

## The National Defense Authorization Act for Fiscal Year 2012 Highlights of the Conference Report

**AUTHORIZED FUNDING LEVELS** – The bill would bring the total authorized funding for National Defense to **\$554 billion** for the Base Budget, and **\$115.5 billion for overseas contingency operations**. The authorization includes \$530 billion for the Department of Defense and \$11.1 billion for the Department of Energy’s National Nuclear Security Administration.

Funding levels authorized by the FY 12 NDAA have been reduced significantly from the original House-passed version to comply with the first tier of the Budget Control Act’s requirement to cut Defense spending by an estimated \$465 billion over ten years. Authorized funding has been **reduced \$19 billion** from the FY 11 NDAA, **\$21.8 billion** from the House-passed version of the FY12 NDAA, and **\$24.1 billion** from President Obama’s budget request for FY 12. Under sequestration, an additional \$500 billion will be cut over ten years, beginning in 2013.

**VITAL AUTHORITIES** – The National Defense Authorization Act extends vital troop pay and war-related authorities scheduled to run out in the next several weeks. Without immediate passage, troop pay and benefits could be suspended for our forces. Other vital authorities include enlistment and reenlistment bonuses, retention and accession pay for critical skills, and pay for hazardous duties.

**AUDIT READINESS** – Requires the Department to establish a specific plan, with interim objectives and milestones, for meeting the September 30, 2014 deadline for an audit-ready Statement of Budgetary Resources statement, to develop metrics and mitigating strategies for missed milestones and program delays, and to report to Congress on the steps to be taken.

**CRITICAL REPAIR CAPABILITIES (DEPOTS)**–Clarifies the definition of “depot-level maintenance and repair” activities and revises requirements for core capability determination, establishment, and reporting to ensure we continue to maintain a ready and controlled source of repair for equipment needed to support combatant command operations and contingency plans. The bill also requires core depot-level maintenance requirements to be identified and incorporated into acquisition decision milestones, to ensure that life-cycle sustainment planning is done early in weapon system development efforts. These provisions resulted from the recommendations made in the study on Future Depot Capability required by Section 322 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009.

**POLITICAL INFLUENCE IN DEFENSE CONTRACTING** – In order to keep the acquisition process free from political influence, the FY12 NDAA eliminates

requirements mandated by the White House that would require potential contractors to first declare their political contributions before applying for business with the Department of Defense.

**COUNTERNARCOTICS** – The bill explicitly reauthorizes DOD Counter-Narcotics (CN) authorities for FY 2012. Included are authorities to assist other agencies in their CN efforts, especially with respect to narco-trafficking activities on the U.S. southern border. Also included are authorities to assist Colombia and other countries in disrupting the nexus between narco-trafficking and terrorist activity. This authority is extended to thirteen countries not previously authorized.

**TOUGH CHOICES** -Congressional authorizers began the year determined that the Department of Defense would not be exempt from the tough choices required to restore the nation's fiscal health. To date, over half of all deficit reduction efforts have come out of the military, with another \$500 billion scheduled under sequestration. In addition to reducing costly reporting requirements, setting new standards for financial management at the Pentagon, and incentivizing competition as a means to reform defense acquisition; conferees were forced to make further tough choices to comply with the Budget Control Agreement:

- Overseas Bases -An independent panel to review overseas bases, ahead of an anticipated reduction of America's global posture.
- Service Member Benefits- Measures to protect individual member benefits when manpower reductions require early separation.
- R&D- Though Research and Development programs have been reduced to comply with the Budget Control Act, the bill provides R&D funding for critical capability. Further reductions under sequestration would force investment to be near-term focused and hurt overall innovation within the defense sector.
- Military Construction – Reduced \$1.7 billion in military construction, a reduction of approximately 10% of the overall account. This includes a specific reduction in Guam military construction of \$280 million.
- Flight Hours – funding levels are insufficient to enable the full execution of flight operations across the all four services and the Guard and Reserve.

**Readiness:**

- \$248.4 billion for **Operation and Maintenance (O&M)**, including funding for Overseas Contingency Operations. This figure supports the daily operations, training and administration of U.S. armed forces and includes the following:
  - \$22.8 billion for the training of all active-duty and reserve forces to increase readiness as troops experience greater dwell time following the Iraq drawdown.
  - \$6.3 billion, an increase of \$150 million, to additionally fund Navy ship and aircraft depot maintenance for both the active and reserve components.

- \$4.5 billion for Army and Marine Corps equipment reset and depot maintenance.
  - \$7.7 billion for Air Force weapon system sustainment.
  - Just under \$1 billion to support the Army's planned return to full-spectrum training with fewer units committed to Iraq for combat operations.
- \$13.0 billion for **Military Construction**, base realignment and closures, and military family housing.

**Maintenance and Repair** - The bill improves logistics and sustainment by strengthening maintenance and repair in the military departments' depot repair and Army industrial facilities. Recognizing their valuable service in ongoing contingency operations, the bill takes steps to protect the benefits and services available to DOD civilian employees deployed to combat zones.

**Corrosion Mitigation** - While maintaining core readiness priorities, the bill identifies areas for significant savings. This bill includes several provisions that reverse years of DOD underfunding and provide a sustained focus on corrosion mitigation that costs taxpayers \$22.9 billion annually. The bill also codifies the requirements for discharge of waste by vessels of the armed forces at sea to ensure minimum impact on the environment while protecting Navy operational readiness. This provision averts \$2.0 billion of expenses for Navy fleet modifications.

### **Seapower and Projection Forces:**

The NDAA addresses major Navy challenges while also mandating greater efficiencies in the services. The bill requires DOD to integrate a competitive acquisition strategy for the main propulsion turbomachinery of the **Next Generation Bomber** as an avenue to foster competition and maintain a robust industrial base for military engines absent a clear industrial base strategy from the Department of Defense. The bill also extends the multi-year funding authority for the second and third **Ford-class aircraft carriers** from four to five years of incremental funding authority. These and other items in the bill ensure our military has the equipment and support they need to ensure success today and in the future. Other highlights of the bill include:

- \$14.9 billion and support for 10 new construction ships in the budget request.
- Places restrictions on the shortsighted retirement of C-23 Sherpa aircraft by offering State executives first right of refusal for title of the aircraft. The provision also requires a comprehensive study, currently lacking by the Department of Defense, of Title 32 and Title 10 United States Code intra-theater airlift requirements that support critical missions of combatant commanders and State executives.
- Requires a cost benefit analysis on maintainability and sustainability for the Littoral Combat Ship, while requiring more detailed breakout of LCS module funding in budget documentation.

- Continues support for mixed conventional load upgrade and modernization efforts for the bomber inventory.
- Allows retirement of 6 B-1 aircraft in an incremental manner, but maintains a combat-coded aircraft at the current level of 36 aircraft.
- Restricts funding for the current AAV except for survivability improvements.
- Requires GAO to conduct an annual review and report on progress of the KC-46 tanker program.
- Supports and enables effective and efficient execution of the Navy's Future Unmanned Carrier-based Strike and Surveillance System by requiring the Navy to maintain a competitive environment and construct a risk-prudent acquisition strategy for success.
- Requires the Navy to maintain an aircraft carrier air-wing force structure and associated command structure commensurate to effectively support aircraft carrier force structure requirements.
- Reinstates the requirement for annual delivery of the Navy's 30 year shipbuilding plan.
- Authorizes the Navy to procure two high speed "super ferries" from the Maritime Administration.
- Includes a provision that would require the Navy to describe its process for the naming of ships.
- Authorizes appropriations for the activities of the Maritime Administration.

#### **Strategic Forces:**

- Authorized \$7.3 billion for Department of Energy nuclear weapon activities, to ensure America's nuclear deterrent continues to be safe, secure, and reliable.
- Mandates that the Defense Department provide Congress a report on development of a new ballistic missile submarine.
- Ensures health of US nuclear stockpile by requiring DOD provide to Congress detailed plans and cost estimates for sustaining and modernizing the nuclear stockpile and the infrastructure that supports it, reports on plans to retire nuclear assets.
- Imposes Congressional oversight on plans to further reduce the U.S. nuclear deterrent, by requiring the Administration to reveal its future plans for reductions, by requiring notification to Congress before nuclear weapons reductions are made, and codifying the requirement that changes to the nuclear war plan of the United States be briefed to the Armed Services Committees. Separate from the nuclear enterprise, the bill authorizes approximately \$10 billion in funding for missile defense development and deployment.
- Missile defense authorization includes \$1.16 billion for ground based mid-course defense and \$2 billion for Aegis Ballistic Missile Defense.
- Enhances missile defense cooperation with critical partners like Israel, authorizing \$235 million for joint US-Israeli missile defense programs, more than doubling what the President requested for Israeli missile defense.

**Tactical Air and Land Forces:**

- \$325 million for National Guard and Reserve Equipment.
- \$3 billion to support urgent operational needs and counter-IED activities in Iraq and Afghanistan.
- \$255 million to support Abrams Tank industrial base and National Guard modernization.
- \$2.7 billion to support Mine Resistant Ambush Protected Vehicle modernization and survivability enhancements.
- \$2.4 billion for Army and Marine Corps Tactical Wheeled Vehicles.
- \$449 million for the Army's Ground Combat Vehicle program.
- \$8.5 billion for F-35 Joint Strike Fighter development and procurement for the Navy, Marine Corps, and Air Force.
- \$1.0 billion for EA/ 18Gs Growlers and \$2.2 billion for F/A-18Es and Fs Super Hornets for the Navy.
- \$2.1 billion for the MV-22 Ospreys for the Marine Corps and \$339 million for CV-22s Ospreys for the Air Force.