand the capabilities of the U.S. Navy.
- Provides operating funds for maintenance of the Naval Reserve fleet and for adequate training to ensure readiness of deployed units.
- Funds depot maintenance for ships and aircraft to enable safe and reliable operation of assets so that they can ably fulfill their assigned combat and combat support missions.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Marine Corps Reserve

FY 2002 Budget
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FY 2002
Pending Request: \$148,000,000

Proposed Amendment: -\$3,977,000

Revised Request: \$144,023,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Funds sustaining costs of the Fourth Marine Division, Fourth Marine Air Wing, and the Fourth Force Service Support Group to accomplish the Marine Corps' mission of providing trained units to augment selectively and reinforce the active forces.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	OPERATION AND MAINTENANCE
Heading:	Operation and Maintenance, Air Force Reserve
FY 2002 Budget Appendix Page:	261-262
FY 2002 Pending Request:	\$1,948,000,000
Proposed Amendment:	\$81,866,000
Revised Request:	\$2,029,866,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides funds to support the readiness training flying hour program covering increases in depot level repairable consumption that result from an aging inventory.
- Provides funds to support the depot maintenance goal of increasing the aircraft repair requirements from 87 to 92 percent and to make a major investment toward achieving the optimal funding level.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Army National Guard

FY 2002 Budget
Appendix Page: 262

FY 2002
Pending Request: \$3,405,000,000

Proposed Amendment: \$272,359,000

Revised Request: \$3,677,359,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Funds flying hours to achieve 9.0 crew hour individual training strategy.
- Provides funding for Base Operations Support to fund properly critical base support and to reduce the risk of funds migrating from Operating Tempo programs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Operation and Maintenance, Air National Guard

FY 2002 Budget
Appendix Page: 263

FY 2002
Pending Request: \$3,472,000,000

Proposed Amendment: \$395,361,000

Revised Request: \$3,867,361,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Bolsters force readiness with special attention to operational requirements, including training, base operations, maintenance, spare parts, force protection, utilities, etc.
- Provides funds to support the readiness training flying hour program covering increases in depot level repairable consumption that result from an aging inventory.
- Provides funds for depot maintenance to make a major investment toward achieving the optimal funding level.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Quality of Life Enhancements, Defense

FY 2002 Budget
Appendix Page: 264

FY 2002
Pending Request: \$164,000,000

Proposed Amendment: -\$164,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	OPERATION AND MAINTENANCE
Heading:	Overseas Contingency Operations Transfer Fund
FY 2002 Budget Appendix Page:	265
FY 2002 Pending Request:	\$2,993,000,000
Proposed Amendment:	-\$148,774,000
Revised Request:	\$2,844,226,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides funding for ongoing contingency operations in Bosnia and Kosovo. Funding supports stable total U.S. troop levels, with a greater percentage of Reserve Component (RC) participation.
- Reflects the transfer of Southwest Asia (SWA) operations from the Overseas Contingency Operations Transfer Fund (OCOTF) to the appropriate Military Service accounts due to stability of operations.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	OPERATION AND MAINTENANCE
Heading:	United States Court of Appeals for the Armed Forces
FY 2002 Budget Appendix Page:	266
FY 2002 Pending Request:	\$9,000,000
Proposed Amendment:	\$96,000
Revised Request:	\$9,096,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request sustains the Court of last resort for the majority of criminal appeals in the military justice system.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Drug Interdiction and Counter-Drug Activities, Defense

FY 2002 Budget
Appendix Page: 267

FY 2002
Pending Request: \$885,297,000

Proposed Amendment: -\$64,916,000

Revised Request: \$820,381,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides \$0.2 billion for the Office of National Drug Control Policy's (ONDCP) Goals 1 through 3: "Educate America's youth"; "Increase safety of citizens"; and "Reduce health and social costs."
- Provides \$0.3 billion for ONDCP Goal 4, "Shield America's frontiers." The effort provides support to assist U.S. law enforcement and the forces of transit zone nations to counter the flow of illegal drugs in transit to the United States, including support of a Forward Operating Location.
- Provides \$0.3 billion for ONDCP Goal 5, "Break drug sources of supply." These projects emphasize the integrated air, riverine, and ground interdiction strategy, including the support of a Forward Operating Location.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Support for International Sporting Competitions, Defense

FY 2002 Budget
Appendix Page: 267

FY 2002
Pending Request: -----

Proposed Amendment: \$15,800,000

Revised Request: \$15,800,000

(Insert the appropriations language that follows under the above heading.)

For logistical and security support for international sporting competitions (including pay and non-travel related allowances only for members of the Reserve Components of the Armed Forces of the United States called or ordered to active duty in connection with providing such support), \$15,800,000, to remain available until expended.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides funding for all known requirements for DoD support to international sporting events through FY 2002, including the 2002 Winter Olympic Games and Paralympics.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Defense Health Program

FY 2002 Budget
Appendix Page: 268

FY 2002
Pending Request: \$16,314,000,000

Proposed Amendment: \$1,584,969,000

Revised Request: \$17,898,969,000

(In the appropriations language under the above heading, delete "\$16,314,000,000" and substitute \$17,898,969,000; delete "\$15,597,000,000" and substitute \$17,565,750,000; delete "\$296,000,000" and substitute \$267,915,000; and, delete "\$421,000,000" and substitute \$65,304,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- For the first time in recent years, requests funds based on realistic healthcare cost estimates.
- Provides an additional \$3.9 billion for prescription and medical care for Medicare-eligible military retirees and their families.
- Provides a 15-percent growth rate for pharmacy costs to match expected growth trends and a 12-percent growth rate for managed care support contracts to reflect expected growth.

The Administration is also proposing legislation in our accompanying general provision that would reduce the cost of delivering Defense healthcare by \$315 million. This legislation will allow DoD to pay Medicare prospective payment rates to providers for skilled nursing and hospital outpatient care.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: The Department of Defense Environmental Restoration
Accounts

FY 2002 Budget
Appendix Page: 269

FY 2002
Pending Request: \$1,337,809,000

Proposed Amendment: -\$91,308,000

Revised Request: \$1,246,501,000

(In the appropriations language under the above heading, and the following sub-headings, under Environmental Restoration, Army: delete "\$397,245,000" and substitute \$389,800,000; under Environmental Restoration, Navy: delete "\$299,552,000" and substitute \$257,517,000; under Environmental Restoration, Air Force: delete "\$383,357,000" and substitute \$385,437,000; under Environmental Restoration, Defense-wide: delete "\$21,814,000" and substitute \$23,492,000; and, under Environmental Restoration, Formerly Used Defense Sites: delete "\$235,841,000" and substitute \$190,255,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request funds the analysis and cleanup of past contamination at DoD installations to meet all known legal requirements.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	OPERATION AND MAINTENANCE
Heading:	Overseas Humanitarian, Disaster, and Civic Aid
FY 2002 Budget Appendix Page:	270
FY 2002 Pending Request:	\$57,000,000
Proposed Amendment:	-\$7,300,000
Revised Request:	\$49,700,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides funding for anticipated steady-state requirements for the Humanitarian Assistance/Disaster Relief Program and the Humanitarian Demining Program.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Former Soviet Union Threat Reduction

FY 2002 Budget
Appendix Page: 271

FY 2002
Pending Request: \$451,000,000

Proposed Amendment: -\$48,000,000

Revised Request: \$403,000,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Funds assistance programs in Russia and other states of the Former Soviet Union to reduce the danger posed by weapons of mass destruction and the proliferation of their loosely guarded fissile material components. Supported activities include:
 - Eliminating strategic nuclear weapons and their delivery systems from the Russian arsenal, including ballistic missiles, missile silos, strategic nuclear missile carrying submarines and long-range bombers;
 - Eliminating weapons-grade plutonium sources;
 - Transporting and storing safely and securely the dismantled weapons; and
 - Eliminating stockpiled chemical weapons and their production facilities.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Payment to Kaho'olawe

FY 2002 Budget
Appendix Page: 271

FY 2002
Pending Request: \$61,125,000

Proposed Amendment: -\$36,125,000

Revised Request: \$25,000,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request sustains environmental clean-up of unexploded ordnance on the island of Kaho'olawe.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: OPERATION AND MAINTENANCE

Heading: Defense Vessels Transfer Program Account

FY 2002 Budget
Appendix Page: 274

FY 2002
Pending Request: \$4,000,000

Proposed Amendment: -\$4,000,000

Revised Request: -----

The Department of Defense is not requesting the authority provided in section 306 of Division A, Miscellaneous Appropriations Act, 2001 (page 341 of the Appendix). This proposal for the Defense Vessels Transfer program account does not require action by the appropriations committees.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Aircraft Procurement, Army

FY 2002 Budget
Appendix Page: 275

FY 2002
Pending Request: \$1,583,000,000

Proposed Amendment: \$342,491,000

Revised Request: \$1,925,491,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding to modify Apache helicopters to the Longbow configuration -- providing for automatic target detection, classification, prioritization, and a true fire-and-forget engagement capability utilizing the Longbow HELLFIRE missile.
- Includes funding to modify Chinook helicopters with upgraded engines to increase power, remanufacture the airframe to extend service life, and reduce operating and support costs, and insert an open electronic architecture compatible with other advanced systems being fielded by the Army.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Missile Procurement, Army

FY 2002 Budget
Appendix Page: 276

FY 2002
Pending Request: \$1,330,000,000

Proposed Amendment: \$529,634,000

Revised Request: \$1,859,634,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Continues modernizing the Army missile inventory with multi-year procurements of the manportable Javelin antitank system and the Longbow HELLFIRE air-to-ground missile.
- Includes funding to continue procurement of the Multiple Launch Rocket System (MLRS) launcher system with improved fire control and mechanical system upgrades.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	PROCUREMENT
Heading: Army	Procurement of Weapons and Tracked Combat Vehicles,
FY 2002 Budget Appendix Page:	277
FY 2002 Pending Request:	\$2,471,000,000
Proposed Amendment:	-\$194,254,000
Revised Request:	\$2,276,746,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding to procure the Interim Armored Vehicle (IAV) to transform the Army into a lighter, more mobile force.
- Includes funding to upgrade the Abrams tank. The bulk of the funding supports the Upgrade Program to reconfigure M1 tanks to the more survivable and more lethal M1A2 configuration. The M1A2 System Enhancement Program upgrades existing M1A2 tanks by improving the on-board computer systems and incorporating second generation forward looking infra-red technology.
- Provides funding for the second year of full rate production of the Bradley Fighting Vehicle A3 configuration. The A3 Bradley has improved command and control, digital communications, and target acquisition upgrades.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Procurement of Ammunition, Army

FY 2002 Budget
Appendix Page: 278

FY 2002
Pending Request: \$1,229,000,000

Proposed Amendment: -\$35,635,000

Revised Request: \$1,193,365,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for training munitions to achieve a C-1 level of readiness for most items.
- Includes approximately \$60 million for seven modern war reserve items, including rounds for small arms, tanks, and mortars.
- Initiates procurement of the armor piercing 120mm M829E3 tank round and procurement of the 105mm high explosive plastic-tracer M393 round to be used in the Interim Brigade Combat Team's mobile gun system.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Other Procurement, Army

FY 2002 Budget
Appendix Page: 278

FY 2002
Pending Request: \$4,501,000,000

Proposed Amendment: -\$539,263,000

Revised Request: \$3,961,737,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding to continue the Low Rate Initial Production (LRIP) acquisition and fielding of the Force XXI Battle Command Brigade and Below (FBCB2) communication terminals for the 2nd Digitized Division and 1st Cavalry Division at Ft. Hood, as well as the 2nd Interim Brigade Combat Team at Ft. Lewis.
- Includes funding to procure High Mobility Multi-purpose Wheeled Vehicles (HMMWV), medium (FMTV) and heavy (FHTV) trucks.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Aircraft Procurement, Navy

FY 2002 Budget
Appendix Page: 279

FY 2002
Pending Request: \$8,544,000,000

Proposed Amendment: -\$291,457,000

Revised Request: \$8,252,543,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for spares and repair parts to improve readiness.
- Procures 48 F/A-18E/F aircraft, an increase of six aircraft to support reducing the average age of military aircraft.
- Procures the minimum rate of V-22 aircraft consistent with the recommendations of the Blue Ribbon Panel.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Weapons Procurement, Navy

FY 2002 Budget
Appendix Page: 280

FY 2002
Pending Request: \$1,472,000,000

Proposed Amendment: -\$38,525,000

Revised Request: \$1,433,475,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for Close-In Weapons Systems (CIWS) modifications to enhance ship self-defense capability against small craft.
- Includes funding to support the Trident Missile life extension program.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	PROCUREMENT
Heading:	Procurement of Ammunition, Navy and Marine Corps
FY 2002 Budget Appendix Page:	281
FY 2002 Pending Request:	\$502,000,000
Proposed Amendment:	-\$44,901,000
Revised Request:	\$457,099,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes funding for training munitions replenishment.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Shipbuilding and Conversion, Navy

FY 2002 Budget
Appendix Page: 282

FY 2002
Pending Request: \$7,817,000,000

Proposed Amendment: \$1,527,121,000

Revised Request: \$9,344,121,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for three DDG-51 Destroyers, one Virginia-class attack submarine, one TAKE auxiliary ship, two SSN 688-class attack submarine refuelings, and funding to begin the conversion of two SSBN submarines to SSGN's.
- Includes \$1,026 million to fully fund the cost of current and prior year ships.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Other Procurement, Navy

FY 2002 Budget
Appendix Page: 283

FY 2002
Pending Request: \$3,542,000,000

Proposed Amendment: \$555,576,000

Revised Request: \$4,097,576,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for emergent antiterrorism and force protection requirements.
- Provides funding for satellite communications.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Procurement, Marine Corps

FY 2002 Budget
Appendix Page: 284

FY 2002
Pending Request: \$1,244,000,000

Proposed Amendment: -\$262,276,000

Revised Request: \$981,724,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Continues funding for the Medium Tactical Vehicle program.
- Funds initiation of a five-year HMMWV procurement program.
- Procures modification kits/assemblies for the Assault Amphibious Vehicle Product Improvement program.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Aircraft Procurement, Air Force

FY 2002 Budget
Appendix Page: 285

FY 2002
Pending Request: \$10,495,000,000

Proposed Amendment: \$249, 458,000

Revised Request: \$10,744,458,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for continued procurement of the Air Force's next-generation air superiority fighter, the F-22.
- Includes funding for two additional C-130J aircraft, including support and spare parts, and C-17 spares and repair parts, to improve mobility forces.
- Includes funding for B-2 and B-52 aircraft modifications, as part of new emphasis on long-range precision strikes.
- Includes funding for long-lead, contractor logistics support, and initial spares for a Joint STARS aircraft.
- Includes funding to accelerate the Global Hawk program in support of a new emphasis on information dominance.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Missile Procurement, Air Force

FY 2002 Budget
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FY 2002
Pending Request: \$2,855,000,000

Proposed Amendment: \$378,536,000

Revised Request: \$3,233,536,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes funding for space-related efforts supporting the President's emphasis on leap-ahead space-related technologies.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Procurement of Ammunition, Air Force

FY 2002 Budget
Appendix Page: 286-287

FY 2002
Pending Request: \$654,000,000

Proposed Amendment: \$211,344,000

Revised Request: \$865,344,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes funding for training munitions replenishment.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Other Procurement, Air Force

FY 2002 Budget
Appendix Page: 287

FY 2002
Pending Request: \$7,806,000,000

Proposed Amendment: \$353,521,000

Revised Request: \$8,159,521,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes funding for base information infrastructure systems, automated data equipment, and the National Air Space System.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Procurement, Defense-Wide

FY 2002 Budget
Appendix Page: 288

FY 2002
Pending Request: \$2,346,000,000

Proposed Amendment: -\$742,073,000

Revised Request: \$1,603,927,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Reduces the account to reflect program transfer of Patriot Advanced Capability-3 (PAC-3) and Navy Area programs from Ballistic Missile Defense Organization to the appropriate executing Service.
- Funds procurement of ammunition, communications, and other equipment to perform the U.S. Special Operations Command mission.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: National Guard and Reserve Equipment

FY 2002 Budget
Appendix Page: 289

FY 2002
Pending Request: \$101,000,000

Proposed Amendment: -\$101,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Defense Production Act Purchases

FY 2002 Budget
Appendix Page: 290

FY 2002
Pending Request: \$3,000,000

Proposed Amendment: \$47,000,000

Revised Request: \$50,000,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes FY 2002 projects for domestic radiation hardened electronics. These projects meet the requirements of subsection(a)(3) of Title III of the Defense Production Act (50 U.S.C. App. 2061, et seq.).

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: PROCUREMENT

Heading: Chemical Agents and Munitions Destruction, Army

FY 2002 Budget
Appendix Page: 290

FY 2002
Pending Request: \$998,000,000

Proposed Amendment: \$155,557,000

Revised Request: \$1,153,557,000

(In the appropriation language under the above heading, delete "\$998,000,000" and substitute \$1,153,557,000; delete "\$612,000,000" and substitute \$789,020,000; delete "\$107,000,000" and substitute \$164,158,000; and, delete "\$279,000,000" and substitute \$200,379,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Supports the continuation of the destruction of the U.S. stockpile of lethal chemical agents, munitions, and related materials, in accordance with the 1997 Chemical Weapons Convention.
- Includes funding to explore alternative destruction methods to incineration; construct and equip destruction facilities; and operate existing destruction facilities.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	RESEARCH, DEVELOPMENT, TEST AND EVALUATION
Heading:	Research, Development, Test and Evaluation, Army
FY 2002 Budget Appendix Page:	292
FY 2002 Pending Request:	\$6,415,001,000
Proposed Amendment:	\$278,919,000
Revised Request:	\$6,693,920,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes science and technology funding to advance technologies for the Future Combat System, High Energy Lasers (HEL), robotics, and energy cells. Also, \$25 million is provided for the Rotorcraft Technology Center.
- Includes an increase of \$25 million to accelerate the development of the Joint Tactical Radio System (JTRS), which supports the President's emphasis on leap-ahead technologies in support of all Services.
- Includes \$0.7 billion for Comanche Engineering and Manufacturing Development (EMD). Comanche is the next generation helicopter designed for armed reconnaissance and light-attack missions.
- Includes funding for the development of the Future Combat System, the Army's centerpiece platform of its future objective force.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	RESEARCH, DEVELOPMENT, TEST AND EVALUATION
Heading:	Research, Development, Test and Evaluation, Navy
FY 2002 Budget Appendix Page:	293
FY 2002 Pending Request:	\$9,665,998,000
Proposed Amendment:	\$1,457,391,000
Revised Request:	\$11,123,389,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for science and technology, with emphasis on High Speed Sealift, Unmanned Underwater Vehicle (UUV) technology development, Electric Warship technology, directed energy, littoral combat power projection, and development of technology for a seamless information network to assist in decision making.
- Includes \$389 million for Navy Area Ballistic Missile Defense, including transfers from the Ballistic Missile Defense Organization.
- Includes \$410 million for V-22 development and testing, including funding adjustments from the V-22 Aircraft restructuring.
- Includes \$96 million to begin development of a new radar for the E-2C, which will provide precision detection, identification, and tracking of airborne and surface targets.
- Includes \$30 million for the SSGN conversion program.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	RESEARCH, DEVELOPMENT, TEST AND EVALUATION
Heading:	Research, Development, Test and Evaluation, Air Force
FY 2002 Budget Appendix Page:	294
FY 2002 Pending Request:	\$14,225,000,000
Proposed Amendment:	\$118,982,000
Revised Request:	\$14,343,982,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes funding for science and technology, with emphasis on space-related efforts, Low-Cost Autonomous Attack System (LOCAAS) technology, and early efforts to define the next generation bomber.
- Supports the President's emphasis on leap-ahead technologies, and includes funding for increased space control efforts, \$50.0 million to initiate development of the Space Based Radar system, and \$40.0 million for the development of the Small Diameter Bomb.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	RESEARCH, DEVELOPMENT, TEST AND EVALUATION
Heading:	Research, Development, Test and Evaluation, Defense-Wide
FY 2002 Budget Appendix Page:	295
FY 2002 Pending Request:	\$11,260,000,000
Proposed Amendment:	\$3,790,787,000
Revised Request:	\$15,050,787,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes science and technology funding supporting the Unmanned Combat Attack Vehicle (UCAV) program, DARPA/Army Future Combat System (FCS) technology development, the DARPA/Air Force program for foliage penetration radar, High Energy Laser (HEL) technologies, force health protection, chemical-biological defense modeling and standoff detection.
- Includes funding to accelerate the Army's Future Combat System.
- Includes funding to focus on weapons of mass destruction and the monitoring of worldwide mass destruction capabilities.
- Includes funding to expand the DARPA and Air Force program for hypersonic flight.
- Includes \$7.0 billion for robust development of ballistic missile defense systems, such as a layered architecture to protect against boost, midcourse, and terminal threats. This effort fully supports the President's commitment to missile defense.

(continued)

- Funding for the Patriot Advanced Capability-3 (PAC-3), Medium Extended Air Defense System (MEADS), and Navy Area defense systems was devolved to the appropriate service accounts. The Airborne and Space-Based Laser and Space-Based Infra-Red System-Low development programs have been transferred to the Ballistic Missile Defense Organization to maintain the proper synergy among the ballistic missile defense programs.
- Includes \$100 million to transform DoD financial management through development of a Department-wide management systems enterprise architecture, and definition of standard data requirements.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: RESEARCH, DEVELOPMENT, TEST AND
EVALUATION

Heading: Operational Test and Evaluation, Defense

FY 2002 Budget
Appendix Page: 297

FY 2002
Pending Request: \$230,000,000

Proposed Amendment: -\$12,645,000

Revised Request: \$217,355,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request includes \$10 million for science and technology related to testing technologies to ensure that the Department has the ability to adequately test the increasingly complex systems being developed.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: RESEARCH, DEVELOPMENT, TEST AND
EVALUATION

Heading: Research and Development Initiative Transfer
Account, Defense-wide

FY 2002 Budget
Appendix Page: 297

FY 2002
Pending Request: \$2,600,000,000

Proposed Amendment: -\$2,600,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The funding originally displayed in this temporary transfer account is being distributed to the RDT&E accounts from which the initiative can be executed.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Army

FY 2002 Budget
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FY 2002
Pending Request: \$964,000,000

Proposed Amendment: \$796,541,000

Revised Request: \$1,760,541,000

(In the appropriations language under the above heading, delete "\$964,000,000" and substitute \$1,760,541,000; and, delete "\$58,671,000" and substitute \$157,198,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$1.8 billion, including \$510 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Navy

FY 2002 Budget
Appendix Page: 299

FY 2002
Pending Request: \$952,000,000

Proposed Amendment: \$119,408,000

Revised Request: \$1,071,408,000

(In the appropriations language under the above heading, delete "\$952,000,000" and substitute \$1,071,408,000; and, delete "\$59,812,000" and substitute \$30,003,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

- The revised request provides \$1.1 billion, including \$505.6 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force.
- Of the President's \$400 million housing initiative, the Navy has devoted \$106.8 million to build four bachelor enlisted quarters at several Naval and Marine Corps bases.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Air Force

FY 2002 Budget
Appendix Page: 300

FY 2002
Pending Request: \$898,000,000

Proposed Amendment: \$170,250,000

Revised Request: \$1,068,250,000

(In the appropriations language under the above heading, delete "\$898,000,000" and substitute \$1,068,250,000; and, delete "\$67,137,000" and substitute \$79,130,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$1.1 billion, including \$552 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment more than doubles the Air Force's military construction request.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Defense-Wide

FY 2002 Budget
Appendix Page: 300-301

FY 2002
Pending Request: \$830,000,000

Proposed Amendment: -\$135,442,000

Revised Request: \$694,558,000

(In the appropriations language under the above heading, delete "\$830,000,000" and substitute \$694,558,000; and, delete "\$68,164,000" and substitute \$79,496,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$694.6 million, including \$172.7 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The FY 2002 request appears smaller than the FY 2001 enacted amount; however, the Defense-wide request is substantially larger than the FY 2001 enacted level after accounting for the proposed shift of \$200 million in Chemical Demilitarization funds from this account to the Army Military Construction account in FY 2002. The \$172.7 million added by the amendment provides \$53.5 million to Defense Logistics Agency, \$24.2 million for Special Operations Command, \$17.3 million for DoD Dependents Education Activity, and \$77.7 million for the TRICARE Management Activity.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: North Atlantic Treaty Organization Security
Investment Program

FY 2002 Budget

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FY 2002

Pending Request: \$176,000,000

Proposed Amendment: -\$13,400,000

Revised Request: \$162,600,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$162.6 million to fulfill the U.S. commitments to NATO.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Army National Guard

FY 2002 Budget
Appendix Page: 301

FY 2002
Pending Request: \$292,000,000

Proposed Amendment: -\$24,611,000

Revised Request: \$267,389,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$267.4 million, including \$192.8 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment would go a long way to improve the condition of the Army guard facilities.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Air National Guard

FY 2002 Budget
Appendix Page: 302

FY 2002
Pending Request: \$208,000,000

Proposed Amendment: -\$58,928,000

Revised Request: \$149,072,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$149.1 million, including \$98.3 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment emphasizes the importance placed by this Administration on the Guard and Reserve.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Army Reserve

FY 2002 Budget
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FY 2002
Pending Request: \$110,000,000

Proposed Amendment: \$1,404,000

Revised Request: \$111,404,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$111.4 million, including \$50.5 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment emphasizes the importance placed by this Administration on the Guard and Reserve.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Naval Reserve

FY 2002 Budget
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FY 2002
Pending Request: \$63,000,000

Proposed Amendment: -\$29,359,000

Revised Request: \$33,641,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$33.6 million, including \$13.9 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment emphasizes the importance placed by this Administration on the Guard and Reserve.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Military Construction, Air Force Reserve

FY 2002 Budget
Appendix Page: 303

FY 2002
Pending Request: \$38,000,000

Proposed Amendment: \$15,732,000

Revised Request: \$53,732,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$53.7 million, including \$35.6 million proposed in this amendment, to improve the readiness of facilities to support current and future DoD missions and to improve the quality of life and work place for the DoD work force. The amendment almost doubles the original request and emphasizes the importance placed by this Administration on the Guard and Reserve.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: MILITARY CONSTRUCTION

Heading: Base Realignment and Closure Account

FY 2002 Budget
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FY 2002
Pending Request: \$1,025,730,000

Proposed Amendment: -\$493,530,000

Revised Request: \$532,200,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$524 million for environmental restoration and caretaker costs for bases closed under the previous rounds of base closure authority. The funding would ensure bases are continuing to be cleaned up efficiently to speed the transfer of property to redevelopment authorities.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing, Army

FY 2002 Budget
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FY 2002
Pending Request: \$1,200,000,000

Proposed Amendment: -\$1,200,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget proposes to divide the Army Family Housing account into two new accounts: a construction account and an operation and maintenance account. Funds previously requested for this account are now requested under these new accounts.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Construction, Army

FY 2002 Budget
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FY 2002
Pending Request: -----

Proposed Amendment: \$291,542,000

Revised Request: \$291,542,000

(Insert the above heading and the appropriations language that follows immediately after the material under heading, "Family Housing, Army".)

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension and alteration, as authorized by law, \$291,542,000, to remain available until September 30, 2006.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$291.5 million for family housing construction, including \$137 million of the President's \$400 million housing initiative for new construction and improvements, and major privatization efforts at Fort Campbell and Fort Stewart.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Operation and Maintenance, Army

FY 2002 Budget
Appendix Page: 305

FY 2002
Pending Request: -----

Proposed Amendment: \$1,108,991,000

Revised Request: \$1,108,991,000

(Insert the above heading and the appropriations language that follows immediately after the material under the new heading, "Family Housing Construction, Army".)

For expenses of family housing for the Army for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$1,108,991,000.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides \$1.1 billion for operation and maintenance, including day-to-day property management expenses, utilities, maintenance and repair, leasing, and insurance premiums.
- Includes \$10 million of the President's \$400 million housing initiative for family housing privatization support costs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing, Navy and Marine Corps

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FY 2002

Pending Request: \$1,319,000,000

Proposed Amendment: -\$1,319,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget proposes to divide the Navy and Marine Corps Family Housing account into two new accounts: a construction account and an operation and maintenance account. Funds previously requested for this account are now requested under these new accounts.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Construction, Navy and Marine Corps

FY 2002 Budget
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FY 2002
Pending Request: -----

Proposed Amendment: \$304,400,000

Revised Request: \$304,400,000

(Insert the above heading and the appropriations language that follows immediately after the material under the heading "Family Housing, Navy and Marine Corps".)

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension and alteration, as authorized by law, \$304,400,000, to remain available until September 30, 2006.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$304 million for family housing construction, including \$55 million of the President's \$400 million housing initiative for a combination of privatization and on-base new construction and improvements.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Operation and Maintenance,
Navy and Marine Corps

FY 2002 Budget
Appendix Page: 306

FY 2002
Pending Request: -----

Proposed Amendment: \$918,095,000

Revised Request: \$918,095,000

(Insert the above new heading and appropriations language that follows immediately after the material under the new heading, "Family Housing Construction, Navy and Marine Corps".)

For expenses of family housing for the Navy and Marine Corps for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$918,095,000.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$0.9 billion for operation and maintenance, including day-to-day property management expenses, utilities, maintenance and repair, leasing, and insurance premiums.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing, Air Force

FY 2002 Budget
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FY 2002
Pending Request: \$1,093,000,000

Proposed Amendment: -\$1,093,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget proposes to divide the Air Force Family Housing account into two new accounts, a construction account and an operation and maintenance account. Funds previously requested for this account are now requested under these new accounts.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Construction, Air Force

FY 2002 Budget

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FY 2002

Pending Request: -----

Proposed Amendment: \$518,237,000

Revised Request: \$518,237,000

(Insert the above heading and the appropriations language that follows immediately after the heading, "Family Housing, Air Force".)

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension and alteration, as authorized by law, \$518,239,000, to remain available until September 30, 2006.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$518 million for family housing construction, including \$79 million of the President's \$400 million for privatization efforts and on-base new construction and improvements.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing Operation and Maintenance, Air Force

FY 2002 Budget
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FY 2002
Pending Request: -----

Proposed Amendment: \$869,121,000

Revised Request: \$869,121,000

(Insert the above heading and the appropriations language that follows immediately after the heading, "Family Housing Construction, Air Force".)

For expenses of family housing for the Air Force for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$869,121,000.

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides \$0.9 billion for operation and maintenance, including day-to-day property management expenses, utilities, maintenance and repair, leasing, and insurance premiums.
- Includes \$12.3 million of the President's \$400 million housing initiative for family housing privatization support costs.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Family Housing, Defense-Wide

FY 2002 Budget
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FY 2002
Pending Request: \$46,000,000

Proposed Amendment: -\$1,988,000

Revised Request: \$44,012,000

(In the appropriations language under the above heading, delete "\$261,000" and substitute \$250,000; delete "\$45,739,000" and substitute \$43,762,000; and, delete "\$46,000,000" and substitute \$44,012,000.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Provides \$43.8 million for operation and maintenance, including day-to-day property management expenses, utilities, maintenance and repair, leasing, and insurance premiums.
- Provides \$250,000 for family housing construction.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: FAMILY HOUSING

Heading: Housing Initiative Transfer Account, Defense-wide

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FY 2002
Pending Request: \$400,000,000

Proposed Amendment: -\$400,000,000

Revised Request: -----

(Delete the appropriations language under the above heading.)

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The \$400 million the President provided to improve the quality of housing for military personnel and their families has been allocated to the following accounts:

- Family Housing Construction, Army \$137.0 million
- Family Housing Construction, Navy and Marine Corps \$ 55.2 million
- Family Housing Construction, Air Force \$ 78.7 million
- Family Housing O&M, Army \$ 10.0 million, privatization support costs
- Military Construction, Navy \$106.8 million, barracks construction
- Family Housing O&M, Air Force \$ 12.3 million, privatization support costs

Nearly one-half of the \$400 million is for privatization of family housing.

Agency: DEPARTMENT OF DEFENSE – MILITARY

Bureau: FAMILY HOUSING

Heading: Homeowners Assistance Fund, Defense

FY 2002 Budget
Appendix Page: 309

FY 2002
Pending Request: \$18,269,000

Proposed Amendment: -\$8,150,000

Revised Request: \$10,119,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request provides \$10 million for operation of the Homeowners Assistance Program, including payments to homeowners, acquisition of real property, and other expenses associated with the management of the program.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	FAMILY HOUSING
Heading:	Department of Defense Family Housing Improvement Fund
FY 2002 Budget Appendix Page:	310
FY 2002 Pending Request:	\$16,000,000
Proposed Amendment:	-\$14,000,000
Revised Request:	\$2,000,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The \$2 million revised request is the funding needed to manage DoD's family housing privatization program. Funds needed to execute specific housing privatization projects are transferred into this account from the military service family housing construction accounts.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: REVOLVING AND MANAGEMENT FUNDS

Heading: National Defense Sealift Fund

FY 2002 Budget
Appendix Page: 314

FY 2002
Pending Request: \$507,000,000

Proposed Amendment: -\$592,000

Revised Request: \$506,408,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The amended budget funds national defense sealift functions, the National Defense Reserve Fleet, and maintains and preserves a U.S.-flag merchant fleet to serve the national security needs of the United States.

Agency:	DEPARTMENT OF DEFENSE - MILITARY
Bureau:	REVOLVING AND MANAGEMENT FUNDS
Heading:	Defense Working Capital Funds
FY 2002 Budget Appendix Page:	315
FY 2002 Pending Request:	\$933,000,000
Proposed Amendment:	\$1,018,986,000
Revised Request:	\$1,951,986,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

The revised request:

- Includes \$639 million for the recovery of prior losses in the Defense Logistics Agency from fuel costs exceeding the budgeted rate.
- Includes \$19.2 million for price increases in natural gas and electricity.
- Includes \$100 million to augment the Army's spares at its supply activities and reduce the backorders in aviation spares.
- Includes \$1.1 billion for the operations of Defense Commissaries.
- Includes \$93 million for additional war reserve material.

Agency: DEPARTMENT OF DEFENSE - MILITARY

Bureau: TRUST FUNDS

Heading: National Security Education Trust Fund

FY 2002 Budget
Appendix Page: 322

FY 2002
Pending Request: \$7,000,000

Proposed Amendment: \$1,000,000

Revised Request: \$8,000,000

The amended budget changes or aligns resources to reflect President Bush's defense initiatives, final program cost initiatives, and several initial recommendations from Secretary Rumsfeld's ongoing strategy review.

Agency: DEPARTMENT OF DEFENSE – MILITARY

Bureau: GENERAL PROVISIONS

FY 2002 Budget
Appendix Page: 329

FY 2002
Pending Request -----

Proposed Amendment Language

Revised Request -----

(Add to the appropriations language for Sec. 8037 immediately before the period the language that follows.)

: Provided, That the Secretary of Defense shall adjust this limitation each year by the amounts of increases or decreases in cost attributable to economic inflation, based on the economic assumptions issued by the Office of Management and Budget for use in preparation of the President's Budget.

This proposal would permit the annual adjustment of the \$1.22 billion cost limitation for the Pentagon renovation due to inflation._

Agency: DEPARTMENT OF DEFENSE – MILITARY

Bureau: GENERAL PROVISIONS

FY 2002 Budget
Appendix Page: 337

FY 2002
Pending Request -----

Proposed Amendment Language

Revised Request -----

(Insert the following new General Provisions following Section 8069:)

SEC. 8070. Notwithstanding any other provision of law, from funds appropriated in this or any other Act under the heading, "Aircraft Procurement, Air Force," that remain available for obligation, not to exceed \$16,000,000 shall be available for recording, adjusting, and liquidating obligations for the C-17 aircraft properly chargeable to the fiscal year 1998 Aircraft Procurement, Air Force account: Provided, That the Secretary of the Air Force shall notify the congressional defense committees of all of the specific sources of funds to be used for such purpose.

This provision is required to provide funds in the amount of \$16 million to pay a negotiated settlement of a request for equitable adjustment from Boeing on the C-17 program.

(continued)

SEC. 8071. Notwithstanding any other provision of law, from funds appropriated in this or any other Act under the heading, "Missile Procurement, Air Force," that remain available for obligation, not to exceed \$50,000,000 shall be available for recording, adjusting, and liquidating obligations properly chargeable to fiscal year 1997 and 1998 Missile Procurement, Air Force accounts: Provided, That the Secretary of the Air Force shall notify the congressional defense committees of all of the specific sources of funds to be used for such purpose.

This provision is required because satellites purchased in FY 1997 and FY 1998 require modifications for correct operation, and there are insufficient unobligated Missile Procurement, Air Force funds in the years required. The modifications do not modify the originally specified form, fit, or function nor do they exceed the general scope of the contract.

(continued)

SEC. 8072. Of the amounts appropriated in this Act under the heading, "Shipbuilding and Conversion, Navy," \$800,000,000 shall be available until September 30, 2002, to fund prior year shipbuilding cost increases: Provided, That upon enactment of this Act, the Secretary of Defense shall transfer such funds to the following appropriations in the amounts specified: Provided further, That the amounts transferred shall be merged with and be available for the same purposes as the appropriations to which transferred:

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1995/02":

Carrier Replacement Program, \$172,364,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1996/02":

LPD-17 Amphibious Transport Dock Ship Program, \$247,989,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1997/02":

DDG-51 Destroyer Program, \$37,200,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1998/02":

NSSN Program, \$168,561,000;

DDG-51 Destroyer Program, \$111,457,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1999/02":

NSSN Program, \$62,429,000.

This language is required to allow \$800 million of the funds appropriated in FY 2002 to be used to finance increases in the cost of completing prior-year shipbuilding programs.

(continued)

(TRANSFER OF FUNDS)

SEC. 8073. Upon enactment of this Act, the Secretary of Defense shall make the following transfers of funds: Provided, That the amounts transferred shall be available for the same purposes as the appropriations to which transferred, and for the same time period as the appropriation from which transferred: Provided further, That the amounts shall be transferred between the following appropriations in the amount specified:

From:

Under the heading, "Shipbuilding and Conversion, Navy, 1990/2002":

TRIDENT ballistic missile submarine program, \$78,000;
SSN-21 attack submarine program, \$66,000;
DDG-51 destroyer program, \$6,100,000;
ENTERPRISE refueling/modernization program, \$964,000;
LSD-41 dock landing ship cargo variant ship program, \$237,000;
MCM mine countermeasures program, \$118,000;
Oceanographic ship program, \$2,317,000;
AOE combat support ship program, \$164,000;
AO conversion program, \$56,000;
Coast Guard icebreaker ship program, \$863,000;
Craft, outfitting, post delivery, and ship special support equipment, \$529,000;

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1998/2002":

DDG-51 destroyer program, \$11,492,000;

From:

Under the heading, "Shipbuilding and Conversion, Navy, 1993/2002":

DDG-51 destroyer program, \$3,986,000;
LHD-1 amphibious assault ship program, \$85,000;
LSD-41 dock landing ship cargo variant program, \$428,000;
AOE combat support ship program, \$516,000;
Craft, outfitting, post delivery, and first destination transportation, and inflation adjustments, \$1,034,000;

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1998/2002":

DDG-51 destroyer program, \$6,049,000.

This provision is required to complete the transfer of assets identified within the Shipbuilding and Conversion, Navy appropriation that will expire at the end of FY 2002 to finance unfunded within scope cost increases to prior-year shipbuilding programs.

(continued)

SEC. 8074. Notwithstanding any other provision of law, in the administration of the TRICARE program, the Secretary of Defense shall not use payment rates other than payment rates used by the Medicare program, or similar rates based on Medicare payment methods, to pay for health care services for civilian sector institutional and other non-institutional providers, except for services for which the Secretary determines the use of such Medicare rates or methods is impracticable: Provided, That the Secretary shall as a condition of participation prohibit balance billing of beneficiaries by institutional providers and limit balance billing by non-institutional providers (subject to any exceptions the Secretary determines appropriate) consistent with the Medicare limiting charge percentage.

This general provision would reinforce and expedite reform of TRICARE payment methods. Under 10 U.S.C. 1079(j)(2), the Secretary of Defense "may" by regulation adopt payment methodologies used by the Medicare program for purposes of paying civilian sector institutional providers under CHAMPUS/TRICARE. Under 10 U.S.C. 1079(h), similar authority is provided for health care professionals and other non-institutional providers.

CHAMPUS has already issued regulations adopting Medicare prospective payment methods for hospital care, health care professionals, and several other categories of care, resulting in substantial DoD savings. Medicare payment reforms applicable to nursing homes, outpatient hospital department services, and durable medical equipment provide additional opportunities for DoD savings. DoD has begun the lengthy regulatory process to implement payment reforms for these providers under TRICARE. This general provision would reinforce and expedite implementation of these reforms. This would facilitate early adoption by DoD of Medicare's prospective payment rates for nursing homes, which will become high volume TRICARE providers in FY 2002, coincident with reinstatement of TRICARE coverage for Medicare-eligible beneficiaries. It will also permit prompt implementation of payment methods similar to those used by Medicare to pay for hospital based outpatient services, such as laboratory and radiology, as well as durable medical equipment and similar products.

The provision would also prohibit balance billing of beneficiaries by institutional providers for any amount in excess of the CHAMPUS/TRICARE payment amount, and limit balance billing by non-institutional providers to the 15 percent rate allowed by Medicare.

(continued)

SEC. 8075. MODIFICATION OF LIMITATION ON RETIREMENT OR DISMANTLEMENT OF STRATEGIC NUCLEAR DELIVERY SYSTEMS.

Section 1302(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 1948), as amended by section 1501(a) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 113 Stat. 806), is further amended by striking paragraph (1)(D).

This provision would eliminate the prohibition on using funds to retire or dismantle Peacekeeper intercontinental ballistic missiles below certain levels.

(continued)

SEC. 8076. Of the funds appropriated by this Act under the heading, "Operation and Maintenance, Navy," \$56,000,000 shall remain available until expended, only for costs associated with the stabilization, return, refitting, necessary force protection upgrades, and repair of the USS COLE: Provided, That the Secretary of Defense may transfer these funds to appropriations accounts for procurement and that the funds transferred shall be merged with and shall be available for the same purposes and for the same period as the appropriation to which transferred: Provided further, That the transfer authority provided in this section is in addition to any other transfer authority available to the Department of Defense.

This provision is required to accommodate shipyard scheduling adjustments and to allow for any unforeseen equipment replacements associated with returning the USS COLE to service in FY 2002.

(continued)

SEC. 8077. The Secretary of the Navy may settle, or compromise, and pay any and all admiralty claims under 10 U.S.C. 7622 arising out of the collision involving the USS GREENEVILLE and the EHIME MARU, in any amount and without regard to the monetary limitations in subsections (a) and (b) of that section: Provided, That such payments shall be made from funds available to the Department of the Navy for operation and maintenance.

This provision would permit the Navy to settle, or compromise, and pay any and all claims arising from the USS GREENEVILLE collision. This authority is currently limited to \$1,000,000.

(continued)

SEC. 8078. DAVIS BACON ACT THRESHOLD INCREASE

(a) Beginning in fiscal year 2002 and thereafter, as applied only to the Department of Defense, section 1(a) of the Act of March 3, 1931, as amended (popularly known as the Davis Bacon Act, 40 U.S.C. 276a(a)), shall be deemed to be amended by deleting "\$2,000" in the first sentence and substituting "\$1,000,000".

(b) The amounts appropriated in title II of the Department of Defense Appropriations Act, 2002, and the amounts appropriated in the Military Construction Appropriations Act, 2002, are hereby reduced by a total of \$190,000,000 to reflect savings resulting from enactment of subsection (a).

This provision would raise the threshold for application of the Davis Bacon Act to contracts over \$1,000,000 for the Department of Defense. The amendment would save money, simplify construction contracting procedures, and encourage wider participation by the small business construction sector.

(continued)

SEC. 8079. DEPOT MAINTENANCE UTILIZATION WAIVER

(a) Subsection (c) of 10 U.S.C. 2466 is amended by striking "the waiver is" after "if the Secretary determines that" and inserting "a depot is fully utilized within existing resources and, where multiple depots are capable of performing the same maintenance activities that the utilization of another such depot is uneconomical, or that the waiver is otherwise".

(b) The amounts appropriated in title II of this Act are hereby reduced by a total of \$140,000,000 to reflect savings resulting from enactment of subsection (a).

The Department of Defense is committed to fully utilizing its organic depots in order to maintain a core logistics capability. There are circumstances, however, when a depot is utilized to its maximum capability and, because of the limitations imposed by 10 U.S.C. 2466, the Department is prohibited from contracting out the work. The work must still be performed by in-house depots, resulting in delays and excess costs. This provision would expand the waiver authority, permitting the Secretaries to waive the limitation once a depot has achieved full utilization. This would result in savings to the customers and in more timely accomplishment of the work. In situations where multiple depots can perform the same type of maintenance activity, it may not be economical to transfer the work from a fully-utilized depot to one that is operating at less than maximum capacity but in a different geographic region. The Secretary may waive the limitations if he makes a determination that it would be uneconomical, due to reasons such as cost or logistical constraints, to transfer such workload.

(continued)

Sec. 8080. Notwithstanding section 229(a) of the Social Security Act, no wages shall be deemed to have been paid to any individual pursuant to that section in any calendar year after 2001.

This provision states that the additional Social Security wage credit for uniformed services members shall not be granted after 2001.