



Defense: FY2011 Authorization and Appropriations

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Summary

The President's FY2011 budget request, released February 1, 2010, included \$733.3 billion in new budget authority for national defense. In addition to \$548.9 billion for the regular (non-war) operations of the Department of Defense (DOD), the request included \$159.3 billion for ongoing military operations, primarily funding the campaigns in Afghanistan and Iraq, bringing the total DOD request for FY2011 to \$708.3 billion. The balance of the national defense request amounts to \$25.1 billion for defense-related activities by agencies other than DOD.

The President also requested supplemental appropriations for FY2010 totaling \$33.6 billion. This included \$33.0 billion for war costs and \$655 million to pay DOD's share of the cost of humanitarian relief operations in Haiti, struck on January 12, 2010, by a devastating earthquake.

The \$548.9 billion requested for DOD's so-called "base budget"—that is, all activities other than war costs—is \$18.2 billion higher than the amount appropriated for DOD non-war costs in FY2010. By DOD's estimate, this 3.4% increase would amount to a "real" increase of 1.8% in "purchasing power, after taking into account the cost of inflation. The budget request would continue the Administration's policy of increasing the share of DOD's budget invested in capabilities for counterinsurgency and other unconventional types of combat, including helicopters, special operations forces, and unmanned vehicles.

The budget includes no funding to continue production of the C-17 cargo plane or to continue development of the F-136 alternate engine for the F-35 Joint Strike Fighter, two programs Congress has funded in recent years over the objections of the Bush and Obama Administrations.

On May 28, 2010, the House passed H.R. 5136, the National Defense Authorization Act for FY2011. As reported by the committee (H.Rept. 111-491), the bill would authorize \$725.9 billion for DOD and other defense-related activities, a reduction of \$2.7 million from the Administration's request for programs covered by that legislation. The House bill would add to the budget \$485 million to continue development of the alternate engine for the Joint Strike Fighter (JSF), despite warnings by Defense Secretary Robert H. Gates that he would recommend a veto of any bill that would continue that project. The bill included no funds for the procurement of additional C-17s. An amendment adopted by the House would repeal a 1993 law that, in effect, bars from military service those who are openly homosexual.

On June 4, 2010, the Senate Armed Services Committee reported its version of the FY2011 National Defense Authorization Act (S. 3454; S.Rept. 111-201), which would authorize \$725.7 billion for DOD and other defense-related activities, a reduction of \$240.7 million from the Administration's request. The committee bill would repeal the "don't ask; don't tell" law and it would not add funds for either the JSF alternate engine or the C-17.

In July, the House and Senate Appropriations Committees each set funding ceilings for their respective Defense subcommittees that would cut the requested FY2011 DOD base budget by \$7 billion in the case of the House and by \$8.1 billion in case of the Senate. Each Defense Subcommittee complied with the required reduction in the base budget request. On July 27, 2010, the House Defense Appropriations Subcommittee approved a draft FY2011 DOD Appropriations bill that would provide \$513.3 billion for the base budget, a reduction of \$7 billion. The full Senate Appropriations Committee approved September 16 a draft FY2011 DOD bill that would provide \$512.2 billion for the base budget, a reduction of \$8.1 billion.

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Most Recent Developments

On July 27, 2010, the House Defense Appropriations Subcommittee approved for consideration by the full Appropriations Committee a FY2011 DOD Appropriations bill (unnumbered) that would provide a total of \$671.0 billion for all Pentagon activities except military construction.¹ For the base budget, the bill would appropriate \$513.3 billion, a reduction of \$7.0 billion from the President's request, as required by the Defense Subcommittee's 302(b) allocation. For war costs, the subcommittee bill would provide \$157.7 billion, a reduction of \$253 million from the request.²

The Senate Appropriations Committee approved September 16 a DOD appropriations bill that would reduce the President's request by \$8.1 billion, as required by the Senate Appropriations Committee's overall budget guidance.

Full details were not immediately available for either bill.

Table 1. Summary: FY2011 DOD Appropriations
(amounts in billions of dollars of discretionary budget authority)

	Administration request	House Defense Appropriations Subcommittee recommendation	Senate Defense Appropriations recommendation
Base Budget	520.3	513.3	512.2
War Costs ("Overseas Contingency Operations")	157.9	157.7	157.7
Total	678.2	671.0	669.9

Source: House Defense Appropriations Subcommittee, "2011 Defense Appropriations, Subcommittee Bill: Summary Table," accessed September 8, 2010, at http://appropriations.house.gov/images/stories/pdf/def/FY11_defense_summary.7.28.10.pdf; Senate Defense Appropriations Subcommittee, "Summary: FY 2011 Department of Defense Appropriations Bill: Subcommittee Mark," accessed September 15, 2010, at <http://www.appropriations.senate.gov/news.cfm?method=news.view&id=5d9a8abc-e3ee-4c49-9649-1f1311286566>.

Notes: Totals may not add due to rounding.

The version of the FY2011 National Defense Authorization Act passed May 28 by the House (H.R. 5136; H.Rept. 111-491) would authorize \$725.9 billion for DOD and other defense-related activities, which is \$2.7 million less than the Administration requested. The version of the bill

¹ Funds for military construction and DOD family housing are appropriated in a separate bill that funds those activities plus the budgets for the Department of Veterans Affairs and certain other agencies. See CRS Report R41345, *Military Construction, Veterans Affairs, and Related Agencies: FY2011 Appropriations*, by Daniel H. Else, Christine Scott, and Sidath Viranga Panangala. However, military construction funds are authorized, along with the rest of the DOD budget, in the annual national defense authorization act.

² See "FY2011 Defense Appropriations Bill" beginning on p. 44.

reported by the Senate Armed Services Committee on June 4, 2010, (S. 3454; S.Rept. 111-201), would authorize \$725.7 billion, a reduction of \$240.7 million from the Administration's request.³

Table 2. Summary: FY2011 National Defense Authorization (H.R. 5136, S. 3454)
(amounts in billions of dollars of discretionary budget authority)

	Administration request	House-passed H.R. 3156 5/28/1	Senate committee reported S. 3454 6/4/10
Base Budget	548,871	548,869	550,314
War Costs ("Overseas Contingency Operations")	159,336	159,335	157,648
Total	708,207	708,204	707,962

Source: House Armed Services Committee, Report to Accompany H.R. 5136, the National Defense Authorization Act for Fiscal Year 2011, H.Rept. 111-491; Senate Armed Services Committee, Report to Accompany S. 3454, the National Defense Authorization Act for Fiscal Year 2011, S.Rept. 111-201.

Notes: These amounts exclude funds authorized by the bill for defense-related nuclear energy programs conducted by the Department of Energy and certain other defense-related federal activities outside of DOD that the federal budget includes in budget function 050 ("national defense"). Totals may not add due to rounding.

Both the House-passed and Senate committee-reported versions of the authorization bill generally supported the Administration's budget request. In particular, both versions supported President Obama's position on two contentious issues:

- Neither bill would add to the budget funds to continue production of the C-17 long-range cargo plane; and
- Both would repeal a 1993 law (10 U.S.C. 654) that, in effect, bars from military service those who are openly homosexual, establishing a policy colloquially referred to as "don't ask, don't tell."

On two other high profile issues, the House bill challenges Administration positions that were backed by the Senate Armed Services Committee, with the House bill:

- authorizing a 1.9% increase in basic pay for military personnel instead of the 1.4% increase requested by the President and authorized by the Senate Armed Services bill; and
- authorizing \$485 million not requested in the budget to continue development of an alternate jet engine for the F-35 Joint Strike Fighter, a project the Bush and Obama Administrations both have tried to terminate.

³ See "FY2011 National Defense Authorization Act (H.R. 5136, S. 3454)" beginning on p. 29.

Status of Legislation

Table 2. National Defense Authorization Act, FY2011 (H.R. 5136, S. 3454)

House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
					House	Senate	
H.Rept. 111-491	229-186	S.Rept. 111-201	--	--	--	--	--
5/21/10	5/28/10	6/4/10					

Table 3. FY2011 DOD Appropriations Bill

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
9/27/10	9/14/10	--	--	--	--	--	--	--	--

FY2011 National Defense Budget Overview (Budget Function 050)

The President's FY2011 budget request, released February 1, 2010, included \$738.7 billion in new budget authority for the so-called "national defense" function of the federal government (function 050), which includes the military activities of the Department of Defense (DOD) and defense-related activities of other agencies, the largest component of which is Energy Department work related to nuclear weapons and nuclear powerplants for warships.⁴

Of that total, \$733.3 billion is discretionary spending, most of which requires an annual appropriation.⁵ The FY2011 budget for the 050 function also includes a net sum of \$5.3 billion in mandatory spending, the largest share of which is for military retirees who are authorized to receive "concurrent receipt" of their full military pension and a disability pension from the Department of Veterans Affairs (Table 4).⁶

Table 4. FY2011 National Defense Budget Request (Function 050)

(amounts are in millions of dollars)

	Discretionary	Mandatory	Total
Department of Defense, Base Budget	548.9	3.9	552.8
Department of Defense, war costs	159.3	0	159.3
Other "national defense" activities	25.2	1.4	26.6
Total	733.4	5.3	738.7

Source: Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), March 2010, Table I-9, "National Defense Budget Authority-Function 050," pp. 14-15.

In addition to \$548.9 billion requested for the regular (non-war) operations of the Department of Defense (DOD) in FY2011, the budget request included \$159.3 billion for ongoing military operations, primarily funding the campaigns in Afghanistan and Iraq, bringing the total DOD request for FY2011 to \$708.3 billion. The Administration also requested \$33 billion in supplemental DOD appropriations for FY2010 war costs, in order to cover the cost of the President's decision, announced on November 30, 2009, to deploy an additional 30,000 troops to Afghanistan. This "surge" would bring to 98,000 the total number of U.S. troops in that country at the end of FY2011. Added to the funds previously appropriated for war costs in the FY2010 DOD appropriations bill enacted December 19, 2009 (H.R. 3326/P.L. 111-118), the requested

⁴ Civil works activities of the Army Corps of Engineers are not included in the "national defense" budget function.

⁵ Accrual payments to support medical care for military retirees under the so-called Tricare-for-Life program are counted as discretionary spending, but are funded under a permanent appropriation.

⁶ Mandatory spending for concurrent receipt and other activities is partially offset by various receipts and income from trust funds.

supplemental funds would bring the total amount appropriated for FY2010 war costs to \$162.6 billion (Table 5).

Table 5. FY2009-11 DOD Discretionary Appropriations

(amounts in billions of dollars)

	FY2009 Enacted	FY2010 Enacted	FY2010 Supplemental Request	FY2011 Requested
Base Budget	513.1	530.7	n/a	548.9
"Economic Stimulus" package	7.4	n/a	n/a	n/a
War Costs/Overseas Contingency Operations	145.8	129.6	33.0	159.3
Haiti Relief Operations	n/a	n/a	.6	n/a
Total	666.3	660.3	33.6	708.3

Sources: CRS calculations based on *National Defense Budget Estimates for FY2011* ("The Green Book"). Office of the Undersecretary of Defense (Comptroller), March 2010, Table I-9, "National Defense Budget Authority-Function 050," pp. 14-15 and CRS Report R40531, *FY2009 Spring Supplemental Appropriations for Overseas Contingency Operations*, coordinated by Stephen Daggett and Susan B. Epstein, Table F-1, pp. 62-72. Totals may not add due to rounding.

Note: Base budget amounts include accrual payments to support medical care for military retirees under the so-called Tricare-for-Life program, which is discretionary spending, but is funded pursuant to a permanent appropriation.

FY2011 War Costs and FY2010 Supplemental

The Administration's \$159.3 billion request for war costs in FY2011 was roughly \$3 billion lower than the FY2010 war budget (including the pending supplemental request that would increase the FY2010 amount by \$33 billion). For the third year in a row, the budget request reflected a shift in emphasis from operations in Iraq to those in Afghanistan (Table 6).

Table 6. DOD War Funding, FY2001-FY2011 Request

(in billions of dollars and shares of total)

	Total: FY2001- FY2008	FY2009	FY2010 Enacted	FY2010 Supplemental Request	FY2010 Total with Request	FY2011 Request
IRAQ						
Funding	\$553.5	\$92.0	\$59.6	\$1.0	\$60.6	\$45.8
Share of Total	78%	62%	46%	3%	38%	29%
AFGHANISTAN						
Funding	\$159.2	\$56.1	\$69.1	\$30.0	\$99.1	\$113.5
Share of Total	22%	38%	54%	97%	62%	71%
TOTAL						
Funding	\$712.7	\$148.2	\$128.7	\$31.0	\$159.7	\$159.3
Share of Total	100%	100%	100%	100%	100%	100%

Source: CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco, based on Table 8-5 in DOD, *FY2011 Budget Request Overview*, February 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/fy2011_Budget_Request_Overview_Book.pdf.

Notes: CRS calculations exclude non-war funding in supplementals, and include funds from DOD's regular budget used for war needs.

Haiti Operations Supplemental

On March 24, 2010, the Administration amended its FY2010 DOD supplemental funding request to include an additional \$655 million to pay for humanitarian relief operations in Haiti, which was struck on January 12, 2010, by a devastating earthquake. The DOD relief effort included the deployment of 18 Navy ships, 830 cargo flights and nearly 21,000 military personnel.

War Funding

For an analysis of some issues raised by the Administration's funding request for military operations in Iraq and Afghanistan and for congressional action on the FY2010 supplemental appropriations request for war costs, see CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco. For further information on war costs, see CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by Amy Belasco.

Real Growth and "Security Agencies"

DOD is one of the federal agencies the Administration has defined as "security agencies" that are exempt from the budget freeze on discretionary spending by non-security agencies. Compared with the amount appropriated for the DOD base budget in FY2010, the requested FY2011 base budget would be an increase of 3.4%, amounting to a 1.8% "real growth" in purchasing power (that is, taking account of the cost of inflation).

The budget request also would provide real growth in spending for other "security agencies"—a category that it defined as including the Department of State and "other international programs," the Departments of Veterans Affairs and Homeland Security and the National Nuclear Security Agency (NNSA) of the Department of Energy.⁷

In sum, the Administration requested \$719.2 billion for discretionary programs of the security agencies (excluding war costs), which is 5.2% more than was appropriated for those programs in FY2010. For non-security agencies—that is, all other discretionary programs—the Administration requested \$386.4 billion, a 1.5% decrease from their FY2010 appropriations (Table 7).

⁷ For the Energy Department's Nuclear National Security Agency (NNSA), which was designated as a "security agency" and, thus, exempt from its budget freeze, the Administration requested \$11.2 billion in FY2011, 13.5% more than was appropriated for the agency in FY2010. However, the administration also requested \$6.5 billion for other defense-related Energy Department activities which OMB designates as part of the "National Security" function of the budget (Function 050) and which are covered by the annual National Defense Authorization Act, but which the Administration did not designate as "security agencies" that were exempt from the budget freeze. Office of Management and Budget, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2011*, Table 5.1, "Budget Authority by Function and Subfunction, 1976-2015," p. 94, and Department of Energy, "Summary Table: Budget by Appropriation," accessed at <http://www.mbe.doe.gov/budget/11budget/Content/Appsum.pdf>.

Table 7. Security Agency and Non-security Agency Discretionary Budget Authority Enacted and Requested, FY2009-FY2011

(amounts are in billions of dollars)

	FY2009 enacted		FY2010 enacted	FY2011 requested
	Regular Appropriations	American Recovery and Reinvestment Act ("Stimulus Package")		
Security Agencies				
DOD	513.2	7.4	530.8	548.9
National Nuclear Security Administration (Department of Energy)	9.1	--	9.9	11.2
Department of Homeland Security	42.1	2.8	39.4	43.6
Department of Veterans Affairs	47.6	1.4	53.1	57.0
State and other International Programs	38.1	0.4	50.6	58.5
Subtotal, Security Agencies	650.1	12.0	683.7	719.2
Subtotal, Nonsecurity Agencies	354.1	253.1	392.1	386.4

Source: Office of Management and Budget, *The Budget for Fiscal Year 2011*, Table S-7, "Funding Levels for Appropriated ("Discretionary") Programs by Agency," pp. 130-31.

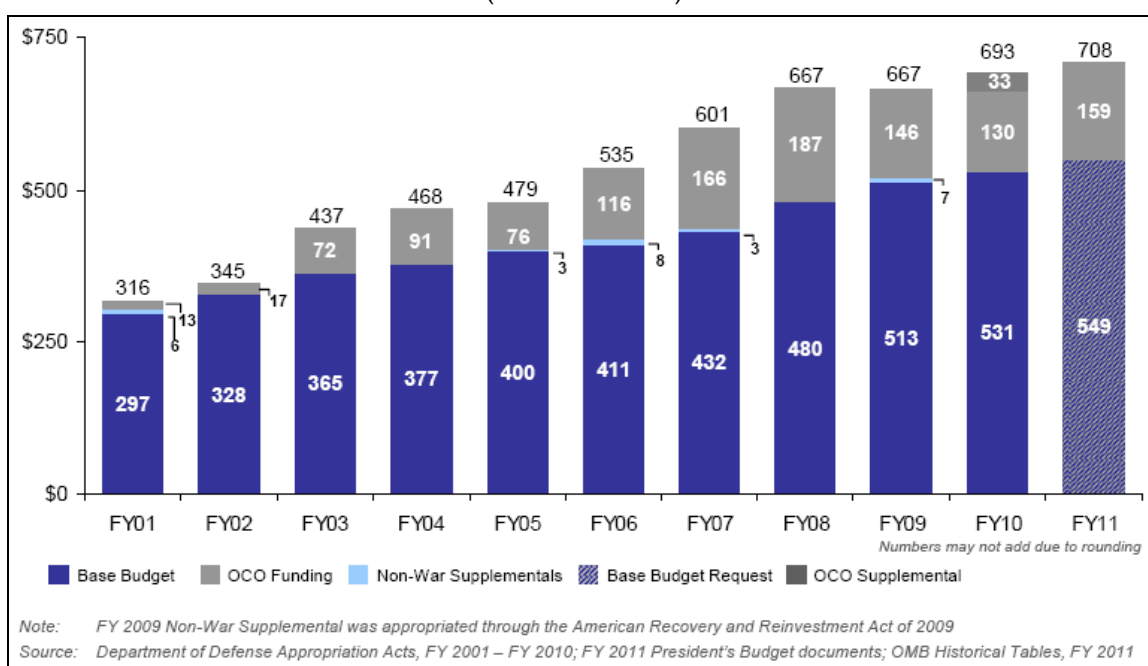
Note: Nonsecurity Agencies are all federal agencies not listed as "Security Agencies."

FY2011 DOD Base Budget

The \$548.9 billion requested for the FY2011 DOD base budget is \$18.2 billion higher than the \$531.0 billion appropriated for DOD non-war costs in FY2010. By DOD's estimate, this 3.4% increase would provide a 1.8% increase in real purchasing power, after taking into account the cost of inflation. The request would continue the relatively steady upward trend in DOD base budgets since FY1998, which was the low-water mark of the post-Cold War retrenchment in defense funding (**Figure 1**).

Figure 1. Total DOD Appropriations, FY2001-FY2011

(dollars in billions)

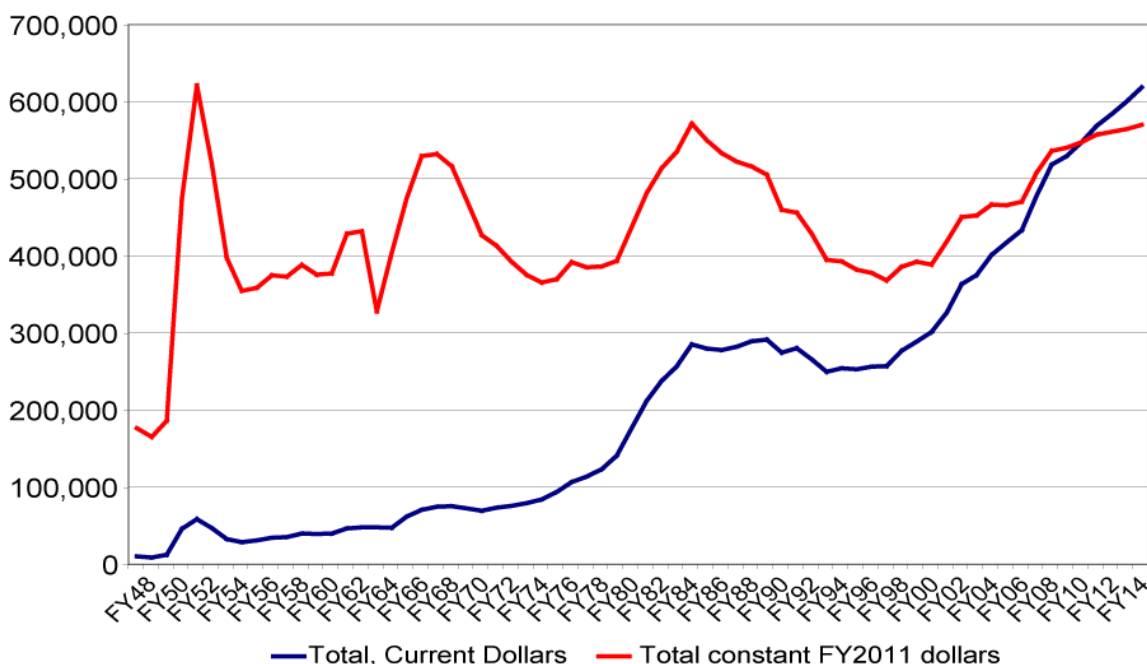


Source: DOD; Briefing on the FY2011 Budget Request, February 2010, accessed at:
http://comptroller.defense.gov/defbudget/fy2011/fy2011_BudgetBriefing.pdf

Adjusted for inflation (using DOD deflators), the requested FY2011 base budget would be DOD's third largest since the end of the Korean War, after the amounts appropriated for FY1985 and FY1986 at the peak of the Reagan Administration's defense buildup (**Figure 2**).

Figure 2. DOD Budget (Excluding Post-9/11 War Costs), FY1948-FY2011

amounts in millions of dollars



Source: Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), Table 6-8, "Department of Defense BA by Title," pp. 109-114. Data for FY2001-FY2011 from CRS analysis based on distinction between base budget and war costs for those years in DOD; Briefing on the FY2011 Budget Request, February 2010 (see **Figure 1**, above).

Notes: Data for FY2010 and FY2011 based on Administration's February 2010 budget request. Data for the FY1976 transition quarter are omitted.

Projected Growth Rate and Proposed Efficiencies

For the four years following FY2011 (FY2012-FY2015), the Administration projects annual increases in the DOD base budget that would exceed inflation, on average, by 0.8%. This falls short of the 2% real growth rate that Defense Secretary Robert Gates said, in congressional testimony on May 14, 2009, would be needed to pay for the investments the Department planned to make through FY2015 (**Table 8**).⁸

⁸Transcript, Senate Armed Services Committee hearing on the FY2010 DOD budget request, May 14, 2009. Accessed at <http://www.cq.com/display.do?dockey=/cqonline/prod/data/docs/html/transcripts/congressional/111/congressionaltranscripts111-000003117540.html@committees&metapub=CQ-CONGTRANSCRIPTS&searchIndex=1&seqNum=1>.

Table 8. Projected and Alternative DOD Base Budgets, FY2011-FY2015

(total budget authority, including mandatory, in billions of dollars)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2011-FY2015, total
Administration Plan (current dollars)	552.8	570.1	585.7	601.8	620.2	2,930.6
Administration Plan (constant FY2011 dollars)	552.8	558.8	562.7	566.3	571.5	2,812.1
percent real growth	1.8%	1.1%	0.7%	0.6%	0.9%	n/a
Amount that would provide 2% real growth, compounded (current dollars)	553.9	576.4	600.0	624.6	650.7	3,005.6
Amount by which 2% real growth budget would exceed Administration Plan (current dollars)	1.1	6.3	14.3	22.8	30.5	75.0

Source: Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), Table 6-8, "Department of Defense BA by Title," p. 114. Data concerning 2% real growth rate are CRS calculations based on data in Table 6-8. Figures may not add due to rounding.

In a May 8, 2010, speech, Secretary Gates proposed bridging that gap between the cost of sustaining the current force and the budgets he expected in the future by reducing DOD's overhead costs by \$10 billion annually, in order to sustain its current forces with the budgets he expected in the future, given the country's current difficult economic circumstances. Sustaining the current force, Secretary Gates said, would require, "real growth in the defense budget ranging from two to 3% above inflation.... But, realistically, it is highly unlikely that we will achieve the real growth rates necessary to sustain the current force structure."⁹

The solution Secretary Gates proposed is to shift funds within the budget, providing the necessary real growth in those accounts that directly support combat forces, but offsetting the additional cost by an equivalent reduction in spending for administrative and support activities such as personnel management, acquisition oversight, and DOD's medical program. Phrased in terms of military jargon, Secretary Gates proposed increasing the amount spent on DOD's fighting force—the "tooth"—by decreasing the amount spent on administrative and support functions—the "tail."

The goal is to cut our overhead costs and to transfer those savings to force structure and modernization within the programmed budget: In other words, to convert sufficient "tail" to "tooth" to provide the equivalent of roughly two to three percent real growth....Simply taking a few percent off the top of everything on a one-time basis will not do. These savings must stem from root-and-branch changes that can be sustained and added to over time.¹⁰

Citing an estimate by the Defense Business Board¹¹ that DOD's tail absorbs roughly 40% of the department's annual budget,¹² Gates told reporters that a shift of about \$10 billion from those

⁹ Secretary Gates delivered this address at the Eisenhower Library in Abilene, Kansas. Office of the Assistant Secretary of Defense (Public Affairs), "Remarks as Delivered by Secretary of Defense Robert M. Gates, Abilene, KAS, May 8, 2010", accessed at: <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1467>.

¹⁰ Ibid.

¹¹ The Defense Business Board, is a federal advisory committee that provides management advice to the Secretary of Defense.

¹² Defense Business Board, *Report to the Secretary of Defense: Task Group Report on Tooth-to-Tail Analysis*, April (continued...)

support functions to the part of the budget that directly supports combat units would provide a total real increase of about 3% in the “tooth”-related part of the FY2012 DOD budget request.¹³

On August 9, 2010, Secretary Gates announced several initiatives he said would reduce the cost of DOD’s headquarters and support bureaucracies. Among these were:

- a 10% reduction in funding for service support contractors in each of the next three years;
- a reduction in the number of generals and admirals by 50 and a reduction in the number of senior DOD civilians by 150 over the next two years; and
- elimination of the Joint Forces Command, the Business Transformation Agency and the Office of the Assistant Secretary of Defense for Networks and Information Integration.¹⁴

On September 14, 2010, Secretary Gates announced 23 additional initiatives, all of which were intended to increase the efficiency with which DOD contracts for goods and services—activities which, he said, account for about \$400 billion of the roughly \$700 billion the department spends annually. Among these contracting and acquisition initiatives were:

- a requirement that weapons program managers treat an “affordability target” as a key requirement of each new system, on a par with the usual performance requirements such as speed or data transmission rate;
- various contracting revisions intended to reward contractors for managing their programs more efficiently; and
- several changes in contracting rules intended to reduce the cost of contracts for services, which account for more than half DOD’s annual contracting budget.¹⁵

Some Members of Congress contend that the Administration’s projected real budget increases, even if realized, would be inadequate, given the steadily rising cost of personnel and operations. For example, Rep. Howard P. “Buck” McKeon, the ranking minority member of the House Armed Services Committee, commented in a February 4, 2010, Heritage Foundation lecture that the planned budgets would force DOD to scale back some planned acquisition programs:

One percent real growth in the defense budget over the next five years is a net cut for investment and procurement accounts.¹⁶

(...continued)

2008, accessed at http://dbb.defense.gov/pdf/Tooth_to_Tail_Final_Report.pdf.

¹³ Office of the Assistant Secretary of Defense (Public Affairs), “Media Availability with Secretary Gates en route to Kansas City, MO, May 7, 2010, accessed at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4621>.

¹⁴ Secretary of Defense Robert M. Gates, “Statement on Department Efficiencies Initiative,” August 9, 2010, Office of the Assistant Secretary of Defense (Public Affairs), accessed at <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1496>

¹⁵ See Office of the Assistant Secretary of Defense (Public Affairs), News Transcript, “DOD News Briefing with Under Secretary Carter with Opening Remarks by Secretary Gates from the Pentagon,” September 14, 2010, accessed at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4684>, on September 16, 2010.

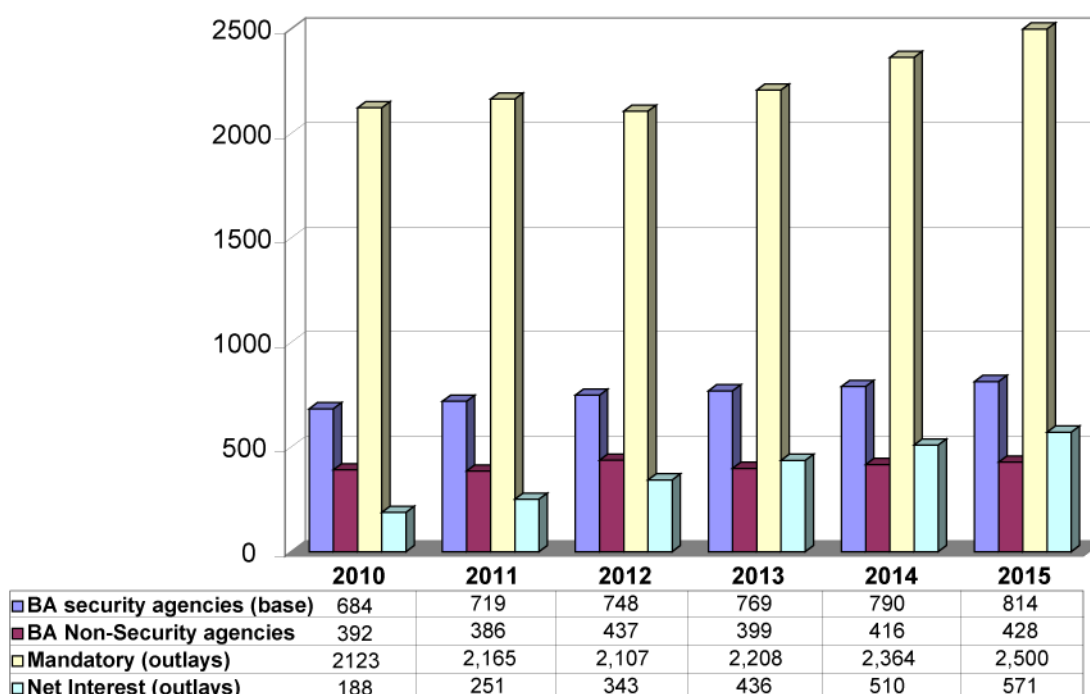
¹⁶ Hon. Howard P. “Buck” McKeon, “Building a Robust National Defense,” accessed at <http://www.heritage.org/Research/Lecture/Building-a-Robust-National-Defense>.

On the other hand, some members object to exempting DOD (and other “security agencies”) from the Administration-imposed budget freeze on discretionary spending (**Figure 3**). For example, Rep. Barney Frank has called for reductions in the DOD budget based on the termination of unnecessary weapons programs and a retrenchment from some of the overseas military commitments that DOD cites as justifying its current budget level:

[President Obama’s] announcement that he is going to begin deficit reduction, while exempting the ever-increasing military budget from the same scrutiny that goes to other federal expenditures means either that deficit reduction in both the near and long term is doomed to failure, or that devastating cuts will occur in virtually every federal program that aims at improving the quality of our lives.¹⁷

Figure 3. Proposed Spending Categories Relevant to a Budget ‘Freeze’

amounts in billions of current dollars



Amounts in billions of dollars

Source: Office of Management and Budget, *The Budget for Fiscal Year 2011*. Data for Security Agencies (excluding war costs) and Non-Security Agencies drawn from Table S-11, “Funding Levels for Appropriated (“Discretionary”) Programs by Agency,” p. 174. Data for Mandatory Spending and Net Interest drawn from Table S-4, “Proposed Budget by Category,” p. 151.

Notes: Besides DOD, the Obama Administration defines as “security agencies” the following: the Department of Homeland Security, the Department of Veterans Affairs, the Department of State “and other international programs,” and the National Nuclear Security Administration within the Department of Energy. Ibid., Table S-11, “Funding Levels for Appropriated (“Discretionary”) Programs by Agency,” p. 174.

¹⁷ Rep. Barney Frank, “You Can’t Succeed at Deficit Reduction Without Really Trying,” *Congressional Record*, daily edition, February 4, 2010, p. E157. <http://www.house.gov/frank/speeches/2010/02-02-10-deficit-reduction-military-speech.pdf>.

Defense Budget as Share of Gross Domestic Product (GDP)

The FY2011 DOD base budget request amounts to 3.6% of the GDP, by the Administration's calculations—the same percentage as the FY2010 base budget (Table 9).

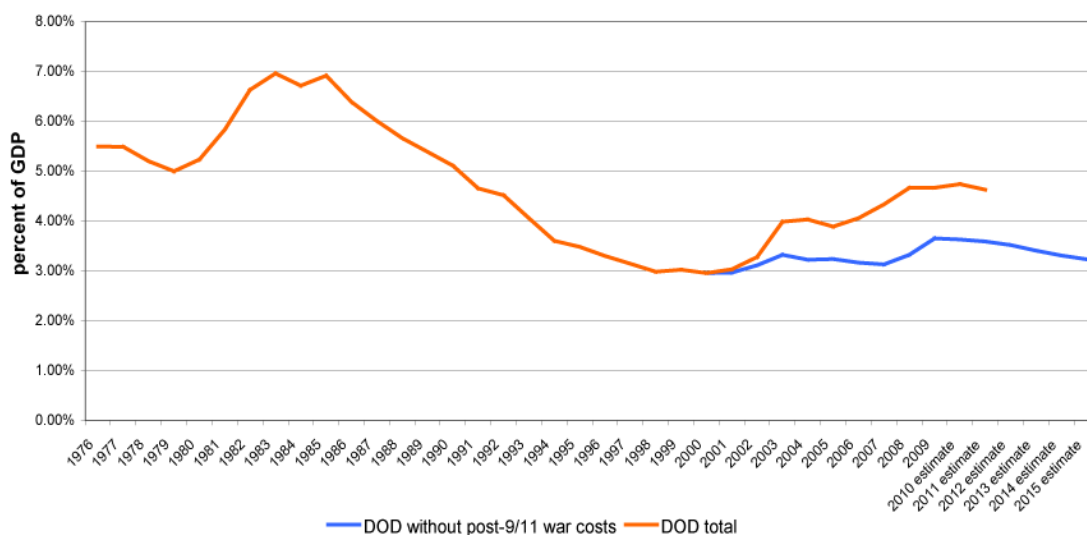
Table 9. Defense Outlays as Share of GDP, FY2008-11

	2008	2009	2010	2011
DOD Base Budget (without war costs)	3.3%	3.5%	3.6%	3.6%
DOD Total Budget	4.1%	4.5%	4.7%	4.7%

Source: Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), Table 7-7, "Defense Shares of Economic and Budgetary Aggregates," pp. 223-24, and Office of the Undersecretary of Defense (Comptroller), Fiscal Year 2011 Budget Request, briefing slides accessed at http://comptroller.defense.gov/defbudget/fy2011/fy2011_BudgetBriefing.pdf.

Viewed over the long haul, the FY2011 request would mark the leveling off of a relatively steady upward trend in the DOD share of GDP since the attacks of September 11, 2001 (Figure 4).

Figure 4. DOD Appropriations as Share of GDP, FY1976-2015



Source: CRS calculations based on Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), Table 7-7, "Defense Shares of Economic and Budgetary Aggregates," pp. 223-24.

Notes: Discussions of the DOD share of the GDP typically use data based on DOD outlays for each fiscal year, as in Table 5, above. This chart is based on annual levels of DOD budget authority, because available outlay data do not separate war costs from base budget expenditures. Year to year changes in outlays lag corresponding movements in budget authority, but over a long period, trends in the ratio of DOD budget authority to GDP should closely track trends in the ratio of DOD outlays to GDP.

Long-term Planning: Strategies and Budgets

The Administration did not propose in its FY2011 DOD budget request as many significant changes to major weapons programs as had been incorporated into its FY2010 request. Nevertheless, the FY2011 budget sustains the initiatives launched in the previous budget. Moreover, the budget request supports the strategy and force planning assumptions that are embodied in DOD's Quadrennial Defense Review (QDR), a legislatively mandated assessment of defense strategy and priorities, the most recent of which was released on February 1, 2010, to accompany the FY2011 budget request.

2010 Quadrennial Defense Review

For a more comprehensive review of the 2010 QDR, see CRS Report R41250, *Quadrennial Defense Review 2010: Overview and Implications for National Security Planning*, by Stephen Daggett.

The four QDRs produced in 1997, 2001, 2005, and 2010 document an ongoing evolution of DOD strategic thinking that has seen a shift away from emphasizing the readiness of U.S. forces to wage smaller versions of Cold War-era conventional wars, such as the 1991 Persian Gulf War. Increasingly, U.S. planners have focused on the need for U.S. forces to be ready for a diverse array of missions.¹⁸ Two key assumptions running through the 2010 QDR are particularly relevant to the Administration's budgetary priorities.

The first of these key assumptions is that DOD's top priority is fighting and winning the ongoing campaigns in Iraq and Afghanistan. Accordingly, the report says, the department must rebalance its priorities to put more emphasis on support for forces engaged in current operations, and institutionalize capabilities for counterinsurgency, stability, and counter-terrorism operations, such as those currently being conducted by U.S. forces in Iraq and Afghanistan.

Among the near-term initiatives recommended by the QDR toward this end are increased funding to acquire helicopters, UAVs, improved intelligence and analysis capabilities, counter IED technologies, and AC-130 gunship aircraft.¹⁹ The report also recommends some longer-term initiatives, including the conversion of one heavy Army brigade combat team (BCT) into a Stryker brigade—such brigades use wheeled Stryker armored vehicles for mobility. The report says that “several more BCTs” may be converted “as resources become available and future global demands become clearer.”²⁰

A second basic assumption asserted throughout the 2010 QDR is that no future adversary is likely to directly confront U.S. conventional, military capabilities as embodied in armored brigades, aircraft carrier task forces, and squadrons of advanced jet fighters. Instead, the argument goes, any foe—whether a violent, radical non-state terrorist group or a technologically advanced near-peer competitor—will try to challenge U.S. forces “asymmetrically,” that is, by using unconventional tactics and technologies to exploit U.S. limitations. The report challenges the

¹⁸ Department of Defense, *Quadrennial Defense Review Report, 2010*, at http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf.

¹⁹ “UAVs” refers to unmanned or unpowered aerial vehicles, particularly used for intelligence, surveillance, and reconnaissance (ISR) missions. IEDs are improvised explosive devices, including roadside, car, and truck bombs.

²⁰ Department of Defense, *Quadrennial Defense Review Report, 2010*, p. 24 at http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf.

widely-held notion that there is a spectrum of conflict, ranging from unsophisticated insurgents or terrorists at the low end to sophisticated national armies at the high end. Instead, the QDR says, “low-end” terrorist groups may use advanced technologies such as precision-guided missiles and near-peer competitors may use guerrilla-like “indirect means” of attack, such as a cyber-war campaign to degrade the computer networks on which U.S. forces rely heavily.

The 2010 QDR emphasizes the importance of the military’s ability to operate effectively in cyberspace, which it characterizes as one more domain of operations along with air, sea and space. The report also asserts that DOD must strengthen its capabilities to actively defend its cyber-networks. Towards this end, the report calls for several specific steps, including: developing a more comprehensive approach to DOD operations in cyberspace; developing a greater cyber expertise and awareness within DOD; centralizing command of cyber operations; and collaborating more closely with other agencies and levels of government to enhance cyber security.

The 2010 QDR does not abandon the long-standing policy that U.S. forces should be able to win two major regional wars that occur nearly simultaneously in widely separated theaters of action. However, the report assigns equal importance to ensuring that U.S. forces can respond flexibly and effectively when required to conduct concurrently, at various points around the globe, several missions of different types. For example, one scenario the QDR said U.S. forces should be able to handle combined a major operation to stabilize another country, sustaining deterrence of a potential aggressor in another region, conducting a medium-sized counter-insurgency mission in yet another country, and providing support to U.S. civil authorities in the wake of some major disaster or terrorist attack.

The 2010 QDR emphasizes the importance of preparing U.S. forces to deal with one particular type of asymmetric threat that has potentially significant implications for conventional U.S. forces: a so-called “anti-access, area-denial” capability that China and other potential adversaries appear to be developing. The argument is that China or Iran could use a variety of both simple and sophisticated technologies to target U.S. forward bases in nearby nations and naval forces operating relatively close to shore, which are the basis of the U.S. ability to project power in regions far from the U.S. homeland. Such power projection capabilities are the bedrock of U.S. alliances in Europe and Asia and the key to U.S. efforts to bolster stability in other important regions as well. Such capabilities are also expensive. The cost of power projection capabilities is one reason why U.S. defense spending dramatically exceeds that of any other nation.

Those sinews of U.S. power projections may be increasingly vulnerable to attack. Overseas ground bases may be increasingly vulnerable to ballistic missile, cruise missile, and bomber attacks. Naval forces, particularly aircraft carriers and other service combatants, may be increasingly vulnerable to anti-ship cruise missiles; modern, quiet diesel electric submarines; smart mines that can be activated on command and maneuvered into place; small, fast boats laden with explosives; or, at the high end of the technological spectrum, ballistic missiles with maneuverable warheads that can be redirected in flight to strike moving ships.

The QDR makes a number of recommendations for countering anti-access strategies, including increased reliance on long-range strike weapons and submarines that would be less vulnerable to such methods. For instance, long-range strike forces might include a new manned or unmanned bomber, perhaps armed with long-range cruise missiles for stand-off attacks. Measures to defeat enemy sensors and engagement systems include development of offensive “electronic attack”

capabilities, which remain highly classified. Missile defense may be a major and expensive part of measures to protect forward deployed forces.

FY2011 Base Budget Highlights and Potential Issues

The FY2011 base budget request reflects some major initiatives of long standing, and others—particularly in acquisition—that were launched by the Obama Administration in its FY2010 budget (**Table 10**). Following are some highlights:

Table 10. DOD Base Budget Discretionary Funding Request by Title, FY2010-FY2011
(current dollar amounts in billions)

	FY2010	FY2011	Change, FY2010-FY2011
Military Personnel	\$135.0	\$138.5	+2.6%
Operations and Maintenance	184.5	200.2	+8.5%
Procurement	104.8	112.9	+7.7%
Research and Development	80.1	76.1	-5.0%
Military Construction and Family Housing	23.3	18.7	-19.6%
Revolving and Management Funds	3.1	2.4	-23.7%
Total	\$530.7	\$548.9	+3.4%

Source: DOD; Briefing on the FY2011 Budget Request, February 2010, accessed at: http://comptroller.defense.gov/defbudget/fy2011/fy2011_BudgetBriefing.pdf

Military Personnel²¹

The FY2011 budget request would fund 1.43 million active duty personnel in the regular components.²² This amounts to a 4.7% increase over the end-strength of 1.38 million in FY2000, which was the low point in a reduction in active-duty manpower that began in FY1987 and accelerated during the 1990s, after the collapse of the Soviet Union.

From an active-duty end-strength of 2.18 million in FY1987, the high-water mark of the Reagan defense buildup, active duty end-strength was reduced by about one-third across each of the services during the drawdown of the early 1990s. Since the start of combat operations in Afghanistan and Iraq, the end strength of the Army and Marine Corps rebounded to 562,400 and 202,100, respectively. Both goals have been met, three years earlier than had been planned

²¹ Prepared in collaboration with Charles A. Henning, Specialist in Military Manpower Policy.

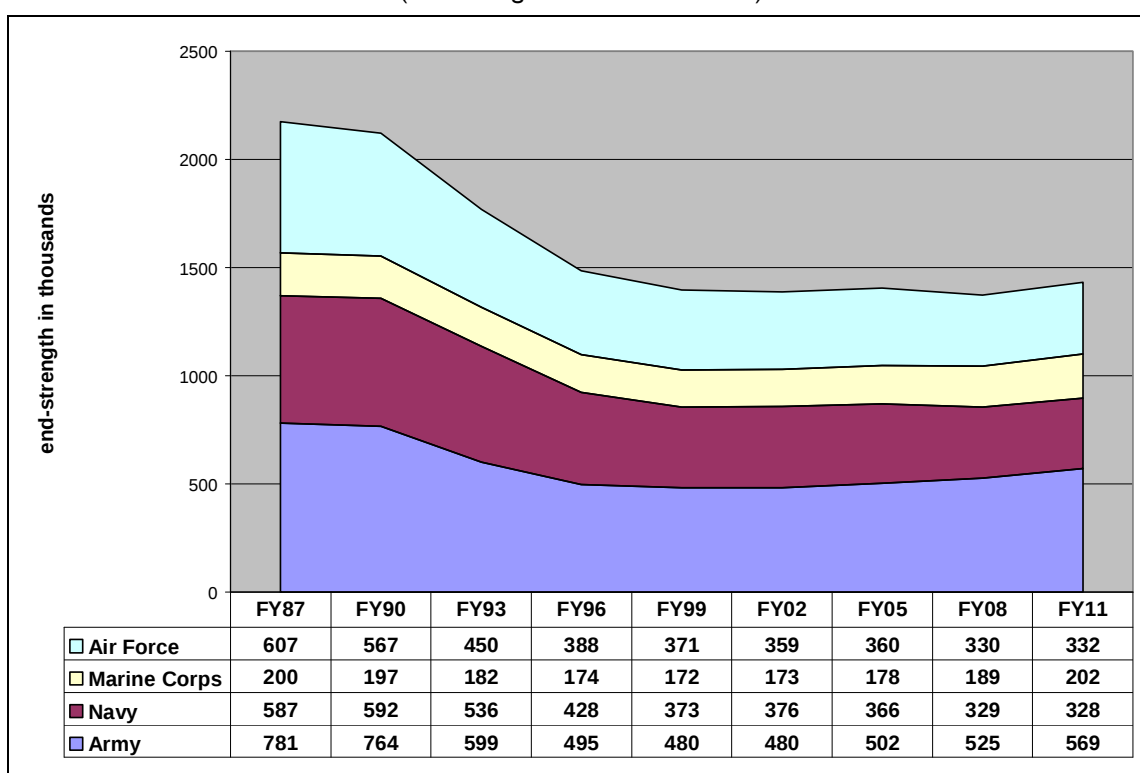
²² This total includes 26,000 personnel who comprise what DOD regards as a temporary expansion to fill billets associated with ongoing operations in Iraq and Afghanistan. It does not include 79,000 members of the reserve components (including the National Guard) who are serving full-time, nor does it include the much larger number of reserve component personnel who have been temporarily called to active duty in connection with ongoing combat operations in Iraq and Afghanistan.

(Figure 5). In 2010, Congress authorized an additional, temporary increase in the Army's active duty strength, which is reflected in the FY2011 request for an Army end-strength of 569,400.

Additional Detail on Selected FY2011 Military Personnel Issues

For a more comprehensive review of military personnel issues in the FY2011 budget, see CRS Report R41316, *FY2011 National Defense Authorization Act: Selected Military Personnel Policy Issues*, coordinated by Charles A. Henning

Figure 5. Authorized Active Duty End Strength, FY1987-FY2011
(end-strength levels in thousands)



Source: Office of the Undersecretary of Defense (Comptroller), *National Defense Budget Estimates for FY2011* ("The Green Book"), Table 7-5, "Department of Defense Manpower," pp. 217-18.

Notes: Data does not include temporary end strength authority of 30,000 for the Army and 9,000 for the Marine Corps, in effect during the period FY2005-FY2009 nor additional temporary end strength authority of 22,000 for the Army and 13,000 for the Marine Corps in effect during FY2009-FY2010.

Data for FY2011 is the Administration's request.

Military Pay Raise

The budget includes nearly \$1 billion to give military personnel a 1.4 % raise in basic pay effective January 1, 2011. This increase would equal the average increase in private-sector pay

and benefits as measured by the Labor Department's Employment Cost Index (ECI), as required by law.²³ In addition, the Basic Allowance for Housing, a non-taxable cash payment to service members who do not live in government-provided housing (which can add about 20% to a service member's basic pay), is scheduled to increase by 4.2% in FY2011.

In each year but one since FY2004, Congress has approved raises in military basic pay that were 0.5% higher than the ECI increase, on the grounds that military pay increases had lagged behind civilian pay hikes during the 1980s.²⁴

DOD officials contend that service members currently are better paid than 70% of private sector workers with comparable experience and responsibility and that the \$340 million it would cost to provide the higher 1.9% raise across-the-board would provide more benefit to the department if it were spent, instead, on reenlistment bonuses and special pays for military personnel in critical specialties. Military advocacy groups insist, however, that service members need the higher increase to close a "pay gap" between military personnel and their civilian peers.²⁵

Don't Ask, Don't Tell

The FY2011 DOD funding bills provide a vehicle for legislative initiatives by supporters and opponents of President Obama's decision to revise a 1993 law²⁶ and DOD regulations that, in effect, bar from military service those who are openly homosexual. Under a compromise policy reached in 1993, colloquially referred to as "don't ask, don't tell," service members are not to be asked about nor allowed to discuss their same-sex orientation.

In his January 27, 2010, State of the Union Address, President Obama called for repealing the 1993 legislation and adopting a policy of nondiscrimination against persons with a same-sex orientation. DOD has begun a study, due for completion by the end of 2010, on how such a change in law and policy would be implemented. Secretary Gates has opposed repeal of the 1993 law pending completion of that study. On March 25, 2010, he announced changes in the department's procedures for enforcement of the current law, providing that only a general or flag officer would have the authority to initiate an investigation and separate someone who had engaged in homosexual conduct, and that third party information alleging homosexual conduct by a service member must be given under oath.

Some Members of Congress contend that the presence in combat units of openly homosexual personnel would undermine the units' cohesion and combat effectiveness. Some critics oppose changing the current policy while the tempo of deployments in Iraq and Afghanistan is imposing stress on the services. Other legislators have called for immediate repeal of the 1993 law or, at least, a moratorium in the discharge of service members for violating the don't ask, don't tell policy.²⁷

²³ Title 37, United States Code, Section 1009.

²⁴ Congress did not increase the proposed pay raise in FY2007.

²⁵ See CRS Report R41316, *FY2011 National Defense Authorization Act: Selected Military Personnel Policy Issues*, coordinated by Charles A. Henning.

²⁶ Title 10, United States Code, Section 654.

²⁷ CRS Report R40782, *"Don't Ask, Don't Tell": The Law and Military Policy on Same-Sex Behavior*, by David F. Burrelli and CRS Report R40795, *"Don't Ask, Don't Tell": A Legal Analysis*, by Jody Feder. Two bills introduced in the 111th Congress would repeal the law and replace it with a policy of nondiscrimination on the basis of sexual (continued...)

In a May 24, 2010, letter to President Obama, Senators Carl Levin and Joseph I. Lieberman and Representative Patrick J. Murphy proposed an amendment to the FY2011 Defense Authorization Act that would repeal the 1993 legislation barring openly homosexual persons from military service after: (1) the current DOD review has been completed; and (2) the President, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff have certified to Congress that policies and regulations have been prepared that would allow the repeal of the ban to be implemented in a way that is, “consistent with the standards of military readiness, military effectiveness, unit cohesion, and recruiting and retention of the armed forces.”²⁸

In a letter responding to the three Members, Office of Management and Budget Director Peter R. Orzag said that, while the Administration would have preferred that congressional action on the issue await completion of the current DOD study, the Administration “understands that Congress has chosen to move forward with legislation now,” and that the Administration supports the draft amendment.²⁹

In a statement to reporters on May 25, 2010, DOD press spokesman Geoff Morrell reportedly said:

Secretary Gates continues to believe that ideally, the [Defense Department] review should be completed before there is any legislation to repeal the ‘don’t ask, don’t tell,’ law. With Congress having indicated that is not possible, the secretary can accept the language in the proposed amendment.³⁰

Military Health Care Costs³¹

The FY2011 budget request includes \$50.7 billion for the DOD health care system that employs 85,000 military personnel and 53,000 civilian DOD employees. The system serves 9.5 million eligible beneficiaries through 56 hospitals, 363 out-patient medical facilities, and 275 dental clinics.

The system’s cost, which was \$19 billion in FY2001, has more than doubled in the 10 years since then. The cost of the medical program is projected by DOD to increase annually at a rate of 5-7% through FY2015, when it is projected to account for 10% of the planned DOD budget.

In addition to the cost of general inflation and new developments in medical technology, DOD officials attribute the steady increase in military health care costs to several factors, including:

- an increase in the number of retirees using DOD’s TRICARE medical insurance rather than other, less generous insurance plans for which they are eligible; and

(...continued)

orientation—H.R. 1283 and S. 3065.

²⁸ Draft legislative amendment accessed on the White House Press Office website at http://www.whitehouse.gov/sites/default/files/Lieberman_NDAA_DADT_Amendment.pdf.

²⁹ Peter R. Orzag, letter to Senator Joseph I. Lieberman, accessed on the White House Press Office website at http://www.whitehouse.gov/sites/default/files/Sen_Lieberman.pdf.

³⁰ Donna Miles, “Gates Can Accept ‘Don’t Ask, Don’t Tell’ Amendment,” Armed Forces Press Service, May 25, 2010. accessed at <http://www.defense.gov/news/newsarticle.aspx?id=59321>.

³¹ Prepared in collaboration with Don J. Jansen, Analyst in Military Health Care Policy.

- an increase in the frequency with which eligible beneficiaries use DOD medical services.
- legislatively mandated increases in benefits, such as Tricare-for-Life for reservists.
- no increase in fees and copayments for Tricare beneficiaries since 1995, when the Tricare program was created.

The Bush Administration's DOD budget requests for FY2007, FY2008, and FY2009 proposed to increase enrollment fees and copayment requirements for those Tricare beneficiaries who were not eligible for Medicare. Each year Tricare fee increases were proposed, Congress passed legislation to prohibit them.³²

Although the Obama Administration's 2011 budget does not include any legislative proposals to increase TRICARE annual fees or copayments, Secretary Gates stated in a February 1, 2010, press conference, "We certainly would like to work with the Congress in figuring out a way to try and bring some modest control to this program We absolutely want to take care of our men and women in uniform and our retirees, but at some point, there has to be some reasonable tradeoff between reasonable cost increases or premium increases or co-pays or something and the cost of the program."³³

Procurement and R&D

The FY2011 request would increase the total amount provided for development and procurement of weapons and equipment from \$184.9 billion in FY2010 to \$189.0 billion in FY2011. The proportion of the total DOD budget dedicated to procurement would slightly increase from 56% to 60%, while the proportion going to R&D would decline from 44% to 40%.

In part, that shift reflects the transition into production of some major programs that have had relatively large R&D budgets in recent years, the largest of which is the F-35 Joint Strike Fighter. For that program, a total of \$11.2 billion was appropriated in FY2010: \$4.0 billion for R&D and \$7.2 billion for procurement. For FY2011, the total budget request is only slightly higher—\$11.2 billion—however that total includes \$2.3 billion for R&D and \$9.0 billion for procurement.³⁴

The Administration has proposed few new cuts in major weapons programs beyond those it proposed in its FY2010 DOD budget.³⁵ But it has reiterated two of the proposed cuts that Congress rejected in 2009. The FY2011 budget request includes no funds either for production of additional C-17 wide-body cargo jets or for development of an alternate jet engine for the F-35.

³² CRS Report RS22402, *Increases in Tricare Costs: Background and Options for Congress*, by Don J. Jansen; and CRS Report R40711, *FY2010 National Defense Authorization Act: Selected Military Personnel Policy Issues*, coordinated by Don J. Jansen.

³³ Department of Defense, "DoD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon," press release, February 1, 2010, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4549>.

³⁴ Figures do not add due to rounding.

³⁵ Opposition to additional procurement of F-22 fighters was not an initiative of the Obama Administration. The preceding Bush Administration had decided cap the number of F-22s at the 183 planes already funded. There was an effort to add funding for additional F-22s to the FY2010 DOD appropriations bill, but the effort was dropped after President Obama threatened to veto any bill funding additional F-22s. See CRS Report RL31673, *Air Force F-22 Fighter Program: Background and Issues for Congress*, by Jeremiah Gertler.

In 2009, when the Obama Administration also requested no funding for either of those programs, Congress added \$2.5 billion to the FY2010 DOD funding bills for 10 C-17s and \$465 million to continue work on the alternate engine.

Army Combat Force Modernization Programs³⁶

Some Members of Congress may question elements of the Administration's \$3.2 billion request for the Army's BCT Modernization program, which is intended to develop a new generation of combat equipment.

This program replaces the Future Combat System (FCS) program, which had been intended to develop a new generation of combat equipment to replace current systems, such as the M-1 *Abrams* tank and the M-2 *Bradley* infantry fighting vehicle. By 2009, FCS involved efforts to develop 14 manned and unmanned systems tied together by an extensive communications and information network. On April 6, 2009, however, Secretary of Defense Gates recommended cancelling the manned ground vehicle (MGV) component of FCS, which was intended to field eight separate tracked combat vehicle variants built on a common chassis. Secretary Gates said he acted because there were significant unanswered questions in the FCS vehicle design strategy and because, despite some adjustments to the MGVs, the emerging vehicles did not adequately reflect the lessons of counterinsurgency and close-quarters combat in Iraq and Afghanistan.

In place of MGV, the Army has launched a Ground Combat Vehicle (GCV) program intended to field by 2015-17 a family of fighting vehicles based on mature technologies and designed to readily incorporate future network capabilities. Another potential oversight question for Congress is whether the Army is rushing the development of the GCV, thereby inviting undue risk that would set the stage for another unsuccessful acquisition program.³⁷

While the MGV component of FCS was terminated, other elements of the FCS program including sensors, unmanned aerial and ground vehicles, and a modified FCS command and control network were incorporated into the Army's (BCT) Modernization program under which the service plans to "spin out" the components, as they become available, to all 73 Army BCTs by 2025. According to the Government Accountability Office (GAO), the FCS components that the Army plans to deploy under the "spin out" approach have not demonstrated their effectiveness in field exercises.³⁸

Navy Force Structure and Shipbuilding Plans³⁹

The Navy's FY2011 budget submission retains, for the time being at least, the goal of achieving and maintaining the 313-ship fleet that the Navy first presented to Congress in February 2006. Although the 313-ship goal remains in place, some elements of Navy force planning that have emerged since 2006 appear to diverge from the original plan. The Navy's report on its FY2011

³⁶ Prepared in collaboration with Steve Bowman, Specialist in National Security.

³⁷ CRS Report RL32888, *Army Future Combat System (FCS) "Spin-Outs" and Ground Combat Vehicle (GCV): Background and Issues for Congress*, by Andrew Feickert and Nathan Jacob Lucas.

³⁸ U.S. Government Accountability Office, *Defense Acquisitions: Opportunities Exist to Position Army's Ground Force Modernization Effort for Success*, GAO-10-406, March 2010.

³⁹ Prepared in collaboration with Ronald O'Rourke, Specialist in Naval Affairs.

30-year (FY2011-FY2040) shipbuilding plan refers to a forthcoming force structure assessment (FSA). Such an assessment could produce a replacement for the 313-ship plan. It is not clear when the FSA might be conducted, or when a replacement for the current plan might be issued.

The Navy's proposed FY2011 budget requests funding for the procurement of nine new battle force ships (i.e., ships that count against the 313-ship goal). The nine ships include two attack submarines, two destroyers, two Littoral Combat Ships (LCSs), one amphibious assault ship, one Mobile Landing Platform (MLP) ship (i.e., a maritime prepositioning ship), and one Joint High Speed Vessel (JHSV). The Navy's five-year (FY2011-FY2015) shipbuilding plan includes a total of 50 new battle force ships, or an average of 10 per year. Of the 50 ships in the plan, half are relatively inexpensive LCSs or JHSVs.

The Navy's FY2011 30-year (FY2011-FY2040) shipbuilding plan includes 276 ships. The plan does not include enough ships to fully support all elements of the 313-ship plan over the long run. The Navy projects that implementing the 30-year plan would result in a fleet that grows from 284 ships in FY2011 to 315 ships in FY2020, reaches a peak of 320 ships in FY2024, drops below 313 ships in FY2027, declines to 288 ships in FY2032-FY2033, and then increases to 301 ships in FY2039-FY2040. The Navy projects that the attack submarine and cruiser-destroyer forces will drop substantially below required levels in the latter years of the 30-year plan.

The Navy estimates that executing the 30-year shipbuilding plan would require an average of \$15.9 billion per year in constant FY2010 dollars. A May 2010 Congressional Budget Office (CBO) report estimates that the plan would require an average of \$19.0 billion per year in constant FY2010 dollars, or about 19% more than the Navy estimates. The CBO report states: "If the Navy receives the same amount of funding for ship construction in the next 30 years as it has over the past three decades—an average of about \$15 billion a year in 2010 dollars—it will not be able to afford all of the purchases in the 2011 plan."⁴⁰

Specific shipbuilding issues that have been discussed at hearings this year on the Navy's proposed FY2011 budget include the following:

Next Generation Ballistic Missile Submarine SSBN(X)

The Navy is currently conducting development and design work on a planned class of 12 next-generation ballistic missile submarines, or SSBN(X)s,¹ which the service wants to procure as replacements for its current force of 14 Ohio-class ballistic missile submarines. The SSBN(X) program, also known as the Ohio-class replacement program, received \$497.4 million in research and development funding in the Navy's FY2010 budget, and the Navy's FY2011 budget requests an additional \$672.3 million in research and development funding for the program. Navy plans to call for procuring the first SSBN(X) in FY2019, with advance procurement funding for the boat beginning in FY2015.

The Navy preliminarily estimates the procurement cost of each SSBN(X) at \$6 billion to \$7 billion in FY2010 dollars—a figure equivalent to roughly one-half of the Navy's budget each year for procuring new ships. Some observers are concerned that the SSBN(X) program will significantly compound the challenge the Navy faces in ensuring the affordability of its long-term shipbuilding program. These observers are concerned that procuring 12 SSBN(X)s during the 15-

⁴⁰ Congressional Budget Office, "An Analysis of the Navy's Fiscal Year 2011 Shipbuilding Plan," May 2010, p. vii.

year period FY2019-FY2033, as called for in Navy plans, could lead to reductions in procurement rates for other types of Navy ships during those years. The Navy's report on its 30-year (FY2011-FY2040) shipbuilding plan states: "While the SSBN(X) is being procured, the Navy will be limited in its ability to procure other ship classes."²

Options for reducing the cost of the SSBN(X) program or its potential impact on other Navy shipbuilding programs include procuring fewer than 12 SSBN(X)s; reducing the number of submarine-launched ballistic missiles (SLBMs) to be carried by each SSBN(X); designing the SSBN(X) to carry a smaller SLBM; stretching out the schedule for procuring SSBN(X)s and making greater use of split funding (i.e., two-year incremental funding) in procuring them; funding the procurement of SSBN(X)s in a part of the Department of Defense (DOD) budget other than the Navy's shipbuilding account; and increasing the Navy's shipbuilding budget.

DDG-51 Destroyers and Ballistic Missile Defense

The FY2010 budget that the Navy submitted to Congress last year proposed ending procurement of Zumwalt (DDG-1000) class destroyers at three ships and resuming procurement of Arleigh Burke (DDG-51) class Aegis destroyers. Congress, as part of its action on the FY2010 defense budget supported this proposal. The Navy's FY2011 budget submission calls for procuring two DDG-51s in FY2011 and six more in FY2012-FY2015.

The Navy's FY2011 budget also proposes terminating the Navy's planned CG(X) cruiser program as unaffordable. Rather than starting to procure CG(X)s around FY2017, as the Navy had previously envisaged, the Navy is proposing to build an improved version of the DDG-51, called the Flight III version, starting in FY2016. Navy plans thus call for procuring the current version of the DDG-51, called the Flight IIA version, in FY2010-FY2015, followed by procurement of Flight III DDG-51s starting in FY2016. Flight III DDG-51s are to carry a smaller version of the new Air and Missile Defense Radar (AMDR) that was to be carried by the CG(X). The Navy's proposed FY2011 budget requests \$228.4 million in research and development funding for the AMDR.

The Aegis ballistic missile defense (BMD) program, which is carried out by the Missile Defense Agency (MDA) and the Navy, gives Navy Aegis cruisers and destroyers a capability for conducting BMD operations. Under current MDA and Navy plans, the number of BMD-capable Navy Aegis ships is scheduled to grow from 20 at the end of FY2010 to 38 at the end of FY2015.

Some observers are concerned—particularly following the Administration's announcement of its intention to use Aegis-BMD ships to defend Europe against potential ballistic missile attacks—that demands from U.S. regional military commanders for BMD-capable Aegis ships are growing faster than the number of BMD-capable Aegis ships. They are also concerned that demands from U.S. regional military commanders for Aegis ships for conducting BMD operations could strain the Navy's ability to provide regional military commanders with Aegis ships for performing non-BMD missions.

The Aegis BMD program is funded mostly through MDA's budget. The Navy's budget provides additional funding for BMD-related efforts. MDA's proposed FY2011 budget requests a total of \$2,161.6 million for the Aegis BMD program. The Navy's proposed FY2011 budget requests a total of \$457.0 million for BMD-related efforts. FY2011 issues for Congress include whether to approve, reject or modify the Navy's proposal to develop the Flight III DDG-51 design and start procuring it in FY2016, whether to approve, reject, or modify the FY2011 MDA and Navy

funding requests for the Aegis BMD program, and whether to provide MDA or the Navy with additional direction concerning the program.

Aircraft Programs⁴¹

Fighter aircraft are a major component of U.S. military capability and account for a significant portion of U.S. defense spending. In early 2009, the Air Force, Navy, and Marine Corps collectively had an inventory of about 3,500 fighters. Because fighters built in large numbers during the 1980s are nearing the end of their service lives, there is a concern that the services may fall short of the number of planes needed because of budgetary limits on the rate at which replacement fighters can be procured. Air Force officials in 2008 testimony projected an Air Force fighter shortfall of up to 800 aircraft by 2024. Navy officials have projected a Navy-Marine Corps strike fighter shortfall peaking at more than 100 aircraft, and possibly more than 200 aircraft, by about 2018.

A key issue for Congress regarding tactical aircraft is the overall affordability of DOD's plans for modernizing the tactical aircraft force. The issue has been a concern in Congress and elsewhere for many years, with some observers predicting that tactical aircraft modernization is heading for an eventual budget "train wreck" as tactical aircraft acquisition plans collide with insufficient amounts of funding available for tactical aircraft acquisition.⁴²

F-35

The F-35 Joint Strike Fighter (JSF), being procured in different versions for the Air Force, Marine Corps, and Navy, is the key to DOD's tactical aircraft modernization plans, which call for acquiring a total of 2,443 JSFs at an estimated total acquisition cost (as of December 31, 2009) of about \$238 billion in constant (i.e., inflation-adjusted) FY2002 dollars, or more than \$300 billion in current prices. The F-35 program is DOD's largest weapon procurement program in terms of total estimated acquisition cost. Hundreds of additional F-35s are expected to be purchased by several U.S. allies, eight of which are cost-sharing partners in the program.⁴³

The Administration's FY2011 budget requests a total of \$10.4 billion for the F-35 program, including \$2.5 billion in Air Force and Navy research and development funding and \$7.9 billion in Air Force and Navy procurement funding.⁴⁴

Although the F-35 was conceived as a relatively affordable strike fighter, some observers are concerned that in a situation of constrained DOD resources, F-35s might not be affordable in the annual quantities planned by DOD, at least not without reducing funding for other DOD programs. As the annual production rate of the F-35 increases, the program will require more than \$10 billion per year in acquisition funding at the same time that DOD will face other budgetary challenges. Supporters of the F-35 might argue that, as a relatively affordable aircraft that can be procured in similar, though not identical, versions for the Air Force, Marine Corps, and Navy, the

⁴¹ Prepared in collaboration with Jeremiah Gertler, Specialist in Military Aviation.

⁴² CRS Report RL33543, *Tactical Aircraft Modernization: Issues for Congress*, by Jeremiah Gertler.

⁴³ CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program: Background and Issues for Congress*, by Jeremiah Gertler.

⁴⁴ Development and procurement of Marine Corps aircraft are funded through the Navy's budget.

F-35 represents the most economical and cost-effective strategy for avoiding or mitigating such shortfalls.

F-35 Alternate Engine

For four successive years, Congress has rejected Administration proposals to terminate the program to develop the General Electric/Rolls-Royce F136 engine as an alternative to the Pratt & Whitney F135 engine that currently powers the F-35 Joint Strike Fighter (JSF). The administration's FY2011 budget submission again proposes to terminate the program.

Through FY2009, Congress has provided approximately \$2.5 billion for the Joint Strike Fighter alternate engine program. The program is expected to need an additional \$2.9 billion through 2017 to complete the development of the F136 engine.⁴⁵

Critics of the proposal to terminate the F136 alternate engine argue that termination was driven more by immediate budget pressures on the department than the long-term pros and cons of the F136 program. They argue that engine competition on the F-15 and F-16 programs saved money and resulted in greater reliability. Some who applaud the proposed termination say that single-source engine production contracts have been the norm, not the exception. Long-term engine affordability, they claim, is best achieved by procuring engines through multiyear contracts from a single source.

Cancelling the F136 engine poses questions on the operational risk—particularly of fleet grounding—posed by having a single engine design and supplier. Additional issues include the potential impact this termination might have on the U.S. defense industrial base and on U.S. relations with key allied countries involved in the alternate engine program. Finally, eliminating competitive market forces for DOD business worth billions of dollars may concern those who seek efficiency from DOD's acquisition system and raises the challenge of cost control in a single-supplier environment.

Continuing F136 development raises issues of impact on the F-35 acquisition program, including possible reduction of the numbers of F-35s that could be acquired if program funds are used for the alternate engine. It also raises issues of the outyear costs and operational concerns stemming from the requirement to support two different engines in the field.

C-17

The Administration's proposed FY2011 defense budget would terminate C-17 procurement. Further, Secretary Gates, in testimony to the Defense Subcommittee of the House Appropriations Committee, stated, "Should Congress add funds to continue this program, I will strongly recommend a presidential veto."⁴⁶ The Administration argues that enough C-17s have now been purchased to meet future operational needs. Supporters of procuring additional C-17s in FY2011 contend that additional C-17s will be needed to meet future operational needs. A primary issue for Congress in FY2011 is whether to acquire additional C-17s.⁴⁷

⁴⁵ CRS Report R41131, *F-35 Alternate Engine Program: Background and Issues for Congress*, by Jeremiah Gertler.

⁴⁶ Hearing of the House Defense Appropriations Subcommittee, March 24, 2010.

⁴⁷ CRS Report RS22763, *Air Force C-17 Aircraft Procurement: Background and Issues for Congress*, by Jeremiah (continued...)

KC-X

The administration's proposed FY2011 defense budget requested \$863.9 million in Air Force research and development funding for its third attempt since 2003 to acquire a new fleet of mid-air refueling tankers, designated KC-X, that would replace its aging fleet of KC-135 tankers. An initial effort, that involved leasing new tankers from Boeing, was blocked by Congress. A subsequent competition pitted Boeing, which offered a tanker based on its 767 jetliner, against the team of Northrop Grumman and the European Aeronautic Defense and Space Company (EADS), which offered a tanker based on the EADS Airbus A330.

On February 24, 2010, the Department of Defense (DOD) released its Request for Proposals for a program to build 179 new KC-X aerial refueling tankers for the Air Force, a contract valued at roughly \$35 billion.

Bidding closed on July 9, 2010, with three offerors submitting bids. The European Aeronautic Defense and Space Company (EADS) offered a KC-X design based on the Airbus A330 airliner, to be built in Mobile, AL. Boeing offered a KC-X design based on its 767 airliner, to be built in Seattle, WA, and Wichita, KS. A team of the Ukrainian airframe maker Antonov and U.S. Aerospace offered a variant of the An-124 freighter, with production location uncertain; this bid was excluded for arriving after the deadline, but U.S. Aerospace has protested the exclusion.⁴⁸

The KC-X acquisition program has been a subject of intense interest because of the dollar value of the contract, the number of jobs it would create, the importance of tanker aircraft to U.S. military operations, and because DOD's attempts to acquire a new tanker over the past several years have been highly contentious. The history of those earlier attempts forms an important part of the context for DOD's proposed new KC-X competition, particularly in terms of defining the required capabilities for the KC-X, and designing and conducting a fair and transparent competition. The issues for Congress in FY2011 are whether to approve, reject, or modify DOD's new KC-X competition strategy, and whether to approve, reject, or modify the Air Force's request for FY2011 research and development funding for the new KC-X program. Congress's decision on these issues could affect DOD capabilities and funding requirements and the aircraft manufacturing industrial base.

Ballistic Missile Defense

The George W. Bush Administration had planned to deploy in Poland and the Czech Republic a modified version of the land-based BMD system currently deployed in Alaska and California. The Obama Administration has dropped that plan in favor of the so-called Phased Adaptive Approach (PAA), which calls for deploying BMD-capable Aegis ships (and, eventually, a relocatable, land-based version of the Aegis system and associated Standard missile) to defend Europe and, eventually, the United States against potential ballistic missile attacks from Iran. The Administration has said that similar BMD capabilities will be pursued in other regions such as the Middle East and Northeast Asia.⁴⁹

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⁴⁸ CRS Report RL34398, *Air Force KC-X Tanker Aircraft Program: Background and Issues for Congress*, by Jeremiah Gertler.

⁴⁹ For additional analysis, see CRS Report RL34051, *Long-Range Ballistic Missile Defense in Europe*, by Steven A. (continued...)

The Administration requested a total of \$2.27 billion in FY2011 for programs associated with PAA, including \$712 million for development efforts unique to PAA and an additional \$1.56 billion to continue development and procurement of the Aegis ship-borne BMD system that would be integral to PAA as well as other missile defense missions.

Military Construction⁵⁰

The \$18.7 billion requested in the FY2011 base budget for military construction and family housing is nearly 20% lower than the corresponding appropriation for FY2010. Most of the reduction is the result of a decline from \$7.9 billion to \$2.7 billion in the amount that is being spent to build new facilities for units that are moving to new sites as a result of the 2005 Base Realignment and Closure (BRAC) Commission. Most of that BRAC-related construction was funded in earlier budgets, since the deadline for completing the moves is September 15, 2011.

In addition, the budget for military family housing would drop from \$2.3 billion in FY2010 to \$1.8 billion in the FY2011 request. According to DOD officials, this is a result of a policy, begun in the late 1990s, of privatizing military family housing. The amounts appropriated for the Basic Allowance for Housing paid to personnel who do not live in government furnished housing has increased over the past decade, partly because more service members are paying rent to private landlords and partly because of a policy decision that housing allowances (which are pegged to regional home rental and utility costs) should cover a larger proportion of a service member's housing costs.

Aircraft Carrier Homeport

The FY2011 DOD bills might provide a vehicle for those Members of Congress opposed to the Navy's plan to move to Mayport, Florida, one of the five nuclear powered aircraft carriers currently homeported in Norfolk, Virginia. The Department of Defense's (DOD's) final report on the 2010 Quadrennial Defense Review (QDR), released on February 1, 2010, endorses the Navy's desire to establish Mayport as a second Atlantic Fleet carrier home port. The report states:

To mitigate the risk of a terrorist attack, accident, or natural disaster, the U.S. Navy will homeport an East Coast carrier in Mayport, Florida.

Because all carriers currently in service are nuclear powered, such a move would require the construction of new, specialized nuclear support facilities at the Mayport site, near Jacksonville. In addition, such a move would shift from Norfolk to Mayport the local economic activity associated with homeporting an aircraft carrier, which some sources estimate as being worth hundreds of millions of dollars per year.⁵¹

Certain Members of Congress from Florida have expressed support for the proposal to homeport an aircraft carrier at Mayport, endorsing the argument made by DOD and the Navy that the

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Hildreth and Carl Ek.

⁵⁰ Prepared in collaboration with Daniel H. Else, Specialist in National Defense.

⁵¹ CRS Report R40248, *Navy Nuclear Aircraft Carrier (CVN) Homeporting at Mayport: Background and Issues for Congress*, by Ronald O'Rourke.

benefits in terms of mitigating risks to the Navy's Atlantic Fleet CVNs are worth the costs associated with moving a CVN to Mayport, which the Navy estimates would total \$589.7 million. That total includes \$46.3 million for dredging, which Congress approved in its action on the FY2010 DOD budget, but with the proviso that it was not prejudging the issue of the carrier homeport.

Certain Members of Congress from Virginia have expressed skepticism regarding, or opposition to the proposal, arguing that the benefits in terms of mitigating risks to the Navy's Atlantic Fleet CVNs are questionable or uncertain, and that the funding needed to implement the proposal could achieve greater benefits if it were spent on other Navy priorities.

Marine Corps Relocation to Guam

The Administration's budget includes \$139 million for facilities on the U.S. territory of Guam, in the western Pacific for use by 8,000 Marines, their families, and support personnel slated to move to that island from the Japanese island of Okinawa. The planned move is the result of extensive negotiations between the Departments of State and Defense and the Government of Japan. DOD also plans to move additional military personnel to Guam from their current stations in the United States. These relocations are expected to be completed by 2014-2016.

Guam is a mountainous island with an area roughly three times that of the District of Columbia, and a population of about 178,000. Estimates of the permanent increase in population due to the planned influx of military personnel, their families, DOD personnel, and supporting contractors have ranged as high as 56,000. In addition, some analysts have estimated that as many as 25,000 temporary workers would be needed to build the planned facilities, a number amounting to 14% of the population. These analysts question whether Guam's current transportation, electrical and utility grid could support such a surge in the island's population.

The FY2011 defense funding bills may provide a point of leverage for those Members of Congress who have pressed DOD to submit a comprehensive master plan for development on Guam, thus far, without success.⁵²

US CYBERCOM

The administration's budget would support the creation of the U.S. Cyber Command (USCYBERCOM) as a component of the U.S. Strategic Command that is intended to centralize command of DOD networks and to coordinate their protection and operation. The reorganization of cyber forces began in October 2008 when Secretary Gates directed that the Joint Task Force for Global Network Operations (JTF GNO), which was responsible for defending DOD's global information grid against cyber attack, be placed under the operational control of the Joint Functional Component Command for Network Warfare (JFCC NW), which was responsible for "offensive" information operations, including cyber attacks on adversaries. This integration into one organization of responsibility for both offensive and defensive cyber operations marked a departure from the historical segregation of those two capabilities.⁵³ In June, 2009, Secretary

⁵² See CRS Report RS22570, *Guam: U.S. Defense Deployments*, by Shirley A. Kan, and CRS Report R40731, *Military Construction, Veterans Affairs, and Related Agencies: FY2010 Appropriations*, coordinated by Daniel H. Else.

⁵³ For background, see CRS Report RL31787, *Information Operations, Cyberwarfare, and Cybersecurity: Capabilities* (continued...)

Gates took the consolidation of DOD cyber operations one step further, directing the U.S. Strategic Command to establish U.S. Cyber Command as one of its components with responsibility for both offensive and defensive cyber operations. The director of the National Security Agency (NSA) was nominated to lead the new command while retaining the NSA directorship.⁵⁴

Some observers contend that co-locating offensive and defensive cyber capabilities represents the militarization of cyberspace and that NSA involvement will impinge upon the privacy of civilian information systems. Others maintain that centralized command will better organize and standardize DOD cyber practices and operations and that the new command will be responsible only for defending DOD networks, providing support for civil authorities upon request.

The Administration's FY2011 budget request for Air Force Operations and Maintenance reportedly includes \$139 million to stand up U.S. Cyber Command, an increase of approximately \$105 million above the FY2010 Cyber Command budget that would fund the lease of temporary facilities and infrastructure at Ft. Meade, Maryland, where the organization is to be located.⁵⁵ U.S. Cyber Command is scheduled to be fully operational by October, 2010.

State Department Role in Security Assistance

Some elements of the FY2011 DOD budget request reflect what the Obama Administration describes as an effort to “rebalance” the roles of DOD and the State Department in providing foreign assistance, particularly security assistance. The FY2011 NDAA legislation does not include two programs previously funded by DOD because the Administration requested these controversial items in the Department of State budget:

- The so-called “Section 1207” program to provide crisis reaction funding for reconstruction, security and stabilization activities, that are up for funding in the State Department/USAID Complex Crisis Fund (\$100 million in the State Department budget);⁵⁶ and
- The Pakistan Counterinsurgency Capability Fund, i.e., the PCCF (\$1.2 billion in the State Department Budget).

In FY2012, the State Department also will take responsibility for Iraq police training. The DOD budget request for FY2011 includes funding for the Iraq Security Forces Fund (ISSF), used for Iraqi police training, even though the State Department FY2011 budget request also includes

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and Related Policy Issues, by Catherine A. Theohary.

⁵⁴ Cyber Command was officially activated by the Secretary of Defense on May 21, 2010, after the Senate confirmed the nomination of NSA Director Lt. Gen. Keith B. Alexander to head the new command (while retaining his NSA post) with the rank of General.

⁵⁵ Officials in the U.S. Strategic Command have cited the figures that appear in the following article by DOD's in-house news service, however, CRS is unable to independently verify the actual numbers from DOD budget documents with the exception of the approximately \$105 million requested covering classified aspects of U.S. Cyber Command standup. See, “Cybersecurity Seizes More Attention, Budget Dollars,” by John J. Kruzel, Armed Forces Press Services, February 4, 2010, accessed at <http://www.defense.gov/news/newsarticle.aspx?id=57871>.

⁵⁶ DOD funding was authorized by Section 1207 of P.L. 109-163 as amended.

police support funding for the FY2011 transition year.⁵⁷ (Funding for the Afghanistan Security Forces Fund (ASFF) to train the Afghan National Police remains in the DOD budget.)⁵⁸

In its FY2011 budget request, the Department of State stated that the transfer of the Section 1207, PCCF, and Iraqi police training will “begin to rebalance the roles between DOD and State.”⁵⁹ Nevertheless, within weeks of the Administration’s release of its FY2011 budget request, statements by some Pentagon officials seemed to call for DOD to maintain, if not expand, its current role in security assistance. The Administration is engaged in an extensive interagency review over the appropriate division of security assistance authorities, which the Senate Armed Services Committee (SASC) took note of in the report accompanying its version of the FY2011 NDAA (S.Rept. 111-201), stating it “welcomes this review and looks forward to any proposals for enhancing U.S. security assistance that result from this process.”

In a February 24, 2010, speech, Secretary of Defense Robert M. Gates said that advising and mentoring foreign security forces is becoming a key military mission. He cited changes that the armed forces are making in their own organization to facilitate their role in advising, training and assisting partner nations. His remarks reflect recommendations contained in the February 8, 2010, Quadrennial Defense Review (QDR) Report that called for all four armed services “to strengthen and institutionalize” their capability to train and advise the security forces of partner nations.

Secretary Gates’ remarks were reinforced by a March 3, 2010, speech by Chairman of the Joint Chiefs of Staff Admiral Mike Mullen, who urged that military power should not be considered the last resort of the state, “but as potentially the best, first option” when combined with diplomacy and other instruments of national power. Both Secretary Gates and Adm. Mullen, as well as the QDR report, encouraged lawmakers to substantially bolster civilian capabilities to assist foreign governments in preventing, containing, and recovering from conflict. All three described a new relationship between defense and diplomacy, which “are no longer discrete choices...but must in fact, compliment one another throughout the messy process of international relations,” according to Chairman Mullen.

Consistent with this position, the Administration’s FY2011 DOD budget request leaves under DOD’s control other controversial security assistance programs, notably the so-called “Section 1206” program to train and equip the security forces of other countries threatened by terrorists, for which the budget included \$489.5 million.⁶⁰ The DOD budget also contains a funding request for the Combating Terrorism Fellowship Program (\$33.3 million), and two new DOD security assistance programs created in FY2010: the Defense Institution Reform Initiative to promote the institutional development of foreign defense ministries (\$5.7 million); and a related program to

⁵⁷ The Administration’s supplemental appropriations request for FY2010 included \$650 million to initiate this transfer. For further analysis of the FY2010 request, see CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

⁵⁸ For details on ISSF and ASFF funding, see CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by Amy Belasco.

⁵⁹ For additional analysis of the State Department funding request for these programs, see CRS Report R41228, *State, Foreign Operations, and Related Programs: FY2011 Budget and Appropriations*, op.cit.

⁶⁰ DOD funding for this program was authorized by Section 1206 of P.L. 109-163, as amended. For more information on Section 1206 funding, see CRS Report RL32862, *Peacekeeping/Stabilization and Conflict Transitions: Background and Congressional Action on the Civilian Response/Reserve Corps and other Civilian Stabilization and Reconstruction Capabilities*, by Nina M. Serafino.

provide legal instruction to foreign military members and civilian government officials (\$1.6 million). The FY2011 request also would launch a new program, the Stability Operations Fellowship Program (\$5.0 million), but Congress has turned down this proposal in the past.

While affirming in his February speech that the State Department should maintain the lead, Secretary Gates described the current national security system as outmoded, with the roles of defense and diplomacy designed for a different set of threats than those the United States faces today. According to some defense experts, some members have considered introducing legislation based on one Gates' proposal, a pooled fund for security assistance to which DOD, State, and USAID contribute, but instead are awaiting the Administration's own proposal.

Bill-by-Bill Synopsis of Congressional Action to Date

FY2011 National Defense Authorization Act (H.R. 5136, S. 3454)

The version of the FY2011 National Defense Authorization Act approved May 19 by the House Armed Services Committee (H.R. 5136) would authorize \$725.9 billion in discretionary budget authority, which is \$2.7 billion less than President Obama requested for programs covered by the legislation. The total authorized by the bill \$566.6 billion for the DOD base budget, \$159.3 billion for FY2011 for war costs and \$17.7 billion for defense-related nuclear energy programs administered by the Department of Energy. The Armed Services Committee approved the bill by a vote of 59-0.

The committee reported the bill to the House on May 24, 2010 (H.Rept. 111-491).

Funding levels authorized by the bill are presented in **Table 8**. Funding levels authorized for selected programs are presented in the **Appendix**.

Table 8. FY2011 National Defense Authorization Act (H.R. 5136, S. 3454)

(amounts in millions of dollars)

	Administration request	House-passed (H.R. 5136)	Senate Armed Services Committee reported (S. 3454)
Division A: DOD Base Budget (except Military Construction)			
Procurement	111,377	111,246	111,751
Research and Development	76,131	76,473	76,799
Operation and Maintenance	167,879	167,620	168,224
Military Personnel	138,541	138,541	138,541
Other Authorizations	36,197	36,243	36,265
Subtotal, DOD Base Budget (except MilCon)	530,124	530,124	531,579
Division B: Military Construction (Base Budget)			
Military Construction,	14,209	14,649	14,197
Family Housing	1,823	1,823	1,823
Base Realignment and Closure (BRAC)	2,715	2,715	2,715
General Reductions	0	-441.1	0

	Administration request	House-passed (H.R. 5136)	Senate Armed Services Committee reported (S. 3454)
Subtotal, Military Construction, Base Budget	18,747	18,745	18,735
Total, DOD Base Budget	548,871	548,869	550,314
Division C: Department of Energy Nuclear National Security Agency (NNSA) and Other Authorizations	17,716	17,716	17,721
Total, National Defense Budget Function (050), FY2011 Base Budget	566,587	566,585	568,034
FY2011 Overseas Contingency Operations, DOD	159,336	159,335	157,648
Grand Total, FY2011 National Defense	725,922	725,920	725,682

Source: House Armed Services Committee, Report on H.R. 5136, the National Defense Authorization Act for FY2011 H Rept. 111-491, pp. 4-13; Senate Armed Services Committee, Report on S. 3454, the National Defense Authorization Act for FY2011, S Rept. 111-201, pp. 5-9.

Following are highlights of H.R. 5136 as passed by the House on May 25 and of S. 3454 as reported by the Senate Armed Services Committee on June 4.

Military Personnel Issues

As passed by the House and reported by the Senate committee, the two bills each would authorize, as requested, a total end-strength of 1.43 million members for the active-duty components of the four armed services. This would be an increase of 7,400 over the end-strength authorized for FY2010.

Military Compensation

The House-passed bill would authorize a 1.9% military pay raise, rather than the 1.4% raise included in the budget, an increase the committee said would add \$380 million to the FY2011 military personnel costs (Section 601). The Senate committee bill would authorize the 1.4% raise that was requested by the Administration.

The H.R. 5136 also would authorize an increase in the monthly allowance paid to married personnel who are separated from their families by deployment, from \$250 to \$285—a change estimated to cost \$78 million (Section 604), and an increase in the monthly payments to personnel whose assignments subject them to risk of hostile fire or imminent danger, from \$225 to \$260—a change expected to cost \$3 million (Section 618). These additional costs would be more than

offset by a provision of the bill reallocating to the FY2011 personnel accounts \$501.5 million appropriated for personnel accounts in prior years but not obligated.⁶¹

In its report to accompany S. 3454, the Senate Armed Services Committee directed the Government Accountability Office (GAO) to assess DOD's use of cash incentives to recruit and retain highly qualified individuals into hard-to-fill specialties that are essential in wartime (Secti. In particular, it directs GAO to review the process by which DOD identifies specialties for which such incentives are offered. The Senate committee also directed GAO to assess the efficiency and accuracy of the process by which DOD determines the size of the housing allowance paid to service members assigned to any give base who do not occupy government-provided housing.

The Senate committee also urged the Secretary of Defense to consider whether to propose legislation that would broaden the range of purposes for which the President could mobilize reserve and National Guard units.

'Don't Ask, Don't Tell'

On May 27, 2011, the House adopted by a vote of 234-194 an amendment to H.R. 5136 by Representative Patrick Murphy that would repeal the 1993 legislation barring openly homosexual persons from military service after: (1) the current DOD review has been completed; and (2) the President, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff have certified to Congress that policies and regulations have been prepared that would allow the repeal of the ban to be implemented in a way that is, "consistent with the standards of military readiness, military effectiveness, unit cohesion, and recruiting and retention of the armed forces." This provision, which was incorporated in the House bill as Section 536, was substantially the language that had been agreed to in negotiations between proponents of repeal and Administration officials.

On June 1, 2011, the Senate Armed Services Committee voted 16-12 to include in S. 3454 a substantially identical provision (Section 591).

Alternative Career Track for Officers

The House bill would authorize a pilot program to assess the value of allowing a certain number of officers pursue a more varied range of mid-career educational programs and assignments outside of their service for the sake of broadening their experience and strategic judgment. To allow for this richer mixture of experience, participants would be given leeway to skip or delay some of the established requirements and deadlines for promotion and might be required to commit to a longer-than-usual period of service (Section 661).

Sexual Assault

Title XVI of H.R. 5136 includes 28 provisions that would enact many of the recommendations of a congressionally chartered DOD commission studying the issue of sexual assault in the military.⁶² Among these were provisions that would:

⁶¹ For background information, see Military Pay Raise, above.

⁶² The commission was established by Section 576 of the Ronald W. Reagan National Defense Authorization Act for FY2005 (H.R. 4200).

- require DOD to specifically budget for its sexual assault prevention and response program;
- create a single hotline over which DOD personnel could report a sexual assault;
- require that the director of the sexual assault prevention and response program be a flag or general officer or a civilian of the Senior Executive Service; and
- establish the right of military personnel who are sexual assault victims to: (1) legal counsel; (2) consultation in the prosecution of their alleged assailants; (3) medical care; and (4) the ability to make a restricted report of a sexual assault so they may receive support services without involving law enforcement.

The Senate Armed Services Committee bill does not address those issues, but it includes a provision (Section 561) that would amend the definitions of rape and other nonconsensual sexual offences that are contained in the Uniform Code of Military Justice. According to the committee, these changes were recommended by a congressionally mandated DOD task force.

Medical Care

Both the House-passed and Senate committee-reported bills would authorize substantially all of the Administration's \$50.7 billion budget request for DOD's health care program.

Tricare Fee Limitation

Although the budget request did not include increases in Tricare fees and pharmacy copayments, which the Bush and Obama Administrations had recommended in prior years and which Congress regularly had rejected, both the House-passed H.R. 5136 and S. 3454 as reported by the Senate Armed Services Committee contained a provision similar to those Congress had enacted in earlier years prohibiting any increase in Tricare fees.⁶³

The Senate Armed Services Committee's bill also directed DOD to prepare a plan to improve the quality and efficiency of the military health care system and reduce its cost (Section 704). In its report, the committee acknowledged that DOD leaders favored an increase in Tricare fees, but said that the Department must, first, "do everything within reason to make the health care system more efficient, to improve quality and to lower cost, through improvements in business practices and preventative care, while maintaining high and improving levels of beneficiary satisfaction."⁶⁴

Both bills would allow Tricare beneficiaries to extend coverage to their dependent children up to age 26, an option made available to beneficiaries of private health insurance programs under the Patient Protection and Affordable Care Act (P.L. 111-148), the health care reform bill enacted in April 2010 (Section 702).

⁶³ The relevant provisions are Section 701 of the House bill and Section and 705. In the Senate committee bill, the relevant provision is For background see "Military Health Care Costs" above.

⁶⁴ S.Rept. 111-201, report on S. 3454, p. 148.

The House bill would authorize the President, through the Secretary of Defense, to establish a unified medical command (Section 903) under the Assistant Secretary of Defense for Health Affairs and a new Defense Health Agency to administer the TRICARE program.

As reported by the Senate Armed Services Committee, S. 3454 would:

- Repeal current law prohibiting the performance in DOD medical facilities of privately funded, legal abortions;⁶⁵
- Prohibit the involuntary administrative separation of a service member who was deemed fit for duty by a Personnel Evaluation Board (PEB) but who subsequently was determined to be unsuitable for deployment based on a medical condition that had been considered by the PEB.

Fort Hood Shooting Incident

The House bill includes three provisions intended to deal with both the underlying causes and the immediate consequences of two incidents in which service members and DOD civilian personnel were killed or wounded in terrorist attacks—one at Fort Hood, Texas in November 2009 in which an Army psychiatrist opened fire on troops preparing for deployment to Iraq, and one at a recruiting station in Little Rock, Arkansas on June 1, 2009. These provisions would:

- require the Secretary of Defense to ensure that the training programs for officers in the services' medical corps properly document their academic and military performance (Section 715). There were allegations that the supposed perpetrator of the Fort Hood attack had a record of substandard and erratic performance.
- provide special compensation to persons killed or wounded in those two incidents or in any other incident subsequent to November 6, 2009, in which service members or DOD civilians were targeted because of their affiliation with the U.S. military (Section 619). These individuals would be awarded the same compensation as DOD personnel killed or wounded in a combat zone.
- require the Secretary of Defense to earmark up to \$100 million in a fund to implement recommendations of a panel that had been set up by DOD to analyze the Fort Hood incident.⁶⁶

Ballistic Missile Defense, Strategic Weapons, and the New START Treaty

Both the bill passed by the House and the one reported by the Senate committee generally support the Administration's ballistic missile defense (BMD) program, including its plan for defending U.S. troops and allies in Europe against ballistic missiles attacks from Iran.

Both bills would authorize roughly \$10.6 billion for missile defenses, with H.R. 5136 adding \$361.6 million to the Administration request and the Senate committee's version of S. 3454

⁶⁵ For background, see CRS Report 95-387, *Abortion Services and Military Medical Facilities*, by David F. Burrelli.

⁶⁶ An independent panel, established by the Secretary of Defense to review the incident, issued its report, "Protecting the Force: Lessons from Fort Hood," in January 2010. The report was accessed at http://www.defense.gov/pubs/pdfs/DOD-ProtectingTheForce-Web_Security_HR_13Jan10.pdf on September 15, 2010.

adding \$349.1 million. Funding levels authorized for specific missile defense programs are presented in **Table A-1**.

Both bills also affirmed that the pending strategic arms reduction treaty with the Russian Federation (dubbed “New START”) would not restrict U.S. missile defense programs. Some Russian sources have asserted that the Administration’s plan for defending Europe against long-range ballistic missiles would undermine the proposed treaty.⁶⁷

Phased Adaptive Approach (Missile Defense for Europe) and Arms Control

The Administration requested a total of \$2.27 billion in FY2011 for programs associated with its so-called “Phased Adaptive Approach” (PAA) for defending Europe against long-range ballistic missiles. The budget requested \$712 million for development efforts unique to PAA and an additional \$1.56 billion to continue development and procurement of the Aegis ship-borne BMD system that would be integral to PAA as well as other missile defense missions. Of this total, the Senate Armed Services Committee bill would authorize the amount requested, while the House-passed bill would authorize an additional \$115 million: \$50 million to accelerate production of SM-3 missiles and \$65 million for long lead-time components of the AN/TPY-2 relocatable radar intended to support both the PAA and the Army’s Theater High-Altitude Air Defense (THAAD) missile defense system.

The House bill would require a DOD report on the PAA plan and an assessment by the GAO of the DOD report (Section 223). It also would place restrictions on the PAA similar to those that Congress previously had applied to the Bush plan, namely:

- It limits deployment in Europe of defenses against medium-range and long-range missiles until the Secretary of Defense certifies that the proposed technology is operationally effective, based on realistic flight tests; and
- It limits the use of funds for BMD deployments in any country until the host government has ratified any necessary agreements and until 45 days after Congress has received a report on alternative BMD systems for Europe required by the FY2010 National Defense Authorization Act (P.L. 111-84).

H.R. 5136 (Section 224) would declare it to be U.S. policy to ensure that future versions of the Standard missile, when deployed to protect Europe under the PAA plan, would be able to intercept intercontinental-range missiles launched from Iran at the United States. The House bill also would declare it to be national policy to continue developing a modified version of the ground-based BMD interceptor currently deployed in Alaska and California, which the Bush Administration had planned to field also in Europe. The committee said this two-stage, ground-based interceptor would provide a hedge in case the improved Standard BMD interceptor falls short of its performance goals or Iran acquires an ICBM before the Standard BMD interceptor can be deployed.

The House bill also would express the sense of Congress that there should be no limitations on the planned PAA missile defense deployment in Europe as a result of the New Strategic Arms

⁶⁷ For background, see CRS Report R41251, *Ballistic Missile Defense and Offensive Arms Reductions: A Review of the Historical Record*, by Steven A. Hildreth and Amy F. Woolf and CRS Report R41219, *The New START Treaty: Central Limits and Key Provisions*, by Amy F. Woolf.

Reduction Treaty (New START) between the United States and the Russian Federation, signed April 8, 2010 (Section 1236). Russian officials have said the new treaty would be endangered by too ambitious a U.S. BMD plan, but U.S. officials have rejected any linkage between the treaty and U.S. plans.

The House bill would bar the reduction of U.S. nuclear weapons below the limits set by the New START Treaty until 180 days after the Secretary of Defense and the Administrator for Nuclear Security of the Nuclear National Security Agency of the Department of Energy submit to Congress a joint report justifying the proposed cuts in detail (Section 1058). It also expresses the sense of Congress that the Administration's Nuclear Posture Review, published April 6, 2010, weakens U.S. security by forswearing the option of using nuclear weapons to retaliate for catastrophic attacks on the United States, under certain conditions.⁶⁸

S. 3454, as reported by the Senate Armed Services Committee (Section 231), would endorse many of those same positions by declaring them to be the sense of Congress, namely (1) that a future version of the Standard missile be able to intercept Iranian ICBMs aimed at U.S. territory, (2) that DOD should continue development of the two-stage ground-based interceptor, as hedge against potential technical challenges with the Standard missile, (3) that the PAA is not intended to diminish strategic stability with the Russian Federation, and (4) that New START imposes no constraints on developing or deploying effective U.S. BMD systems.

THAAD (Theater High-Altitude Air Defense)

In its report, the Senate Armed Services Committee commended the Administration for several missile defense initiatives funded by the FY2011 budget request, including a significant increase in the number of THAAD interceptors planned for deployment by FY2015. THAAD is intended to intercept so-called intermediate-range ballistic missiles—those with a range of up to 3,000 miles.

The Senate committee authorized \$833.9 million for THAAD procurement in FY2011, which is \$25 million less than the Administration requested. However, the committee said the reduction was warranted by delays in THAAD production and by an ongoing investigation of a failure of one THAAD component and that the cut was made without prejudice to the THAAD system.

H.R. 5136 would authorize the full \$858.9 million requested for THAAD procurement.

Airborne Laser (ABL)

H.R. 5316 would add to the budget \$50.0 million for research on directed-energy weapons, using the airborne laser (ABL), an experimental laser-equipped Boeing 747 that the Obama Administration had decided was not suitable for deployment as a BMD weapon. The Senate bill includes no corresponding funds.

⁶⁸ See Department of Defense, Nuclear Posture Review Report, April 6, 2010, at <http://www.defense.gov/npr/docs/2010%20Nuclear%20Posture%20Review%20Report.pdf>.

Israeli Short-Range Defenses

The House-passed and Senate committee bills both added funds to the \$121.7 million requested for missile defense development programs funded in cooperation with Israel. H.R. 5136 would add to the request \$88.0 million, of which \$38 million is to support Israel's development of systems intended to intercept short-range bombardment rockets and artillery shells. The Senate Armed Services Committee's bill would add \$230 million to support development of such defenses against short-range attacks, of which \$205 million was requested by DOD in mid-May.

Shipbuilding⁶⁹

Both H.R. 5136 as passed by the House and S. 3454 as reported by the Senate Armed Services Committee would authorize without significant change the President Obama's \$15.7 billion request for Navy shipbuilding in FY2011. However, the Senate and House Armed Services committees each expressed reservations about the Administration's future shipbuilding plans.

The amounts authorized by the two versions of the defense bill include funds for two DDG-51 Aegis destroyers (\$2.92 billion), two Virginia-class attack submarines (\$3.44 billion), two Littoral Combat Ships (\$1.23 billion), a high-speed troop and cargo carrier designated an "intratheater connector" (\$180.7 million) and an oceanographic research ship (\$88.6 million).⁷⁰ The total also includes the fourth and final increment of funding for the nuclear-powered aircraft carrier *U.S.S. Gerald R. Ford* (\$1.73 billion), the first of two increments for an LHA-class helicopter carrier to support amphibious landings (\$949.9 million), and the third increment of funding for refueling and overhauling the nuclear-powered carrier *U.S.S. Theodore Roosevelt* (\$1.26 billion).

Incremental Funding of Major Warships

Although incremental funding has become the norm in recent years for very expensive ships, including aircraft carriers and large amphibious assault ships, it is an anomaly in the congressional appropriations process that, with a few exceptions, requires that the full cost of a weapons system be budgeted in one year.⁷¹ Existing law allows aircraft carriers to be incrementally funded (for up to four years) and H.R. 5136 includes a provision that would expand that exception to the "full funding" rule for large amphibious assault ships (Section 121).

Amphibious Landing Fleet

In its report to accompany S. 3454, the Senate committee said that the Navy's projected shipbuilding schedule was overly optimistic but, even so, would not purchase enough ships to sustain the array of commercial shipyards on which DOD relies for the construction of new ships. The committee directed the Secretary of Defense and the Congressional Budget Office each to

⁶⁹ For background, see "Navy Force Structure and Shipbuilding Plans," above.

⁷⁰ For several ships that would receive the bulk of their funding in the FY2011 budget, so-called "long-lead" funding totaling as much as several hundred million dollars has been provided in earlier budgets to buy components needed in the early stages of construction. Similarly, the \$15.7 billion requested for shipbuilding in FY2011 includes more than \$3 billion in long-lead funding for ships slated to receive most of their funding in future budgets.

⁷¹ See CRS Report RL31404, *Defense Procurement: Full Funding Policy—Background, Issues, and Options for Congress*, by Ronald O'Rourke and Stephen Daggett.

conduct a formal assessment of how the Navy's plans for building new ships and retiring existing ones would affect the Marine Corps's ability to conduct major amphibious landings. Navy and Marine Corps leaders have agreed that, while a fleet of 38 amphibious landing ships would be the ideal number to support two brigade-sized assault landings, the 33 ships contemplated by the Navy's most recent long-range shipbuilding plan would be adequate. But the Senate committee said that cost increases and construction delays might make it impossible to reach the reduced goal of 33 amphibious ships.

The House Armed Services Committee took more direct action to sustain the size of the fleet, including in H.R. 5136 a provision that would specifically bar the retirement of two large helicopter carriers—*U.S.S. Nassau* and *U.S.S. Pelilieu*—until their replacements are in service (Section 1024). Another provision of the House bill would bar the Navy from retiring more than two ships for every three new vessels commissioned (except for submarines), until the size of the fleet reaches the Navy's current goal of 313 ships (Section 1023).

Ballistic Missile Submarines

In its report, the House Armed Services Committee questioned the Navy's decision that its 14 *Ohio*-class ballistic missile submarines should be replaced by a new class of submarines which also would be large enough to carry the Trident II (D-5) missile carried by the current class. Because of their expense, these new ships, designated SSBN(X), are expected to absorb a large share of the Navy's shipbuilding budgets after 2016, possibly crowding out the construction of other planned ships.⁷² While authorizing the \$672.3 million requested for SSBN(X) development in FY2011, the committee barred the Navy from obligating more than half of the money until the Secretary of Defense submits a report including certain information about the program.

The Senate Armed Services Committee approved the amount requested for SSBN(X) development.

Littoral Combat Ships (LCS)

In addition to authorizing two Littoral Combat Ships (LCS), as requested, H.R. 5136 would add \$75.0 million to the \$226.3 million requested to develop the interchangeable "mission modules"—various types of sensors and weapons—that will equip the LCS. The additional funds are to continue development of the Non-Line of Sight (N-LOS) missile, a precision-guided weapon being developed by the Army that was intended to allow an LCS to strike land targets and small, fast speedboats. After spending \$1.5 billion on the program, the Army cancelled the N-LOS program in April, 2010 because of rising costs and technical problems. But, in its report, the House committee said that an additional year's spending could salvage the program.

As reported, S. 3454 would authorize the amounts requested for LSC and its mission modules. The Senate committee ordered the Navy to provide a detailed timeline for the deployment of LCSs and the ports where they would be stationed. The committee expressed concern that, at some ports, there will be a gap between the retirement of the small warships they currently host and the arrival of the LCSs they are slated to receive.

⁷² See CRS Report R41129, *Navy SSBN(X) Ballistic Missile Submarine Program: Background and Issues for Congress*, by Ronald O'Rourke.

Destroyers and Missile Defense

In addition to authorizing the request for two DDG-51-class destroyers armed with the Aegis ballistic missile defense (BMD) system, the House and Senate Armed Services committees both approved the request for \$228.4 million to continue development of an improved missile defense radar for those ships (designated the Air and Missile Defense Radar). However, the Senate committee approved only \$205.9 million in new budget authority and directed the Navy to make up the difference with \$22.5 million which, according to the GAO had been appropriated for the program in FY2010 but would not be needed.

In its report on H.R. 5136, the House Armed Services Committee noted that the demand for Aegis BMD ships and some other BMD assets to protect various regions would exceed the supply for some time to come. It directed DOD to report its plans for regional BMD deployments inasmuch as the demand for Aegis BMD ships is expected to exceed the supply (Section 123).

Aircraft⁷³

H.R. 5136 as passed by the House and S. 3454 as reported by the Senate Armed Services Committee each would authorize the amounts requested for major aircraft programs with three major exceptions:

- Neither bill would authorize one F-35 Joint Strike Fighter (of the 43 requested) for which the Air Force requested funding in the part of the budget covering war costs;
- The House-passed bill would authorize continued development of the F-136 alternate engine for the F-35 Joint Strike Fighter, despite Administration warnings that any bill continuing that program would draw a presidential veto; and
- Both versions of the bill would authorize more F/A-18E/F strike fighters for the Navy than the 22 aircraft requested. Moreover, both bills direct the Navy to partly offset the additional cost with savings expected to result from the negotiation of a multi-year contract guaranteeing production of F/A-18E/F fighters and EF-18G electronic warfare jets for several additional years.

Neither bill would authorize funds to continue production of the C-17 wide-body cargo jet, for which the Administration requested no funds. Both bills would authorize the \$696 million requested to modify the planes already purchased and to develop further C-17 improvements. Over the objections of the Bush and Obama Administrations, Congress had added funds to the FY2009 and FY2010 budgets to continue C-17 production. The Administration has warned that any bill funding production of additional C-17s would be vetoed.

F-35 Joint Strike Fighter and Alternate Engine

For the F-35 Joint Strike Fighter, both bills would authorize a total of \$11 billion to continue development of the aircraft and purchase 42 planes. The committee rejected a request for one

⁷³ For background, see "Aircraft Programs," above.

additional F-35 (\$205 million) that would have been authorized in the part of the bill dealing with war costs war-costs. The Administration's rationale for this additional plane was that it was to replace a fighter that was lost during the currently ongoing combat operations. In its report on H.R. 5136, the House Armed Services Committee noted that the Air Force could replace the lost aircraft by continuing to operate another fighter of the same type slated for retirement.

Decrying cost overruns in the F-35 program and delays in its flight test program, the House Armed Services Committee included in the House bill a provision barring the procurement of more than 30 F-35s in FY2011 until DOD certifies that the program has met several cost and performance milestones (Section 141). The Senate Armed Services Committee added to S. 3454 a provision requiring DOD to create a detailed plan by which the committee could assess the progress of the F-35 development program.

H.R. 5136 would add to the budget \$485 million to continue development of an alternate jet engine for the F-35. The bill also would bar DOD from spending more than 75% of the funds authorized for F-35 development until it obligates all the funds for the second engine. The Senate Armed Services Committee's bill would bar the expenditure of any additional funds for the alternate engine unless the Secretary of Defense certifies that that project would reduce the life-cycle cost and improve the operational readiness of the F-35 fleet while neither disrupting the plane's development program nor resulting in a reduction in the number of planes purchased.

In a May 20 Pentagon press conference, Secretary Gates reaffirmed his intention to recommend that President Obama veto any defense bill that funded the alternate F-35 engine. He also said that the detailed requirements the committee bill placed on the F-35 test program and production schedule would make the program "unexecutable."⁷⁴

F/A-18E/F and EF-18G

The House and Senate Armed Services Committees each contend that the Navy's planned aircraft procurement budgets would result in an unwise drop in the number of carrier-borne fighters because delays in the F-35 program mean that older F/A-18s will be retired before the planes meant to replace them are in service. To bridge this, so-called "strike fighter gap," the House-passed bill would add eight F/A-18E/F fighters (\$630.5 million) to the 22 requested (\$1.78 billion). The bill also includes a provision that would offset \$130.5 million of the additional cost with savings the Navy is expected to realize as a result of signing a multi-year contract for F/A-18E/Fs and EA-18Gs in FY2010 (Section 122).

The Senate Armed Services Committee's bill would add to the request \$325.0 million for six additional F/A-18E/Fs while reducing the original request by \$130.5 million, to take account of the anticipated multi-year contract savings. Thus, the net increase for F/A-18E/Fs in S. 3454 is \$194.5 million. S. 3454 also would require the Navy to report to Congress on the cost and risks of dealing with the projected strike fighter gap either by extending the service life of F/A-18s currently in service or by reducing the number of planes in certain F/A-18 squadrons (Section 123).

⁷⁴May 20, 2010, DOD press conference accessed at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4625>.

KC-X

The House-passed and Senate committee-reported bills each would authorize, as requested, \$863.9 million to continue development of the KC-X mid-air refueling tanker.

By a vote of 410-8, the House adopted an amendment to H.R. 5136 (Section 839) that would require DOD to take into account, when considering bids for the KC-X tanker, "any unfair competitive advantage that an offeror may possess," and to submit a report on such advantages to Congress. The provision defines an "unfair competitive advantage" as "a situation in which the cost of development, production, or manufacturing is not fully borne by the offeror for such contract." Several House Members speaking in support of the amendment indicated that it was based on a finding by the World Trade Organization that France-based EADS had received government subsidies for its commercial airliners that might give it an unfair advantage when bidding on KC-X.

EADS has proposed a tanker based on its Airbus A-330 to compete with a Boeing bid based on its 767 jetliner. However, the amendment was supported by many avowed supporters of both planes.

Brigade Combat Team Modernization⁷⁵

Both H.R. 5136 as passed by the House and S. 3454 as reported by the Senate Armed Services Committee would deny authorization for part of the \$3.19 billion requested by the Army for its Brigade Combat Team (BCT) Modernization program, which has replaced the service's Future Combat Systems (FCS) program, an effort to develop an array of digitally-linked manned and unmanned vehicles which Secretary Gates terminated in 2009 on grounds that it was too complex and too expensive.

However, while the two bills agree in denying \$431.8 billion requested for the Non-Line of Sight (N-LOS) missile program, which DOD cancelled, the House bill went considerably further in trimming back the Army's plan, cutting an additional \$347.4 million from the total BCT Modernization request, whereas the Senate committee cut the request by only \$29.7 million beyond the N-LOS reduction (See **Table 9**).

Both bills would authorize the \$934.4 million requested as part of the BCT Modernization program to develop a new family of Ground Combat Vehicles. The complexity of the FCS combat vehicle program was a one reason Secretary Gates had cancelled FCS and, in its report on H.R. 5136, the House Armed Services Committee urged the Army to take a less technologically ambitious approach with the new combat vehicle program. It urged the Army to focus on developing vehicles that could meet basic requirements and be upgraded later. The panel also said that the Army should consider whether its current fleet of combat vehicles could be upgraded to meet the basic GCV requirements. It included in the bill a provision that would allow the Army to spend only half of the FY2011 GCV appropriation until the service provides the committee with a detailed analysis of its plans for developing the new fleet of vehicles.

⁷⁵ For background, see "Army Combat Force Modernization Programs," above.

Table 9. FY2011 Army Brigade Combat Team (BCT) Modernization Program

Amounts in millions of dollars

	Administration Request	House-Passed Authorization (H.R. 5136)	SASC recommended authorization (S.3454)
Procurement			
BCT Unmanned Aerial Vehicle	44.2	34.7	44.2
Non-Line of Sight Missile	350.6	0.0	0.0
Unmanned Ground Sensor	29.7	0.0	0.0
Unmanned Ground Vehicle	20.0	21.3	20.0
BCT Network	176.6	0.0	176.6
BCT training, logistics, and management	61.6	0.0	61.6
subtotal, Procurement	682.7	56.0	302.4
R&D			
Non-Line of Sight Missile	81.2	0.0	0.0
FCS "System of Systems" integration	568.7	497.4	568.7
Unmanned Aerial Vehicle	50.3	50.3	50.3
Unmanned Ground Vehicle	249.9	249.9	249.9
Unmanned Ground Sensor	7.5	7.5	7.5
Sustainment and Training	610.4	610.4	610.4
Ground Combat Vehicle	934.4	934.4	934.4
subtotal, R&D	2,502.4	2,349.9	2,502.4
Total	3,185.1	2,405.9	2,804.8

Source: House Armed Services Committee, Report to Accompany H.R. 5136, the National Defense Authorization Act for Fiscal Year 2011, H.Rept. 111-491; Senate Armed Services Committee, Report to Accompany S. 3454, the National Defense Authorization Act for Fiscal Year 2011, S.Rept. 111-201.

Military Construction: Carrier Homeport and Guam⁷⁶

The House committee included in H.R. 5136 a provision barring the use of any funds authorized by the bill to plan and design structures at the Naval Station in Mayport, Florida, to homeport a nuclear-powered aircraft carrier (Section 2201 c. 4). It also directed the GAO to conduct an assessment of the direct and indirect costs of homeporting a carrier in Mayport, and it directed the Navy to report on the cost and benefits of various options for using the Mayport naval facilities, including the stationing of non-nuclear powered ships.

⁷⁶ For background, see "Military Construction," above.

The Administration requested, and the House bill would authorize, appropriations for military construction on Guam in the amount of \$566.1 million, of which \$426.9 million would be dedicated to projects related directly to the redeployment of Marine units from the Japanese Prefecture of Okinawa. The remainder supports Air Force construction related to DOD's global repositioning of forces, replacement of the territory's military hospital, and the construction of a new National Guard Readiness Center. In its report, the House committee directed the Navy to report on its plans for housing and providing medical care for the anticipated 25,000 temporary construction workers expected to join the 178,000 Guamanian population. The bill would require the Secretary of Defense to report to Congress on the military facilities needed to support force redeployment (Section 2825), and the Secretary of the Interior, in consultation with the Secretary of Defense, the Government of Guam, and the Interagency Group on Insular Affairs, to assess the civil infrastructure improvements that the increased population will require (Section 2826). A different bill provision (Section 2822) would authorize the Secretary of Defense to "assist the Government of Guam in meeting the costs of providing increased municipal services and facilities required as a result of the realignment" by transferring up to \$500 million of appropriated DOD operation and maintenance funds to any existing federal program available to Guam. This authority would expire on September 30, 2017.

The Senate committee shared the House committee's concern about the state of infrastructure in the territory, estimating that the total population increase would equal 56,000, but took a somewhat different approach. Noting that several construction projects authorized for Fiscal Year 2010 could not be initiated until Fiscal Year 2011, the committee suggested that the anticipated pace of construction was unlikely to be sustained and recommended that three requested projects within the Marine relocation package, totaling \$320.0 million, be denied. This would reduce the total Guam military construction authorization to \$246.0 million.

The Senate committee also observed that senior Marine Corps leadership had emphasized the need for new live-fire exercise areas on Guam as part of the relocation, but had not found a site that could meet all of the Marines' training requirements. The committee suggested that the Corps expand its search to include property on Tinian Island in the Commonwealth of the Northern Mariana Islands, approximately 100 miles distant. The Senate bill contains no provision for transferring defense appropriations and federal programs for the improvement of civil infrastructure on Guam.

Guantanamo Bay Detainee Issues⁷⁷

Both H.R. 5136 as passed by the House and S. 3454 as reported by the Senate committee would prohibit the release in U.S. territory of any detainee currently held in the U.S. facility at Guantanamo Bay, Cuba. The House bill also would prohibit through December 31, 2011, the use of DOD funds to transfer any detainees to the United States or to U.S. possessions until 120 days after the President submitted to Congress a detailed assessment of the risk such a move would involve and a plan for mitigating that risk, including an estimate of the cost (Section 1032). The Senate committee bill includes a similar limitation on detainee transfer, but with the prohibition in effect for 45 days after the President's report, rather than 120 days as required by the House bill (Section 1043).

⁷⁷ Prepared in collaboration with Anna C. Henning, Legislative Attorney, American Law Division, Congressional Research Service.

The House bill also includes provisions that would:

- Prohibit the use of funds authorized by the bill to modify or build any facility in the United States or in U.S. territories to house detainees currently held at Guantanamo Bay (Section 1034);
- Prohibit the transfer of any Guantanamo Bay detainee to the custody of any foreign government unless the Secretary of Defense certifies to Congress that certain conditions are met that are intended to minimize the risk that the detainee would be released (Section 1033); and
- Require the DOD Inspector General to investigate alleged illegal actions taken by defense attorneys associated with certain Guantanamo Bay detainees (Section 1037).

The Senate committee bill would authorize \$105 million of the \$350 million requested for operations associated with the Guantanamo detainees, and would allow those funds to be used only for operations at Guantanamo Bay (Section 1531). This would eliminate \$245 million requested to convert a federal penitentiary at Thomson, Illinois, into a detention facility for detainees currently held at Guantanamo.

The Senate committee bill also would prohibit through FY2011 the use of DOD funds to transfer Guantanamo detainees to any of five countries, “where al Qaeda has an active presence,” namely Afghanistan, Pakistan, Saudi Arabia, Somalia and Yemen (Section 1044).

Security Assistance and the State Department⁷⁸

Both House and Senate versions of the FY2011 NDAA contain funding for Section 1206, but they take different tacks on certain conditions. As reported by the House Armed Services Committee (HASC) and passed by the House, Section 1203 of H.R. 5136, includes a provision to raise the authorized funding limit from \$350 million to \$500 million, among other provisions.⁷⁹ Most importantly, it would require the Secretary of Defense to transfer \$75 million to the Secretary of State to build the counterterrorism forces of the Yemeni Ministry of Interior, if the Secretary of State can certify by July 31, 2011, that the State Department is able to effectively provide that assistance. If the Secretary of State cannot issue the certification,⁸⁰ the Secretary of Defense may provide the funds subject to the concurrence of the Secretary of State and other Section 1206 procedures. The HASC report accompanying the bill (H.Rept. 111-491) signals the importance the Committee attaches to this funding, recognizing Yemen as a “strategic partner” in combating al Qaeda in the Arabian Peninsula.

⁷⁸ For background, see “State Department Role in Security Assistance”, above.

⁷⁹ Section 1206 of H.R. 5136 would also extend Section 1206 authority, currently set to expire in FY2011, through FY2012. This extension would accommodate a provision raising the limit on funding to build the capacity of foreign forces to participate in or support military and stability operations from \$75 million to \$100 million for FY2012.

⁸⁰ Because the State Department’s 10th annual Trafficking in Persons Report, released June 14, 2010, identifies Yemen as a country that recruits and uses children in governmental armed forces, Section 1206 funding to Yemen may be cut for FY2011 under provisions of the Child Soldiers Prevention Act of 2008 (P.L. 110-457, Title IV), absent a presidential national interest waiver, applicable exception, or a reinstatement of assistance. U.S. Department of State, *Trafficking in Persons Report: 10th Edition*, June 2010, p. 10, [<http://www.state.gov/documents/organization/1429>].

The SASC version, S. 3454, has no corresponding provisions regarding an increase in the Section 1206 authorized funding limit. The SASC bill addresses the issue of assistance to build the capacity of Yemen's Ministry of Interior counterterrorism forces, but as a separate, stand-alone authority (Section 1203) that would authorize the Secretary of Defense, with the concurrence of the Secretary of State, to provide up to \$75 million (from FY2011 operations and maintenance funds) in assistance, including equipment, supplies, and training, to the Yemen Ministry of the Interior counterterrorism unit "to conduct counterterrorism operations against al Qaeda in the Arabian Peninsula and its affiliates."⁸¹ The SASC report accompanying the bill (S.Rept. 111-201) expressed concern that while Section 1206 funds were going to build various elements of the Yemeni military, "too little assistance is being provided to the more capable and responsive" Ministry of Interior (MOI) counterterrorism unit.

The SASC provisions on Yemen maintains Congress' previous limitation restricting Section 1206 assistance to military forces, with an exception for assistance to maritime security forces, despite repeated DOD requests since 2006 to expand Section 1206 assistance to other security forces. It would, however, create a new DOD authority to assist security forces. The House bill, by requiring that DOD transfer the funds to the Secretary of State, if the Secretary certifies that the State Department is capable of providing the training, seems to maintain the principle of State Department primacy, but may be perceived as blurring the line. In explaining its action, the HASC stated in its report that the Committee "wants to provide the Secretary of Defense authority to train and equip the Yemeni MOI counter-terrorist forces, but is also aware of the ongoing interagency effort within the United States Government to take a holistic look at the security assistance and security cooperation authorities that current law provides both the Secretary of Defense and the Secretary of State in an effort to determine the proper mix and design of these authorities in the future." One defense expert sees the HASC provision as a way to avoid extending authority for DOD to train security forces, while testing the State Department's ability to quickly process Foreign Military Financing (FMF) type funding.

The SASC report notes that S. 3454 does not contain the requested \$5 million in funding for the Stability Operations Fellowship Program, noting its previous refusal to fund the program on the grounds that DOD has no authority to conduct it and its belief that "the SOFP goal of educating foreign military personnel in stability operations can be achieved through other security assistance programs, including the [State Department] International Military Education and Training program.... The HASC report makes no mention of requested funding for DOD security assistance authorities other than Section 1206.

DOD Security assistance authorities—which DOD requested and Congress approved in the years after the terrorist attacks on the United States of September 11, 2001 (9/11)—have pitted those who seek enhanced flexibility for DOD to act in a preventive manner against those who argue that the State Department must maintain its lead role in foreign policy direction and oversight. In

⁸¹ Section 1203 would require that the assistance be provided, like Section 1206 funding, "in a manner that promotes" the observance of and respect for human rights and fundamental freedoms, and respect for legitimate civilian authority. Section 1203 also prohibits, like Section 1206, the use of the authority to provide any type of assistance that is otherwise prohibited by any provision of law. Like Section 1206, Section 1203 provides for the Secretary of Defense to notify specified committees 15 days before the obligation of funds. The SASC committee report emphasizes that the funding is to be used to conduct operations against al Qaeda in the Arabian Peninsula and its affiliates. "The committee notes that there have been public reports suggesting that the Government of Yemen may have used equipment provided by the United States to conduct operations against government opposition elements in both the North and South. The committee believes this would be a misuse of this assistance and any other security assistance provided to the Government of Yemen."

1961, Congress bestowed this role on the Secretary of State, and specifically cited military assistance, education, training, and equipment to foreign nations, as under his purview. The purpose was to ensure that such military assistance programs “are effectively integrated at home and abroad and the foreign policy of the United States is best served thereby.”⁸²

Cybersecurity

The House adopted by voice vote an amendment⁸³ to H.R. 5136 that would create a National Office for Cyberspace with government-wide responsibility for coordinating agencies’ information security programs and security-related requirements for federal information technology investments. The director of the new office, whose appointment would require Senate confirmation, would be a member of the National Security Council.

The House amendment would delegate the authorities of the Director of the National Office for Cyberspace to the Secretary of Defense in the case of systems (1) that are operated by DOD, a DOD contractor or another entity on behalf of DOD and (2) which process any information the unauthorized access, use, disclosure, disruption, modification, or destruction of which would have a debilitating impact on DOD’s mission.

As reported by the Senate Armed Services Committee, the FY2011 national defense authorization act includes several provisions related to cybersecurity. Among other things, the committee bill would:

- direct the Secretary of Defense to submit a report to Congress on the cyber warfare policy of DoD, including legal, strategy and doctrinal issues;
- require DOD to develop a tailored acquisition process for cyberspace;
- require the Secretary of Defense to implement a policy of continuously monitoring DOD computer networks to improve security and Federal Information Security Management Act (FISMA) compliance and reporting;
- require annual reports to Congress on the nature of damages caused by cyber attacks, as well as net assessments of the cyberwar capabilities of the U.S. and potential adversaries in order to determine whether the U.S. is making progress in improving cybersecurity.

⁸² Section 622(c) of the Foreign Assistance Act of 1961, as amended (FAA, 22 U.S.C. 2382). This section of the FAA gives the Secretary of State, under the direction of the President, responsibility “for the continuous supervision and general direction of...military assistance, and military education and training programs” including the decision on whether and how much assistance to provide to each country. The original legislation stated that this provision applied to assistance programs authorized by the FAA, but a 1976 amendment deleted this limitation. (International Security Assistance and Arms Export Control Act, P.L. 94-329, Section 543(b)(2)(B)).

⁸³ The amendment, sponsored by Representatives Diane E. Watson and Jim Langevin, is based on provisions of H.R. 4900 and H.R. 5247. The amendment was incorporated into one of several so-called *en bloc* amendments, each of which incorporated several non-controversial amendments and all of which were agreed to by voice vote.

FY2011 Defense Appropriations Bill

Appropriations Subcommittee “302(b) Allocations”

Contrary to the provisions of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), the House and Senate did not agree on a FY2011 budget resolution that would have set a ceiling on overall discretionary spending that the two Appropriations Committees could divide among their subcommittees via so-called “302(b) allocations” to function as ceilings on each of the 12 annual appropriations bills.

On July 1, 2010, the House adopted a one-year cap on discretionary spending (H.Res. 1493)⁸⁴ which the House Appropriations Committee used as the basis for setting 302(b) allocations for each of its subcommittees (H.Rept. 111-565). For the Defense Subcommittee, the allocation was \$523.9 billion, which is \$7 billion less than the Administration requested for DOD base budget programs within the jurisdiction of that subcommittee.⁸⁵

The Senate Budget Committee approved a FY2011 budget resolution (S.Con.Res. 60). However, the resolution never was considered by the Senate, nor did the Senate adopt any overall ceiling on FY2011 discretionary spending, as the House had done. On July 15, 2010, the Senate Appropriations Committee adopted “discretionary guidance” for the amount that could be appropriated by each of its subcommittees. For the Defense Subcommittee, the ceiling was \$522.8 billion, which is \$8.1 billion less than the President’s request. (See **Table 10**)

Table 10. FY2011 Appropriations Subcommittee Spending Ceilings (“302(b) Allocations”)

amounts in millions of dollars

Appropriations Subcommittees	President’s Budget (CBO reestimate)	House Appropriations Committee Allocations	House Change from Budget	Senate Appropriations Committee Allocations	Senate Change from Budget
Defense	530,870	523,870	-7,000	522,791	-8,079
Homeland Security	43,656	43,656	0	43,536	0
Military Construction/VA	75,997	75,998	+1	75,996	-1
State Department, Foreign Ops	56,656	53,983	-2,673	54,056	-2,600
Total, ‘Security’ Programs (Base Budget only)	707,159	697,487	-9,672	696,479	-10,680
War Costs	159,337	159,337	0	159,337	0

Source: Data for the CBO re-estimate of the President’s budget is from House Appropriations Committee press release, “Appropriations Committee Approves 302(b) Allocations,” July 20, 2010. Data for the House subcommittee allocations are from House Appropriations Committee, “Report on the Suballocation of Budget

⁸⁴ Such informal substitutes for a budget resolution are referred to as “deeming” resolutions.

⁸⁵ This excludes the President’s \$18.7 billion request for military construction, which is overseen by the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. That subcommittee’s 302(b) allocation is \$1 million more than the \$76.0 billion which, according to CBO, would be the cost of the President’s request for all the discretionary programs funded by that agency. The 302(b) allocation does not identify the DOD share of that total.

Allocations for Fiscal Year 2011,” H.Rept. 111-565, July 26, 2010; Data for the Senate committee are Senate Appropriations Committee press release, “FY2011 Subcommittee Spending Guidance,” July 15, 2010.

Notes: “War Costs” include \$157.8 billion within the jurisdiction of the Defense subcommittees, 1.3 billion within the jurisdiction of the Military Construction and VA subcommittees and \$255 million within the jurisdiction of the Homeland Security subcommittees.

FY2011 Defense Appropriations Bills

On July 27, 2010, the House Defense Appropriations Subcommittee approved for consideration by the full Appropriations Committee a FY2011 DOD Appropriations bill (unnumbered) that would provide a total of \$671.0 billion. For the base budget, the bill would appropriate \$513.3 billion, a reduction of \$7.0 billion from the President’s request, as required by the Defense Subcommittee’s 302(b) allocation. For war costs, the subcommittee bill would provide \$157.7 billion, a reduction of \$253 million from the request.

The subcommittee did not make public the text of the bill, nor the lengthy explanatory report detailing its specific recommendations. Other than a summary table listing the amount the bill would provide for each appropriations account and a list of member earmarks as required by House rules, the only information about the substance of the bill was provided in a statement by subcommittee chairman Rep. Norm Dicks.⁸⁶

On September 16, 2010, the Senate Appropriations Committee approved by a vote of 18-12 a FY2011 DOD Appropriations bill (unnumbered) that would provide a total of \$669.9 billion, including \$512.2 billion for the base budget and \$157.7 billion for war costs. Selected details were provided in a press release.⁸⁷

⁸⁶ Opening Statement of Chairman Norm Dicks on the FY2011 Defense Appropriations Subcommittee Markup, July 27, 2010, accessed September 16, 2010, at http://appropriations.house.gov/images/stories/pdf/def/Norm_Dicks_Opening_Statement.7.27.10.pdf

⁸⁷ Senate Defense Appropriations Subcommittee, “Summary: FY 2011 Department of Defense Appropriations Bill: Subcommittee Mark,” accessed September 15, 2010, at <http://www.appropriations.senate.gov/news.cfm?method=news.view&id=5d9a8abc-e3ee-4c49-9649-1f1311286566>.

Appendix. Selected Program Summary Tables

Table A-1. Congressional Action on Selected FY2011 Missile Defense Funding: Authorization
(amounts in millions of dollars)

PE Number (for R&D projects only)	Program Element Title	FY2011 Request	House- passed (H.R. 5136)	SASC reported (S. 3454)	Conference Agreement	Comments
0603175C	BMD Technology	132.2	132.2	132.2		
0603881C	BMD Terminal Defense Segment	436.5	436.5	436.5		
0603882C	BMD Midcourse Defense Segment	1,346.2	1,346.2	1,346.2		
0603884C	BMD Sensors	454.9	454.9	454.9		
0603888C	BMD Test & Targets	1,113.4	1,113.4	1,113.4		
0603890C	BMD Enabling Programs	402.8	402.8	402.8		
0603891C	Special Programs - MDA	270.2	245.2	270.2		
0603892C	AEGIS BMD	1,467.3	1,467.3	1,467.3		
0603893C	Space Tracking & Surveillance System	112.7	112.7	112.7		
0603895C	BMD System Space Programs	10.9	10.9	10.9		
0603896C	BMD Command and Control, Battle Management and Communications	342.6	342.6	342.6		
0603898C	BMD Joint Warfighter Support	68.7	68.7	68.7		

PE Number (for R&D projects only)	Program Element Title	FY2011 Request	House- passed (H.R. 5136)	SASC reported (S. 3454)	Conference Agreement	Comments
0603904C	Missile Defense Integration & Operations Center (MDIOC)	86.2	86.2	86.2		
0603901C	Directed Energy Research	98.7	148.7	98.7		House added \$50 million for continued research using the Airborne Laser (ABL)
0603906C	Regarding Trench	7.5	7.5	7.5		
0603907C	Sea-Based X-Band Radar (SBX)	153.1	153.1	153.1		
0603913C	Israeli Cooperative Programs	121.7	209.7	351.7		The Senate committee bill increased the amount authorized within this program element by \$230 million including \$205 million to support Israel's Iron Dome system to defend against short-range rockets and artillery shells and \$25 million for another Israeli short-range defense system. The House bill did not increase the total authorization but gave the Secretary of Defense discretion to give Israel up to \$205 million for Iron Dome (H.R. 5136, Section 1507)
	Israeli "Iron Dome" and other defenses against short-range rockets	0	[205.5 ⁸⁸]	(230.0)		
0604880C	Land-based SM-3	281.4	281.4	281.4		
0604881C	Aegis SM-3 Block IIA Co-Development	318.8	318.8	318.8		
0604883C	Precision Tracking Space System	67.0	67.0	67.0		
0604884C	Airborne Infrared	111.7	111.7	111.7		

⁸⁸ H.R. 5136 gives the Secretary of Defense discretion to transfer up to \$205.5 million of funds authorized by the bill to the Israeli government to support continued development of the "Iron Dome" defense against short-range rockets and artillery shells. This amount is not included in the total or subtotal of this column of the table.

PE Number (for R&D projects only)	Program Element Title	FY2011 Request	House- passed (H.R. 5136)	SASC reported (S. 3454)	Conference Agreement	Comments
0901585C	Pentagon Reservation	20.5	20.5	20.5		
0901598C	Management HQ - MDA	29.8	29.8	29.8		
Subtotal RDT&E, Missile Defense Agency		7,454.8	7,567.8	7,684.8		
Base Realignment and Closure (BRAC), Missile Defense Agency		9.0	9.0	9.0		
	THAAD, Fielding	858.9	858.9	833.9		SASC cut \$25 million because of production delays.
	Aegis, Block 5 Fielding	94.1	144.1	94.1		House increases the number of SM-3 Standard missiles procured in FY2011 to stabilize the production rate.
	AN/TPY-2 radar	0	65.0	0		House funds procurement of long lead- time components for radars slated for funding in FY2012.
Subtotal Procurement, Missile Defense Agency		953.0	1,068.0	928.0		
Total, Missile Defense Agency		8,416.8	8,644.8	8,621.8		
0603305A	Army Missile Defense Systems Integration (non-space)	11.5	11.5	22.0		
0603308A	Army Missile Defense Systems Integration (space)	27.6	27.6	27.6		
0604869A	Patriot/MEADS Combined Aggregate Program (CAP)	467.1	467.1	467.1		
0605456A	PAC-3/MSE Missile	62.5	62.5	62.5		
0605457A	Army Integrated Air and Missile Defense	251.1	251.1	251.2		

PE Number (for R&D projects only)	Program Element Title	FY2011 Request	House- passed (H.R. 5136)	SASC reported (S. 3454)	Conference Agreement	Comments
0203801A	Missile/Air Defense Product Improvement Program	24.3	24.3	24.3		
0102419A	Aerostat Joint Program Office (JLENS)	372.5	372.5	372.5		
0605126J	Joint Theater Air and Missile Defense Organization	94.6	94.6	94.6		
Subtotal RDT&E, Army, Joint Staff		1,311.2	1,311.2	1,321.7		
	Patriot/PAC-3	480.2	480.2	480.2		
	Patriot modifications	57.2	190.8	190.8		Both bills add \$133.6 million to fund upgrades the Army requested but DOD did not include in the budget.
Subtotal, Procurement, Army		537.4	671.0	671.0		
Total Missile Defense R&D, MilCon, Procurement, All Agencies		10,265.4	10,627.0	10,614.5		

Sources: House Armed Services Committee, Report to Accompany H.R. 5136, the National Defense Authorization Act for Fiscal Year 2011, H.Rept. 111-491; Senate Armed Services Committee, Report to Accompany S. 3454, the National Defense Authorization Act for Fiscal Year 2011, S.Rept. 111-201.

Notes: The defense authorization act generally does not determine the final amount provided for a program or project. The authorization bill authorizes the appropriation of funds, but the amount available is determined by the appropriations. An appropriations bill may provide more than or less than the amount authorized, may provide funds for a program for which no funds are authorized, and may provide funds for a “new start” for which funding has never been authorized.

Table A-2. Congressional Action on Selected FY2011 Army and Marine Corps Programs: Authorization

(amounts in millions of dollars; base budget funding in plain type, OCO funding in italics.)

	Request			House-passed			SASC recommended			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Army Helicopters													
Light Utility Helicopter	50	305.3	0.0	50	305.3	0.0	50	305.3	0.0				
UH-60 Blackhawk Helicopter and Mods, Army	72	1,414.2	20.6	72	1,431.2	20.6	72	1,414.2	20.6				
UH-60 Blackhawk Helicopter and Mods, Army (OCO)	2	40.5	0.0	2	40.5	0.0	2	40.5	0.0				
CH-47 Chinook Helicopter and Mods, Army	40	1,225.3	21.0	40	1,225.5	21.0	40	1,225.3	21.0				
CH-47 Chinook Helicopter and Mods, Army (OCO)	2	153.5	0.0	2	153.5	0.0	2	153.5	0.0				
AH-64 Apache Helo Mods	16	887.6	93.3	16	889.6	93.3	16	887.6	93.3				
AH-64 Apache Helo Mods (OCO)	—	199.2	0.0	—	199.2	0.0	—	199.2	0.0				
Combat Vehicles													
M-2 Bradley Mods	—	215.1	97.0	—	215.1	97.0	--	215.1	97.0				
M-1 Abrams tank Mods	21	413.9	107.5	21	413.9	107.5	21	413.9	107.5				
Stryker Armored Vehicle and Mods	83	890.9	133.8	83	890.9	133.8	83	890.9	133.8				
Stryker Armored Vehicle and Mods (OCO)	—	445.0	0.0	—	445.0	0.0	—	445.0	0.0				

	Request			House-passed			SASC recommended			Final Bill			Comments
	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Paladin howitzer Mods	--	105.3		--	0.0		--	0.0					
Brigade Combat Team Modernization (not including GCV)	—	682.7	1,568.1	—	56.0	1,415.4	--	302.4	1,568.1				Cuts reflect termination of the N-LOS missile system and delay of other components. (See)
Army Ground Combat Vehicle (GCV)	--	0.0	934.4	--	0.0	934.4	--	0.0	934.4				
USMC Expeditionary Fighting Vehicle (EFV)	—	0.0	242.8	—	0.0	242.8	--	0.0	242.8				

Cargo and Transport Vehicles

HMMWV, Army and USMC, new vehicles and upgrades	17	4.8	0.0	17	4.8	0.0	17	4.8	0.0				Of the total, \$989 million is to upgrade 9,270 HMMWVs as they are returned to U.S. from overseas.
<i>HMMWV, Army and USMC, new vehicles and upgrades (OCO)</i>	77	1,002.1	0.0	77	1,002.1	0.0	77	1,002.1	0.0				
Family of Medium Tactical Vehicles and USMC Medium Trucks	2,960	929.9	3.7	2,960	929.9	3.7	2,960	929.9	3.7				Number includes only Army vehicles
<i>Family of Medium Tactical Vehicles and USMC Medium Trucks (OCO)</i>	1,692	596.9	0.0	1,692	596.9	0.0	1,692	596.9	0.0				

	Request			House-passed			SASC recommended			Final Bill			Comments
	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	<u>Procurement</u>		<u>R&D</u>	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Family of Heavy Tactical Vehicles and USMC Logistics Vehicle System (LVS) Replacement	1,517	994.7	3.7	n/a	944.7	3.7	1,517	994.7	3.7				"Number" column includes truck tractors; Funding also includes variously equipped trailer units.
Family of Heavy Tactical Vehicles and USMC Logistics Vehicle System (LVS) Replacement (OCO)	702	297.8	0.0	702	297.8	0.0	702	297.8	0.0				

Source: House Armed Services Committee, press release, FY2011 National Defense Authorization Summary Tables, accessed at <http://armedservices.house.gov/pdfs/PressSummaryTablesFY11.pdf>.

Note: The defense authorization act generally does not determine the final amount provided for a program or project. The authorization bill authorizes the appropriation of funds, but the amount available is determined by the appropriations. An appropriations bill may provide more than or less than the amount authorized, may provide funds for a program for which no funds are authorized, and may provide funds for a "new start" for which funding has never been authorized.

Table A-3. Congressional Action on Selected FY2010 Shipbuilding Programs:Authorization

(amounts in millions of dollars)

	Request			House-passed			SASC recommended			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
CVN-21 Carrier	—	2,639.6	93.8	—	2,639.6	93.8	—	2,639.6	93.8				Includes \$1.73 billion for fourth (and final) year of incremental funding for CVN-78 (projected for commissioning in FY2015) plus (\$908 million) in long lead-time funding for CVN-79.
Carrier Refueling Overhaul	--	1,664.8	0.0	--	1,664.8	0.0	--	1,664.8	0.0				Includes \$1.26 billion for the third year of incremental funding for one ships plus \$408 million in long lead-time funding for another.
Virginia-class submarine	2	5,132.7	155.5	2	5,132.2	155.5	2	5,132.7	165.8				Includes \$3.4 billion for two ships plus \$1.7 billion for long lead-time funding for two ships to be funded in FY2012 and two additional ships to be funded in FY2013.
DDG-1000 Destroyer	--	186.3	549.2	--	186.3	549.2	--	186.3	549.2				
DDG-51 Destroyer	2	2,970.2	0.0	2	2,970.2	0.0	2	2,970.2	0.0				
LCS Littoral Combat Ship	2	1,509.3	226.3	2	1,509.3	305.5	2	1,509.3	226.3				Includes \$1.23 billion for two ships and \$278 million for components that would be used in construction of future ships.
LHA Helicopter Carrier	1	949.9	0.0	1	949.9	0.0	1	949.9	0.0				A second increment of \$2.1 billion to complete the cost of the ship is slated for inclusion in the FY2012 budget request.
Joint High-Speed Vessel	2	383.5	6.8	2	383.5	6.8	2	383.5	6.8				The Army and Navy each requested funds for one of these high-speed troop and cargo ships.

	Request			House-passed			SASC recommended			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Mobile Landing Platform	1	380.0	28.0	1	380.0	28.0	1	380.0	28.0				Based on the design of a commercial tanker, this ship is intended to function as a floating pier on which large ships can transfer combat equipment to smaller landing craft.

Sources: House Armed Services Committee, press release, FY2011 National Defense Authorization Summary Tables, accessed at <http://armedservices.house.gov/pdfs/PressSummaryTablesFY11.pdf>.

Note: The defense authorization act generally does not determine the final amount provided for a program or project. The authorization bill authorizes the appropriation of funds, but the amount available is determined by the appropriations. An appropriations bill may provide more than or less than the amount authorized, may provide funds for a program for which no funds are authorized, and may provide funds for a “new start” for which funding has never been authorized.

Table A-4. Congressional Action on Selected FY2010 Navy, Marine Corps and Air Force Aircraft Programs: Authorization

(amounts in millions of dollars; base budget funding in plain type, *OCO funding in italics*.)

	Request			House passed (H.R. 5136)			SASC recommended (S. 3454)			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Fighters and Bombers													
F-35A Joint Strike Fighter, AF (conventional takeoff version) and Mods	22	4,110.1	1,101.3	22	4,023.5	1,343.8	22	4,110.1	1,101.3				Both versions of the bill deny funds for one plane (\$204.9 million) requested by Air Force to replace fighter lost in current operations.
<i>F-35A Joint Strike Fighter, AF (conventional takeoff version) and Mods (OCO)</i>	<i>1</i>	<i>204.9</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>0.0</i>				
F-35C Joint Strike Fighter, Marine Corps (STOVL version)	13	2,576.1	667.9	13	2,576.1	760.2	13	2,576.1	667.9				House bill includes \$485 million to continue development of an alternate engine.
F-35B Joint Strike Fighter, Navy (Carrier-based version)	7	1,887.0	707.8	7	1,887.0	800.0	7	1,887.0	707.8				

	Request			House passed (H.R. 5136)			SASC recommended (S. 3454)			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
[F-35 Joint Strike Fighter, total]	43	8,778.1	2,477.0	42	8,486.6	2,904.0	42	8,573.2	2,477.0				
F-22 Fighter Mods	--	492.2	576.3	--	492.2	576.3	--	492.2	576.3				
F-15 Fighter Mods	--	302.2	222.7	--	302.2	222.7	--	302.2	222.7				
F-16 Fighter Mods	--	161.2	129.1	--	161.2	129.1	--	167.2	129.1				
EA-18G Aircraft, Navy	12	1,083.9	22.0	12	1,083.9	22.0	12	1,038.0	22.0				
F/A-18E/F Fighter, Navy	22	1,787.2	148.4	30	2,287.2	148.4	28	2,027.6	148.4				Adds \$500 million for eight additional aircraft.
A-10 Attack Plane Mods	--	181.9	5.7	--	181.9	5.7	--	181.9	5.7				
<i>A-10 Attack Plane Mods (OCO)</i>	--	16.5	0.0	--	16.5	0.0	--	16.5	0.0				
B-1B Bomber Mods	--	223.9	33.2	--	223.9	33.2	--	223.9	33.2				
<i>B-1B Bomber Mods (OCO)</i>	--	8.5	0.0	--	8.5	0.0	--	8.5	0.0				
B-2A Bomber Mods	--	63.4	260.5	--	63.4	260.5	--	63.4	260.5				
B-52 Bomber Mods	--	69.1	146.1	--	69.1	146.1	--	69.1	146.1				
Cargo Planes and Tankers													
C-130 variants and Mods, AF	17	2,048.6	163.0	17	2,112.1	103.2	17	2,048.6	163.0				
<i>C-130 variants and Mods, AF (OCO)</i>	--	187.6	0.0	--	187.6	0.0	--	187.6	0.0				
[C-130 Total]	17	2,236.2	163.0	17	2,299.7	103.2	17	2,236.2	163.0				
C-5 Mods,	--	907.5	59.0	--	907.5	59.0	--	907.5	59.0				
<i>C-5 Mods, (OCO)</i>	--	73.4	0.0	--	73.4	0.0	--	73.4	0.0				
C-17 Mods	--	351.6	177.2	--	351.6	177.2	--	351.6	177.2				
<i>C-17 Mods (OCO)</i>	--	224.5	0.0	--	224.5	0.0	--	224.5	0.0				
C-27 Joint Cargo Aircraft	8	351.2	26.4	8	351.2	26.4	8	351.2	26.4				
KC-X Tanker Replacement,	--	0.0	863.9	--	0.0	863.9	--	0.0	863.9				

	Request			House passed (H.R. 5136)			SASC recommended (S. 3454)			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
C-37A executive transport	2	52.0	0.0	2	52.0	0.0	2	52.0	0.0				Gulfstream V used for long-range transport of senior civilian and military officials
Helicopter and Tilt-rotor													
MV-22 Osprey, Marine Corps and Mods	30	2,224.9	46.1	30	2,224.9	46.1	30	2,224.9	46.1				
<i>MV-22 Osprey, Marine Corps and Mods (OCO)</i>	--	36.4	0.0	--	36.4	0.0	--	36.4	0.0				
CV-22 Osprey, AF and Mods	5	544.7	18.3	5	544.7	18.3	5	544.7	18.3				
<i>CV-22 Osprey, AF and Mods (OCO)</i>	--	0.8	0.0	--	0.8	0.0	--	0.8	0.0				
[V-22 Osprey Total]	35	2,784.8	64.4	35	2,784.8	64.4	35	2,784.8	64.4				
Special Operations helicopter Mods	--	367.1	14.5	--	367.1	14.5	--	367.1	14.5				
<i>Special Operations helicopter Mods (OCO)</i>	--	9.8		--	9.8		--	9.8					
CH-53K Helicopter	--	0.0	577.4	--	0.0	577.4	--	0.0	577.4				
VH-71A Executive Helicopter	--	0.0	159.8	--	0.0	159.8	--	0.0	159.8				Funds are for development of a new helicopter, following termination of VH-71 program.
HH-60M search and rescue helicopter	3	104.4	0.0	3	104.4	0.0	3	104.4	0.0				
<i>HH-60M search and rescue helicopter (OCO)</i>	3	114.0	0.0	3	114.0	0.0	3	114.0	0.0				
UH-1Y/AH-1Z	28	808.1	60.5	28	808.1	60.5	28	808.1	60.5				
<i>UH-1Y/AH-1Z (OCO)</i>	3	88.5	0.0	3	88.5	0.0	3	88.5	0.0				
MH-60R/MH-60S Helicopter, Navy	42	1,608.7	55.8	42	1,608.7	55.8	42	1,608.7	55.8				

	Request			House passed (H.R. 5136)			SASC recommended (S. 3454)			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Reconnaissance and Surveillance Aircraft													
P-8A Poseidon Multi-Mission Maritime Aircraft	7	1,990.6	929.2	7	1,990.6	929.2	7	1,990.6	929.2				
E-2D Hawkeye Aircraft,	4	937.8	171.1	4	937.8	171.1	4	937.8	171.1				
P-3/EP-3 Aircraft Mods	--	312.3	3.6	--	312.3	3.6	--	312.3	3.6				
<i>P-3/EP-3 Aircraft Mods (OCO)</i>	--	6.0	0.0	--	6.0	0.0	--	6.0	0.0				
E-8 JSTARS ground surveillance plane Mods	--	188.5	0.0	--	176.8	0.0		291.0	0.0				
Unmanned Aerial Vehicles (UAVs)													
MQ-4/RQ-4 Global Hawk Navy, Air Force	4	739.8	780.6	4	739.8	780.6	4	739.8	780.6				All procurement for USAF version (RQ-4). R&D includes \$529.3 million for Navy version (MQ-4).
MQ-4/RQ-4 Global Hawk Mods	--	119.4	0.0	--	119.4	0.0	--	119.4	0.0				
MQ-9 Reaper Air Force	36	863.6	125.4	48	1,348.9	125.4	36	845.3	125.4				
MQ-9 Reaper Mods	--	226.3	0.0	--	226.3	0.0	--	226.3	0.0				
<i>MQ-9 Reaper (OCO)</i>	12	216.0	0.0	12	216.0	0.0	12	216.0	0.0				
<i>MQ-9 Reaper Mods</i>	--	49.4	0.0	--	49.4	0.0	--	49.4	0.0				
MQ-1 Warrior/Predator Army	26	459.3	152.2	26	459.3	152.2	26	459.3	152.2				
MQ-1 Warrior/Predator Mods	--	325.3	0.0	--	325.3	0.0	--	325.3	0.0				
<i>MQ-1 Warrior/Predator (OCO)</i>	--	47.0	0.0	--	47.0	0.0	--	47.0	0.0				
<i>MQ-1 Warrior/Predator (OCO) Mods</i>	--	11.9	0.0	--	11.9	0.0	--	11.9	0.0				

	Request			House passed (H.R. 5136)			SASC recommended (S. 3454)			Final Bill			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
RQ-7 Shadow Mods	--	523.1	8.7	--	523.1	8.7	--	523.1	8.7				
Army													
<i>RQ-7 Shadow Mods (OCO)</i>	--	97.8	14.9	--	97.8	14.9	--	97.8	14.9				
RQ-11 Raven	328	54.7	2.1	328	54.7	2.1	328	54.7	2.1				
multi-service													
<i>RQ-11 Raven (OCO)</i>	--	26.7	0.0	--	26.7	0.0	--	26.7	0.0				
BCT UAV Increment I	--	44.2	50.3	--	44.2	50.3	--	44.2	50.3				
Army													
MQ-8 Fire Finder	3	47.5	10.7	3	47.5	10.7	3	47.5	10.7				
Navy													
STUASLO (hand-launched UAVs)	--	39.3	44.3	--	39.3	44.3	--	39.3	44.3				
multi-service													
UCAS (carrier-based bomber)	--	--	266.4	--	--	266.4	--	--	266.4				
Navy													
Tactical Unmanned Aerial Vehicle	--	---	36.2	--	--	36.2	--	---	36.2				
Navy													
Long-Endurance Multi-Intelligence Vehicle (LEMV)	--	--	93.0	--	--	93.0	--	--	93.0				
Army													Blimp-like UAV intended to carry 2,500 lbs. or sensors at 20,000 ft. for three weeks per mission.

Sources: House Armed Services Committee, press release, FY2011 National Defense Authorization Summary Tables, accessed at <http://armedservices.house.gov/pdfs/PressSummaryTablesFY11.pdf>.

Notes: The defense authorization act generally does not determine the final amount provided for a program or project. The authorization bill authorizes the appropriation of funds, but the amount available is determined by the appropriations. An appropriations bill may provide more than or less than the amount authorized, may provide funds for a program for which no funds are authorized, and may provide funds for a “new start” for which funding has never been authorized.

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