

Mr Springett

MAKING APPROPRIATIONS FOR THE DEPARTMENT OF
DEFENSE

SEPTEMBER 28, 1988.—Ordered to be printed

Mr. CHAPPELL, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 4781]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4781) "making appropriations for the Department of Defense for the fiscal year ending September 30, 1989, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 20, 24, 26, 27, 30, 32, 33, 39, 59, 68, 74, 76, 82, 86, 101, 109, 110, 111, 114, 115, 116, 117, 118, 121, 122, 123, 124, 125, 126, 127, 130, 132, 133, 134, 135, 136, 137, 174, 175, 176, 215, 224, 231, 246, 251, 255, 262, 265, 266, 267, and 268.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, 18, 28, 29, 31, 34, 41, 43, 46, 47, 48, 51, 52, 54, 56, 62, 64, 66, 70, 75, 79, 94, 95, 96, 97, 98, 99, 100, 107, 120, 129, 140, 145, 165, 200, 201, 202, 204, 216, 222, and 226, and agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$18,962,456,000; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$36,200,000; and the Senate agree to the same.

As exclusive conferees only for consideration of Senate Amendment No. 276 and modifications thereto committed to conference:

DAVID R. OBEY,
CHARLES WILSON,
JAMIE L. WHITTEN,
MICKEY EDWARDS,
Managers on the Part of the House.

JOHN C. STENNIS,
BILL PROXMIRE,
DANIEL K. INOUE,
ERNEST F. HOLLINGS,
LAWTON CHILES,
J. BENNETT JOHNSTON,
ROBERT C. BYRD,
PATRICK LEAHY,
JIM SASSER,
DENNIS DECONCINI,
LOWELL P. WEICKER, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4781), making appropriations for the Department of Defense for the fiscal year ending September 30, 1989, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The conference agreement on the Department of Defense Appropriations Act, 1989 incorporates some of the provisions of both the House and Senate versions of the bill. The language and allocations set forth in House Report 100-681 and Senate Report 100-402 should be complied with unless specifically addressed in the accompanying bill and statement of the managers to the contrary.

TITLE I—MILITARY PERSONNEL

FISCAL YEAR 1989 PAY RAISE

The conferees agree to provide for a military pay raise of 4.1% for basic pay and basic allowance for subsistence and 7% for basic allowance for quarters.

AVIATION CONTINUATION PAY (ACP)

The House provided \$54,000,000 to fund the Air Force ACP program and \$34,000,000 for the Navy ACP program. The House further fenced these funds until a report is submitted to the Committees on Appropriations of the House of Representatives and the Senate setting forth a Department of Defense plan to implement a service integrated pilot retention program. The Senate provided \$30,000,000 for the Air Force and directed the Navy to absorb additional costs above the \$17,130,000 submitted in its budget.

The conferees have agreed to provide \$36,200,000 to the Air Force ACP program and expect the Navy to absorb the additional costs to fund its ACP program. Furthermore, the conferees agree not to fence the funds, though the Secretary of Defense is still required to submit a report by December 1, 1988, as proposed by the House.

VARIABLE HOUSING ALLOWANCE (VHA)

The conferees are distressed over the way the Department of Defense (DoD) has managed the VHA program. Thousands of servicemen and women were threatened with the loss of VHA payments in fiscal year 1988 because of DoD's poor administration of the program and inability to project VHA requirements adequately.

(In thousands of dollars)

	House	Senate	Conference
Budget request.....	22,085,200	22,085,200	22,085,200
General purpose forces/real property maintenance.....	-47,00		-47,000
Communications.....		-5,000	-5,000
Central Supply.....	+117,561	-15,325	+96,361
a. Balance with depot maintenance.....	(-120,000)		(+120,000)
b. Industrial preparedness.....	(+5,865)	(+8,465)	(+8,465)
c. Asset capitalization.....		(-25,000)	(-25,000)
d. Supply operations.....	(-8,304)		(-8,304)
e. DSACS.....		(+1,200)	(+1,200)
Depot maintenance.....	-40,000		
Training and other general personnel activities.....	-24,952		-15,626
a. Prof. development education.....	(-1,040)		(-520)
b. Training support.....	(-16,977)		(-8,489)
c. Advertising.....	(-6,300)		(-6,300)
d. Base operations.....	(-635)		(-317)
Medical programs.....	+141,000	+128,200	+128,200
a. Medical programs.....	(+141,000)	(+141,000)	(+141,000)
b. CHAMPUS.....		(-12,800)	(-12,800)
Administration and associated activities.....	-75,940	-10,000	-42,868
a. Administration.....	(-53,072)		(-10,000)
b. Claims.....		(-10,000)	(-10,000)
c. Real property maintenance.....	(-19,226)		(-19,226)
d. Base operations.....	(-3,642)		(-3,642)
Foreign National Pay.....		-34,401	-17,200
NWR.....	-6,000	-6,000	-6,000
Base operations.....		-10,000	
Classified programs.....	-10,292	-30,000	-542
ADP systems.....	-24,300	-12,300	-18,000
Flying hours.....	-26,000		-20,000
Drug interdiction.....	+2,000		
ADEA.....	+2,000		+1,500
LTACFIRE.....	+1,000		+1,000
Goldwater-Nichols savings.....		-14,902	-7,451
Fuel savings.....		-5,600	-5,600
A-76 reviews.....		-56,784	-25,000
Command management/IG study.....		-3,700	
Japanese defense contributions.....		-33,000	-33,000
Contractor support services.....		-4,478	-4,478
Ground OPTEMPO.....		+50,000	
Equipment fielding.....		-6,000	-6,000
Training center.....		+50,000	+25,000
Total reduction.....	9,077	-19,300	-1,704
Total appropriated.....	22,094,277	22,065,900	22,083,496

ARMY ADP

The conferees agree to a general reduction of \$18,000,000 in automatic data processing resources. The Army may finance the Computer Aided Logistics System (CALs) from within available funds to the extent authorized by the Defense Department's Major Automated Information Systems Review Council (MAISRC). The conferees are also pleased with the Army's recent decision to restructure the Military Pay Redesign Project in favor of the existing Air Force military pay system.

EXTENDED COLD WEATHER CLOTHING SYSTEM (ECWCS)

The Senate report language required the Defense Stock Fund to acquire \$90,000,000 in ECWCS stocks and directed the Army to procure not less than \$50,000,000 of ECWCS in 1989 from the Defense Logistics Agency (DLA). The conferees agree that the Army should procure not less than \$50,000,000 of ECWCS stocks in fiscal year 1989. However, the conferees agree to require the Defense Stock Fund to acquire only \$40,000,000 in ECWCS stocks in fiscal year 1990 since DLA has already procured \$50,000,000 of ECWCS for delivery in fiscal year 1989. Additionally, the conferees direct the Army to procure \$40,000,000 of ECWCS stocks in fiscal year 1990.

CRITICAL LANGUAGES

The conferees are concerned about the status of our national pool of linguists with proficiency in such important language and cultural areas as Chinese, Japanese, Korean, Arabic, and Russian. Several studies have shown that the United States is far below an acceptable level in this important area. Therefore the conferees direct the Department to evaluate the feasibility of funding a program to conduct planning and feasibility studies by the Critical Languages and Areas Studies Consortium. These studies should include examination of a plan to bring the recipients of these critical language skills into the military education system both at the Defense Language Institute and in the Department of Defense education system.

OPERATION AND MAINTENANCE, NAVY

Amendment No. 18: Deletes House title providing for transfer of funds.

Amendment No. 19: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *\$24,852,100,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

This amendment appropriates \$24,852,100,000 instead of the \$24,992,800,000 as proposed by the House and \$24,916,901,000 as proposed by the Senate, deletes House language which directed a transfer of \$60,000,000 to the Coast Guard and deletes Senate language which directed that \$1,915,171,000 could not be obligated until July 1, 1989.

The conference agreement on items addressed by either the House or Senate is as follows:

(In thousands of dollars)

	House	Senate	Conference
Budget request.....	24,945,800	24,945,800	24,945,800
Strategic Forces.....	-1,254	-1,254	-1,254
a. U.S.S. "Pennsylvania".....	(-500)	(-500)	(-500)

(In thousands of dollars)

	House	Senate	Conference
b. Emergent ship repair	(-754)	(-754)	(-754)
General Purpose Forces	-48,800	-10,500	-9,200
a. Ship operations	(-10,500)	(-10,500)	(-10,500)
b. Fleet air training	(-38,700)		
c. Fleet satellite comm	(-2,400)		(-1,500)
d. FEWGS	(+2,800)		(+2,800)
Ship maint/modernization	+23,207	+223,207	+223,207
a. Emergent ship repair	(-16,793)	(-16,793)	(-16,793)
b. NTU/Fleet modernization	(+40,000)	(+240,000)	(+240,000)
Communications		-5,000	-5,000
Central supply	-282,743	-131,900	-131,900
a. Field operations/NAVAIR	(-123,600)	(-73,500)	(-73,500)
b. Underutilized plant capacity	(100,543)		
c. Shipyard subsidy	(-5,400)		
d. Asset capitalization	(-53,200)	(-80,000)	(-80,000)
e. Inventory management		(-41,400)	(-41,400)
f. Depot maintenance		(+63,000)	(+63,000)
Medical programs	+87,500	+56,200	+71,200
a. Medical programs	(+87,500)	(+72,500)	(+87,500)
b. CHAMPUS		(-16,300)	(-16,300)
Naval audit service		-2,000	-2,000
NWR	-7,000	-7,000	-7,000
Gulfport	-9,000		
ADP Systems	-141,800	-38,800	-93,060
Persian Gulf operations	+60,000	+120,000	+60,000
U.S.S. "Samuel B. Roberts"	+96,500	+96,500	+96,500
Drug interdiction	+120,000		
Foreign currency	+152,831		
Classified programs	-2,441	-300	-1,648
Goldwater-Nichols savings		-2,759	-1,380
Fuel savings		-31,000	-31,000
A-76 reviews		-58,128	-25,000
Command management/IG study		-4,100	-4,100
Japanese defense contribution		-15,200	-15,200
Contractor support services		-2,465	-2,465
AVDLR		+150,000	+150,000
Outfitting		-336,400	-336,400
Seal facility maintenance		+2,000	+2,000
Total reductions	+47,000	-28,899	-93,700
Total appropriated	24,992,800	24,916,901	24,852,100

Amendment No. 20: Restores House language which directs that facilities, activities and personnel levels at the Memphis Naval Complex in Millington, Tennessee, be maintained at fiscal year 1984 levels.

Amendment No. 21: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert: *Provided further, That of the amount appropriated, \$40,000,000 shall be available after August 15, 1989, for repair of blister modification of the U.S.S. "Midway": Provided further, That blister modification of the U.S.S. "Midway" may be accomplished at a shipyard in Japan only if such costs are assumed by the Government of Japan, or if the Government of Japan agrees to increase its share of U.S.*

labor costs or operational costs in the Japanese fiscal year by an amount equal to or greater than \$40,000,000, and that such increase will be in addition to any increase already agreed to by the Governments of the United States and Japan at the time of enactment of this Act: Provided further, Notwithstanding section 2805 of title 10, of the funds appropriated herein, \$3,500,000 shall be available for a grant to the Naval Undersea Museum Foundation for the completion of the Naval Undersea Museum at Keyport, Washington. These funds shall be available solely for project costs and none of the funds are for remuneration of any entity or individual associated with fund raising for the project: Provided further, That of the funds appropriated herein, not to exceed \$980,000 shall be available to pay Ukpeavic Inupiat Corporation for expenses related to the conveyance of the Navy Arctic Research Laboratory: Provided further, That, notwithstanding any other provision of law, the lease of the U.S. Navy repair ship "Hector" is hereby authorized in accordance with Chapter 6 of the Arms Export Control Act and subject to the reporting requirements of Section 62 of the Arms Export Control Act, as provided for in Executive Communication 4362, subject to a separate authorization bill being enacted on or after October 18, 1988, whichever comes first.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

E-2C MAINTENANCE

The conferees agree that of the \$63,000,000 added for Navy aircraft rework and maintenance, the Navy should allocate \$25,400,000 for E-2C wing modification installations, and move expeditiously to complete these urgent repairs.

FLEET MODERNIZATION AND MAINTENANCE/NEW THREAT UPGRADE

The House increased funding for ship modernization and maintenance by \$40,000,000 for the New Threat Upgrade (NTU) program. The Senate increased the funding by \$240,000,000 for the NTU program and for other modernization and maintenance activities. Furthermore, the Senate directed that \$155,000,000 of the \$240,000,000 addition, was for East Coast fleet modernization and repair, including installation of two Vertical Launch System (VLS) packages and four selected restricted availabilities.

The conferees agree to increase funding for ship modernization and maintenance by \$240,000,000, to be shared equally between Atlantic and Pacific fleets. Priority should be given to initiating the VLS upgrades referenced in the Senate report, if feasible, on the East Coast and \$60,000,000 shall be made available for the NTU Program on the West Coast. Any remaining West Coast funding should be used to the greatest extent practicable, for enhancements of current work packages.

Due to funding shortfalls, the Navy was required to change scheduled NTU projects on the U.S.S. *Worden* (CG 18) and the U.S.S. *Horne* (CG 30), from fiscal year 1988 to fiscal year 1989. The conferees agree that the Navy should complete these two NTU overhauls at the originally scheduled shipyards. The remaining four NTU overhauls shall be competed between public and private

yards. Finally, while ship deployment schedules require all fiscal year 1989 NTU overhauls to be performed on Pacific Fleet vessels, the conferees expect that future NTU workload should take into account Atlantic Fleet ships.

The conferees concur with the Senate report language which requests the General Accounting Office to provide the committees with quarterly reports on the Navy ship maintenance, repair, and modernization schedules. It is not necessary to obtain agency comments on these reports.

AIR COMBAT FLYING HOURS

The conferees concur with the House report language which directs the Navy to submit a report by June 1, 1989, concerning the flying hour program for TACAIR/ASW.

PERSIAN GULF OPERATIONS

The conferees agree to provide a total \$60,000,000 for operations in the Persian Gulf. The fact that the conferees did not provide the \$120,000,000 as recommended by the Senate should not reflect on the commitment of the conferees to the actions of the United States in the Persian Gulf. The \$60,000,000 which the conferees have provided in this bill, is the best estimate of costs at this time.

To the extent that this total funding level is not required to meet operational needs in the Persian Gulf, the Navy should use remaining funds for real property maintenance requirements, especially those of the Navy Training Command and aviation rework.

MEMPHIS NAVAL AIR STATION

The conferees concur with the House report language concerning the importance of the Memphis Naval Air Station and the necessity of maintaining fiscal year 1984 funding and staffing levels.

O&M SUBSIDIES FOR PLANTS AND SHIPYARDS

The conferees agree that in the future, industrial fund rates for shipyards and plants should accurately reflect all costs, including wartime mobilization requirement costs. The mobilization costs may however, be excluded when comparing public to private competitive bids.

NAVY ADP

The conferees agree to a general reduction of \$93,100,000 in automatic data processing resources which may be distributed between the categories of management issues: uneconomically leased ADP, contract maintenance audit findings, or SPAR installation costs as discussed in the House report. The Secretary of the Navy should report to the Appropriations Committees as required by the House within six months of receipt of the final Surveys and Investigations staff report. The Navy may proceed with the Bases and Stations Information System (BASIS) project to the extent authorized by the Defense Department's Major Automated Information Systems Review Council (MAISRC) as long as its use at all installations is mandatory as recommended by the Naval Audit Service. The conferees also agree that the Navy should implement a standardized

financial accounting system that conforms to GAO/Joint Financial Management Improvement Program (JFMIP) requirements throughout the Navy's industrial facilities. The Navy should proceed with the deployment of the Standard Financial Accounting System (STAFS) after successful completion of the MAISRC by the Office of the Secretary of Defense and should report to the Appropriations Committees within ninety days thereafter on its plan for successful and cost-effective deployment. The report should address the specific actions taken to remove those barriers that would otherwise prevent a more rapid deployment of the system throughout the Navy Industrial Fund, as well as an explanation of how issues raised in GAO report IMTEC 88-47 have been resolved.

ASSET CAPITALIZATION

The conferees agree to a reduction of \$80,000,000 of which \$53,200,000 is to be applied to acquisition of computer aided design/computer aided manufacturing equipment as discussed in the House report.

MOLDED CASE CIRCUIT BREAKERS

The conferees agree that the Navy should review the requirement for molded case circuit breakers and submit a plan for addressing any requirement within the fiscal year 1990 budget request.

NAVAL UNDERSEA MUSEUM

The conferees are aware that the Naval Undersea Museum Foundation is constructing a museum to show the public pertinent facts about undersea warfare. The planned Naval Undersea Museum in Keyport, Washington, will exhibit undersea naval weapons, sensors and platforms that represent the innovation, development, growth and historic heritage of undersea technology.

The Naval Undersea Museum Foundation has raised \$3,300,000 thus far, with another \$300,000 anticipated by January 1, 1989. The conferees have agreed to provide \$3,500,000 in funds appropriated for Operation and maintenance, Navy to complete the facility.

NAVY ARCTIC RESEARCH LABORATORY

The conferees understand that several years ago, the Navy elected to close the Navy Arctic Research Laboratory and transfer the property to an Alaska native interest—the Ukpeavik Inupiat Corporation.

During the preparations for this transfer, the Navy conducted environmental cleanup operations and removal of equipment. The Ukpeavik Inupiat Corporation was retained for security and caretaker services. Now that the transfer is complete, the Navy has no contractual mechanism to reimburse the Ukpeavik Inupiat Corporation for the costs of the security and caretaker services.

Therefore, the conferees have included language which provides \$980,000 to pay the Ukpeavik Inupiat Corporation for security and caretaker expenses incurred as part of the conveyance of the Navy Arctic Research Laboratory.

OPERATION AND MAINTENANCE, MARINE CORPS

Amendment No. 22: Appropriates \$1,817,000,000 instead of \$1,842,000,000 as proposed by the House and \$1,799,600,000 as proposed by the Senate and deletes Senate language which directed that \$154,317,000 could not be obligated until July 1, 1989.

The conference agreement on items addressed by either the House or Senate is as follows:

(In thousands of dollars)

	House	Senate	Conference
Budget request.....	1,792,000	1,792,000	1,792,000
Foreign currency.....	+ 50,000		
Japanese defense contribution.....		- 17,400	
Readiness items.....		+ 25,000	+ 25,000
Total reduction.....	+ 50,000	+ 7,600	+ 25,000
Total appropriated.....	1,842,000	1,799,600	1,817,000

OPERATION AND MAINTENANCE, AIR FORCE

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *\$21,721,673,000 of which \$1,500,000 shall be available only for repair and maintenance of Decker Field, Utah: Provided, That \$26,000,000 shall be available only for the operation of the SR-71 Base in the Pacific area and, notwithstanding any other provision of law, these funds shall be available for obligation and expenditure for this purpose: Provided further, That none of the funds appropriated in this or any other Act may be obligated or expended for the purpose of disestablishing or reducing the Air Force SR-71 survivable airborne reconnaissance capability for the Far East and Middle East Theatres from the level of such capability available on October 1, 1987*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items addressed by either the House or Senate is as follows:

(In thousands of dollars)

	House	Senate	Conference
Budget request.....	21,950,000	21,950,000	21,950,000
Strategic Forces.....	- 10,905		- 10,905
a. Spacecraft.....	(- 900)		(- 900)
b. Base operations.....	(- 10,005)		(- 10,005)
General Purpose Forces/Base operations.....	- 62,034		- 62,034
Communications.....		- 20,000	- 20,000
Airlift/base operations.....	- 11,974		- 11,974
Training and other general purpose activities.....	- 33,645		- 16,822

(In thousands of dollars)

	House	Senate	Conference
a. Other training.....	(- 7,742)		(- 3,871)
b. Training support.....	(- 2,270)		(- 1,135)
c. Base operations.....	(- 23,633)		(11,816)
Medical programs.....		- 8,600	- 8,600
a. CHAMPUS.....		(- 10,800)	(- 10,800)
b. Academy hospital.....		(+ 2,200)	(+ 2,200)
Supply operations.....		- 30,000	- 30,000
a. Asset capitalization.....		(- 25,000)	(- 25,000)
b. Transportation.....		(- 5,000)	(- 5,000)
Depot maintenance.....		+ 63,800	+ 63,800
Administration and associated activities.....	+ 1,700	- 11,300	- 11,300
a. Civil air patrol.....	(+ 1,700)	(+ 1,700)	(+ 1,700)
b. Administration.....	(.....)	(- 13,000)	(- 13,000)
Inventory management.....		- 27,500	- 27,500
Foreign national pay.....		- 23,796	- 11,898
Flight jackets.....		- 5,200	- 5,200
MWR.....	- 15,000	- 15,000	- 15,000
Classified programs.....	+ 1,700		+ 200
Other classified programs.....	- 85,000	+ 6,000	- 14,000
SR-71 maintenance and test facility.....	+ 20,491	+ 20,491	+ 20,491
ADP systems.....	- 30,000		- 15,000
Flying hours.....	- 43,300		
Foreign currency.....	+ 208,367		
Goldwater-Nichols savings.....		- 9,935	- 4,968
Fuel savings.....		- 43,000	- 43,000
A-76 reviews.....		- 44,016	- 20,000
Command management/IG study.....		- 3,700	- 3,700
Japanese defense contribution.....		- 43,600	- 43,600
Contractor support services.....		- 10,517	- 10,517
Retirement counseling.....		- 800	- 800
C-23A savings.....		- 2,000	- 2,000
Readiness items.....		+ 69,000	+ 69,000
Search and rescue.....		+ 7,000	+ 7,000
Total reduction.....	- 59,600	- 132,673	- 228,327
Total appropriated.....	21,890,400	21,817,327	21,721,673

JAPANESE BEETLE SUPPRESSION

The conferees agree that within the total funding provided for Operation and maintenance, Air Force, \$1,000,000 shall be used by the Air Force to suppress a Japanese beetle infestation on Terceira Island in the Azores.

READINESS ISSUES

The Senate included \$69,000,000 for a civilian pay reserve. The conferees agree that this funding could better be utilized on readiness items rather than a reserve for civilian pay costs. The conferees direct the Air Force to use \$69,000,000 for repair of damage caused by Hurricane Gilbert, medical programs designed to increase productivity, and increased claims costs.

HAMILTON AIR FORCE BASE

The conferees concur with the House report language describing the manner in which the Air Force shall expeditiously pursue the cleanup of uncontrolled hazardous waste contamination in the

landfill at the former Hamilton Air Force Base, Novato, California. The conferees emphasize that the Administrator of General Services shall not abrogate or permit the assignment of the contract of sale entitled "Invitation for Bids: No. GSA-09-D(R)-85-1, Bid and Acceptance for Sale of U.S. Government Property" without the consent of the buyer.

AIR FORCE ADP

The conferees agree to a reduction of \$15,000,000 for uneconomically leased ADP. No change should be made in the management or accounting for funds under the Logistics Management System (LMS) as suggested by the House report. Instead, the Comptroller of the Defense Department should provide alternatives for managing the costs of logistics upgrades that are unique to the Air Force Logistics Command which have evolved after the LMS baseline was established.

MILITARY FAMILY SERVICES

The conferees agree that the Department of Defense should address the need to enhance the utilization and effectiveness of programs designed to train individuals involved with counseling military members, their families, and retirees for substance abuse, family violence and stress-related factors which threaten their careers and health. The conferees believe that a Department-wide program to deal with these problems offers much promise. The conferees direct the Air Force, as the lead Service, to use \$2,000,000 to conduct a study and further address the need for a Department-wide training program for personnel who specialize in counseling and referral for treatment of individuals and families affected by these conditions.

The conferees agree that the Air Force, in conducting the study, should focus on the use of an academic institution which offers an existing base for such a training program, with entry through graduate level programs in social work and counseling, nursing, and health administration. The training program should provide interdisciplinary approaches to community and family health services and counseling.

The Department should report to the Appropriations Committees by June 1, 1989, on the study described above and provide a timetable to establish a training program during fiscal year 1989.

DECKER FIELD, UTAH

In fiscal year 1988, the conferees on the Department of Defense Appropriations Act, provided an additional \$500,000 in operation and maintenance funds for the Air Force to repair facilities and the runway at Decker Field in Wendover, Utah.

The conferees understand that the Air Force unilaterally made a decision to withhold these funds from obligation in fiscal year 1988. This is in direct contradiction to the direction of the fiscal year 1988 conferees. Therefore, the conferees have little choice but to legislatively require the Air Force to spend \$1,500,000 to repair and maintain Decker Field, Utah.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

Amendment No. 24: Deletes Senate language which earmarks not to exceed \$11,691,000 for emergencies and extraordinary expenses.

Amendment No. 25: Appropriates \$7,635,973,000 instead of \$7,721,100,000 as proposed by the House and \$7,547,463,000 as proposed by the Senate.

The conference agreement on items addressed by either the House or Senate is as follows:

(in thousands of dollars)

	Budget	House	Senate	Conference
DIS.....	152,219	162,219	152,219	162,219
DLA.....	2,073,939	2,060,399	2,073,939	2,062,939
DLSA.....	7,365	6,589	7,365	7,365
DMA.....	515,544	515,344	515,544	515,544
DNA.....	67,338	66,778	52,338	67,058
DOODE.....	994,848	1,029,688	994,848	994,848
DTSA.....	5,901	5,637	5,901	5,769
DEA.....	19,207	19,207	19,707	19,707
OSD.....	149,733	129,733	150,733	144,733
WHS.....	129,193	124,193	120,793	124,193
Classified.....		+11,100	-6,300	+12,800
CASET study.....			3,000	
Communications.....			-10,000	-10,000
Contractor support services.....			-13,087	-6,540
Reorganization Act savings.....			-109,750	-54,875
All other items.....	3,595,313	3,590,213	3,590,213	3,590,213
Total.....	7,710,600	7,721,100	7,547,463	7,635,973

DEFENSE LOGISTICS AGENCY (DLA)

The conferees agree to reduce the Automatic Data Processing program by \$11,000,000 based on "ADP baseline growth."

OFFICE, SECRETARY OF DEFENSE (OSD)

The conferees agree to a general reduction of \$5,000,000, consistent with authorization. The conferees also agree to the Senate position that OSD must develop the capacity to accurately track force structure and the impact on the balance of payments of stationing troops overseas.

CASET STUDY

This program is addressed within amendment no. 79.

MEALS, READY-TO-EAT

The conferees agree to the Senate language which requires the Department of Defense to conduct a test program of the actual procuring of Meals, Ready-to-Eat (MREs) under the total system acquisition approach process. In its report on the findings of this test program, the Department should not only address cost, but also the potential impact of this approach on small business concerns. The

DEPOT MAINTENANCE/SUPPLY OPERATIONS

The House identified depot maintenance, modernization, and supply operations as special interest items, and required that these budgetary resources be shown as such in the Base for Reprogramming Action (DD Form 1414). The Senate did not address this issue.

In fiscal year 1988, the conferees agreed that depot maintenance should be a Congressional interest item. However, during execution of the 1988 budget, the Services significantly reduced depot maintenance from the levels appropriated, prior to submission of the DD 1414. The conferees reaffirm their support for depot maintenance and note its importance to maintaining readiness. Without modification to the process described in last year's conference report, the conferees have little confidence that the increases provided for fiscal year 1989 will actually be expended for depot maintenance.

Therefore, the conferees agree, that the following amounts shall constitute the depot maintenance 1414 Base for Reprogramming:

Army	\$1,709,200,000
Navy	4,523,207,000
Marine Corps	80,000,000
Air Force	2,914,931,000
Total	9,227,338,000

The conferees reiterate that this process will establish better discipline in executing the depot maintenance program approved by Congress. This process allows for changing priorities and circumstances by allowing reprogramming into and out of the depot maintenance program, but assures that the appropriate congressional committees concur with such changes.

The conferees concur with the Senate report language concerning reporting and certification requirements on depot maintenance backlogs. The conferees agree that the reports on depot maintenance backlogs should include data beginning in the late 1970's.

MEDICAL PROGRAMS

Funding

The conferees have included the following funding levels for Department of Defense medical programs. These funding levels are consistent with the medical requirements for fiscal year 1989 and should not be reprogrammed for other than high priority uses. The conferees acknowledge the Department's responsibility to reduce funding, on a fair and equitable basis, for nonprogrammatic reductions which specifically affect medical programs such as any general reduction to ADP systems.

Additionally, the conferees agree that the Department of Defense should fully fund CHAMPUS and DEPMEDS requirements in the fiscal year 1990 and 1991 budget requests.

(In thousands of dollars)

	Request	House	Senate	Conference
Army:				
Direct care	1,592,309	1,733,309	1,733,309	1,733,309
CHAMPUS	826,600	826,600	813,800	813,800

(In thousands of dollars)

	Request	House	Senate	Conference
Total	2,418,909	2,559,909	2,547,109	2,547,109
Navy:				
Direct care	792,940	880,440	865,440	880,440
CHAMPUS	1,002,400	1,002,400	986,100	986,100
Total	1,795,340	1,882,840	1,851,540	1,866,540
Air Force:				
Direct care	1,057,701	1,057,701	1,059,901	1,057,701
CHAMPUS	681,287	681,287	670,487	670,487
Total	1,738,988	1,738,988	1,730,388	1,730,388
Total:				
Direct care	3,442,950	3,671,450	3,658,650	3,673,650
CHAMPUS	2,510,287	2,510,287	2,470,387	2,470,387

As noted in the Operation and Maintenance, Air Force, section of this statement, an additional \$25,000,000 shall be available for Air Force medical programs and projects which provide more effective and cost efficient operations. Of the \$25,000,000 in additional funding, \$2,000,000 is for the study and implementation of the military family services project a described in the Operation and Maintenance, Air Force, section of this statement.

Use of CHAMPUS funds

The House included report language limiting 10 percent of CHAMPUS funds for demonstration projects. The Senate included report language limiting 25 percent. The conferees agree that each service may use up to \$50,000,000 of the funding designed for CHAMPUS claims for demonstration projects, excluding Catchment Area Demonstration Projects, designed to produce more cost effective medical care.

The conferees concur with the House report language concerning the development and management of these projects.

Mental health benefits

The House included report language supporting a prospective payment system for mental health. The Senate included report language supporting hospital-specific payments and geographical cost factors. The conferees agree with the Senate position.

Additionally, the conferees concur with the Senate report language which directs the Department to utilize its demonstration authority to establish a major managed care mental health initiative.

Philadelphia Naval Hospital

The Senate included report language urging quick action on the Navy's study of hospital alternatives in Philadelphia and the maintenance of staffing and hospital services at the March 1987 level. The House did not address this issue. The conferees agree with the Senate position.

[In thousands of dollars]

	Budget	House	Senate	Conference
CTG, 105mm APFDS-T (XM900E1)			30,906	30,906
M42/M46 grenade parts for M483		13,000		
Proj, 155mm WP Smoke XM761/M825	19,459	4,459	19,459	4,459
Proj, 155mm chem GB-2	65,957	25,000	45,900	45,857
Rocket, mtr MK22 F/MCLIC USMC M58A1	7,833	6,683	7,833	7,833
Demolition munitions & other	22,422	22,422	12,742	22,422
General reduction			-29,105	
Unallocated increase		176,575		
Provision of industrial facilities	172,831	147,431	172,831	164,900
RDX facility			80,000	72,300

XM900 105 MM AMMUNITION

The conferees agree to \$30,906,000 for initial production of the improved 105 mm tank round. The conferees further agree with the direction provided in the Senate report, as opposed to the House report. Additionally, the conferees request that the General Accounting Office, as part of its annual review of ammunition procurement, closely examine the testing program, results of tests, and the data supporting the type classification evaluation of this round.

XM762 ELECTRONIC TIME FUZE

The conferees concur with the Senate language that delays obligation of the funds until the Army reports the results of the current test program. The General Accounting Office, as part of its annual review of ammunition procurement, should specifically evaluate the Army's test results for this fuze, and conduct a cost-benefit analysis of the electronic fuze compared to existing mechanical time fuzes. If production of electronic fuzes is delayed, the Army may utilize such funds as are necessary to procure mechanical fuzes to support munitions production.

PROVISION OF INDUSTRIAL FACILITIES

The conference agreement of \$164,900,000 for provision of industrial facilities includes \$21,900,000 for engineering and design, \$13,000,000 for the Musal HMX project, and no funds for sensor fuzed weapon facilities. The conferees agree that, within available funds, \$5,900,000 be made available for mobilization work at the Badger Army Ammunition plant. No funding is required for establishment of a second source for M829E1 metal parts.

RDX PRODUCTION FACILITY

The conferees continue to support the construction of an RDX manufacturing facility at the Louisiana Army Ammunition Plant, for which \$262,700,000 was appropriated last year. However, concern remains over controlling the total costs of this facility. The conference agreement provides \$72,300,000, which is last year's estimate of the cost to complete this facility.

The conferees note that there is currently a disagreement between the ammunition community and the Corps of Engineers on

the cost of this facility. As a result, prospective contractors being asked to provide separate cost proposals for essential components of this plant such as a finishing line, acid plant, steam p C-4 line, and Comp B line. These separate proposals are being requested because of concern that the above items cannot be funded within the previous total cost estimate. In providing \$335,000,000 estimated for the RDX facility, the conferees expect the Army to carry out its original program within its original program cost projection. There should not be a repeat of recent experience of cost over-runs, entailing substantial re-work, at other munition facilities. The conferees expect the Army closely to monitor and control costs and to report to the Committees as firm proposals are received and cost estimates are updated.

The current Army acquisition strategy for this facility requires prospective contractors to bid on a turn-key basis with a firm price contract. The conferees believe the Army should consider other contracting mechanisms, including fixed price incentive contracts, allowing the government and the contractor to share the risk of this project, which could lower total project costs.

Amendment No. 39: Deletes language proposed by the Senate which prohibited obligation of appropriations until previously appropriated funds for an RDX facility were made available for obligation.

OTHER PROCUREMENT, ARMY

Amendment No. 40: Deletes House language providing the appropriation at the budget activity level, and appropriate \$4,568,011,000 instead of \$4,655,837,000 as proposed by the House and \$4,434,696,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate
Other procurement, Army			
Small unit support vehicle (SUSV)	8,794		8,794
Heavy equipment transporter	46,489	46,489	
Singars family	267,177	267,177	222,877
Vehicle intercom system (VIS)		10,000	
Single channel object tact term (Scott)	55,100	41,500	36,500
Commanders tactical terminal	22,980	5,500	9,000
Tac elec surv sys	4,693		4,693
Intel data handling sys (IDHS)	16,305	31,068	16,305
Items less than \$20M (GDIP-C-E)	1,300		1,300
Ltacific		13,200	
Supercomputers			
Reserve component automation systems (RCAS)	34,700	34,700	12,500
Tact Army CMBT COMPT SY (TACCS)	1,349	1,349	23,549
Spares and repair parts (comm & elec)	344,403	330,365	325,000
Special programs	73,534	73,534	63,534
Mask, protective, NBC	5,700	5,700	4,500
Chemical agent monitor	9,779		9,779
Modular field kitchen	1,978	1,978	
OSD productivity investment funding	23,379	23,379	3,379
General reduction			-57,354
Non-centrally managed items	39,530	39,530	19,530
Simulation network (SIMNET)			20,000

(In thousands of dollars)

	Budget	House	Senate	Conference
Space Shuttle Operations.....	23,620	14,720	6,620	6,620
DEF Meteorological SAT PROG (MYP).....	90,013		90,013	90,013
DEF Meteorological SAT PROG (MYP) (AP-CY).....	69,300		69,300	69,300
DEF Meteorological SAT PROG (ANNUAL BUY).....		153,400		
Space Boosters (MYP).....	246,206	246,206	214,306	213,506
Medium Launch Vehicle.....	255,055	255,055	230,755	242,555
Medium Launch Vehicle (AP-CY).....	20,200	20,200	16,400	16,400
Forest Green.....		273		
Special Programs.....	2,849,100	2,874,100	2,824,300	2,829,100
Classified Programs.....	892,642	322,642	586,442	27,194

PEACEKEEPER MISSILE—MX

The conference agreement provides for \$806,980,000 for the procurement of 12 Peacekeeper missiles (MX) in fiscal year 1989. The conferees further agree to the transfer of \$75,000,000 in excess fiscal year 1987 funds.

The conferees concur with the Senate's observations of inadequate and late budget justification by the Air Force for the MX missile program. Budget justification backup material routinely submitted for procurement hardware programs provides the detailed information necessary for the Congress to evaluate the services' requests properly. The conferees note that the detail provided by the MX justification material is usually late and wholly insufficient. In order to insure Congress receives the data it needs to properly evaluate the Peacekeeper program, the conferees direct the Department of the Air Force to include the following information, starting in fiscal year 1990, within the Congressional backup document, P-12; (a) display of hardware flyaway costs at subcomponent levels, including at a minimum the stage I-IV propulsion, flight termination ordnance system and ordnance initiation sets, missile guidance and control sets, inertial measurement units, specific force integration receivers, third generation gyros, MK21 RV's nosetips, and fuzes, (b) display of command and launch equipment by subsections and quantities, and (c) addition of procurement support/recurring and nonrecurring sections and standard subsections as they appear in Air Force Regulation 172-1, volume V.

AMRAAM

The conferees agree to provide \$798,730,000 for the procurement of AMRAAM missiles. The conferees acknowledge reports from the Department of Defense of problems encountered by the AMRAAM missile in performance testing. The Director of Operational Test and Evaluation has refused permission for the Air Force to enter into full rate AMRAAM production in fiscal year 1989, which will necessitate a full review by the Air Force and DoD on the fiscal year 1989 funding requirements. Initial indications from the Department are that the production level for AMRAAM in fiscal year 1989 will be lowered from the original projections and, therefore, the funding requirements for fiscal year 1989 may have to be reduced.

The conferees considered further reducing the recommended levels from the amounts in conference, but felt that it would be premature to make an estimated funding decision prior to having the revised fiscal year 1989 funding plan from DoD. The conferees, however, are seriously concerned with the continued problems with this highly important missile program, and what impact these recent testing problems will have on the mandated program cost cap.

In light of the problems being encountered, the conferees direct that no production funds appropriated for fiscal year 1989 for the AMRAAM missile may be obligated until the Committees on Appropriations have received the revised fiscal year 1989 acquisition plan for AMRAAM, certification by the Under Secretary of Defense for Acquisition that the plan has been agreed to by the Director of Operational Test and Evaluation, and an analysis of the impact the revised plan will have on the total program cost.

The conferees are disturbed by a trend in the AMRAAM program toward increasing unit prices. The 1988/1989 biennial budget estimated \$875 million for 1750 missiles, for a unit cost of \$500,000. The amended 1989 budget contained \$825.3 million for 1470 missiles, or \$561,000 each. Subsequently, the Air Force advised the Committees on Appropriations that the revised budget request would only procure 1240 missiles at a unit cost of \$665,500. It now appears that the budget estimates will not buy many more than 900 missiles in 1989. The unit cost of an AMRAAM missile in 1989 will be nearly \$900,000. This trend is unsatisfactory and must be reversed in order to achieve the inventory objective without shattering the cost cap. The conferees therefore, direct the Air Force to take necessary steps to lower the unit cost of AMRAAM missiles in 1989, and the outyears.

OTHER PROCUREMENT, AIR FORCE

Amendment No. 61: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert: ; \$8,188,638,000

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conference
Other Procurement, Air Force				
30 MM Training.....	67,164	59,444	67,164	63,000
Timer Actuator Fin Fuze.....	3,334		3,334	
Bomb Hard Target 2,000 lb.....	31,877	51,377	31,877	31,877
MK-84 Bomb-Empty.....		14,700		
MK-84 Bomb-HE.....		31,500		
Bigeye.....	89,487		10,000	10,000
Mobile Arm Recon Vehicle.....	18,200		18,200	
Traffic Control/Landing.....	740	30,740	740	20,740

[in thousands of dollars]

	Budget	House	Senate	Conference
Tactical Air Control Sys Improve.....	137,349	137,349	119,998	119,998
OTH-B-Radar.....	161,038		161,038	161,038
Automatic Data Processing Equip.....	82,716	54,716	67,716	67,716
MAC Command and Control Support.....	24,708	20,408	24,708	20,408
Weapons Storage/Security.....	36,847	18,400	32,847	32,847
Range Improvements.....	134,952	119,952	109,952	119,952
CMD Center Processing/Display Sys.....	23,553		23,553	23,553
Mistar.....	73,394	73,394	65,994	73,394
Spares and Repair Parts (Comm and Elec).....	215,722	204,045	200,000	200,000
Chemical/Biological Def Prog.....	95,766	95,766	75,766	88,466
Medical/Dental Equipment.....	116,207	116,207	100,000	110,000
General Reduction.....			-4,522	
Intelligence Production Activity.....	92,363	87,863	88,363	92,363
Selected Activities.....	4,636,700	4,657,201	4,603,100	4,619,801
Special Update Program.....	139,168	121,468	139,168	130,968
Misc Equipment.....	16,664	16,664	8,400	16,664

MOBILE ARMORED RECONNAISSANCE VEHICLE

The conferees deny without prejudice initial procurement funding for the Mobile Armored Reconnaissance Vehicle (MARV). The conferees have the following concerns about this program:

1. Affordability. Initial procurement unit costs for the MARV are close to \$1 million. Even if unit costs decrease in future procurements, the total program cost for MARV will likely be in excess of \$200 million to procure the stated Air Force requirement of 283 vehicles. The concern about affordability is evidenced by the current procurement profile which funds only a fraction of the requirement at very low annual procurement rates.

2. Explosive Ordnance Disposal Personnel Shortfalls. The Air Force has a significant shortfall of EOD technician and augmentee personnel. Unless this shortfall is corrected, it makes little sense to procure equipment which they are to use.

3. Concurrency. Testing of prototype vehicles is not scheduled to begin until the middle of next year and a production decision is not scheduled until fiscal year 1990.

4. Alternatives. The Air Force is looking at alternative guns to the .50 cal. machine guns included on the prototype vehicles.

The conferees note that the research and development requirements for this program are fully funded. If the concerns raised are satisfactorily addressed and resolved, the Committees will consider a reprogramming to initiate procurement funding.

COMBINED EFFECTS MUNITION (CEM)

The conferees note that dual-sourcing on the Combined Effects Munition (CEM) program has reduced its unit cost from roughly \$120,000 in 1982 to about \$15,000 today. The result has made the CEM one of the most cost-effective munitions programs within the DoD. The conferees are concerned that a revision in this competition policy for the fiscal year 1989 procurement, particularly in light of an incoming Administration and the need for a reevaluation of overall munitions and ammunition requirements, could

harm the industrial mobilization base and increase costs based upon dated fiscal year 1990-94 procurement plans. Therefore, the conferees direct the Air Force to maintain the dual-source competitive procurement of CEM in 1989 and present and justify any future plan to competitively down-select to one manufacturer when presenting the fiscal year 1990 budget before the Congress.

TRAFFIC CONTROL/LANDING

The conferees agree to provide \$20,740,000 for Traffic Control Landing, of which \$20,000,000 is for initial Air Force procurement of the New Mobile Radar. This action provides the Air Force radar equipment common to the Marine Corps and permits acquisition under advantageous prices under an existing contract option.

MAC COMMAND AND CONTROL

The conferees agree to provide \$20,408,000 for MAC Command and Control, as proposed by the House. This funding level supports a low rate of initial production for the Automatic Computer Processor (ACP), which is consistent with timely implementation of the new interoperability standards. The conferees direct the Department of Defense to report to the Committees on Appropriations by March 1, 1989 on the status of the interoperability standard implementation.

DISTANT EARLY WARNING/NORTH WARNING

The conferees agree to provide \$203,173,000 for Distant Early Warning/North Warning. The conferees generally agree with the House requirement for the Air Force to report the results of operational tests prior to obligation of fiscal year 1989 appropriations. If, however, after completion of the DT&E phase of acquisition, the Air Force determines that procurement of long lead time items is necessary to achieve the two year completion date incorporated in the MOU and the existing contract, then the Air Force should submit such a request to the Committees on Appropriations.

RANGE IMPROVEMENTS

The conferees agree to provide \$119,952,000 for Range Improvements. The conferees agree that the Air Force should proceed with the Crow Valley ACMI program up to a level of \$13,500,000 for fiscal year 1989, in addition to available prior year appropriations, and establish this program as an item of interest. No funds shall be available for the NATO ACMI upgrade, and the Air Force should proceed to negotiate a cost sharing arrangement for this initiative with NATO allies that utilize this facility. The conferees support this upgrade and will consider funding upon presentation of a cost-sharing agreement. Of the funds provided, \$13,000,000 will be available only for the Air National Guard air-to-ground training range described in the Senate report. The conferees concur with House language directing the Air Force to report by December 1, 1988 on its acquisition plan for two Ground Jammer Units.

the Congress of an Air-to-Air Missile Technology Master Plan, which is to be submitted by March 1, 1989. This plan must include a full description of all AAM RDT&E activities funded by each service in budget categories 6.2, 6.3, and 6.4, and must address the issue of compatibility with the Advanced Tactical Fighter. The conferees direct the Air Force and Navy to establish a joint program office for co-development of the AAAM and P³I AMRAAM programs, as required in the Fiscal Year 1989 Defense Authorization Act. Funds for the Air Force Advanced Missile Technology Integration (AMTI) project are specifically denied.

FIBER OPTIC TECHNOLOGY

The conferees are concerned that the "one-of-a-kind" high technology small businesses with proven research and development, engineering and manufacturing expertise are not able to compete with the larger firms for Defense fiber optic production contracts. The domestic fiber optics industry is a critical component of the U.S. defense industrial base. In order to protect the small business segment of the industry and to preserve competition and innovative R&D at the small business level, the Department of Defense is urged to ensure equitable participation by qualified one-of-a-kind fiber optic small business bidders in DoD procurements involving procurement of fiber optic products, devices and technology—i.e., in situations where there is only one fiber optic small business bidder. In addition, the conferees direct the Department of Defense to review this issue and report back to the Committees on Appropriations by 1 March 1989 on what can be done to preserve competition and innovative R&D at the small business level. This report should address, but not be limited to, possible business set-asides for the one-of-a-kind fiber optic small business bidder, a 10 percent preference for a one-of-a-kind fiber optic small business bidder and special consideration in the evaluation of bids by prime contract bidders who include in their proposals plans to subcontract to a fiber optic small business.

ELECTRONIC SURVEILLANCE SYSTEM

Congress has previously provided funds for the Electronic Surveillance System program. The conferees direct that this program proceed in accordance with Congressional direction and funding provided in previous years.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

Amendment No. 71: Reported in technical disagreement. The managers of the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: **\$5,130,166,000**

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conf
Research Development Test and Eval Army				
Materials technology.....	12,963	12,963	11,038	11,038
Electronic survivability and fuzing technology.....	40,895	40,895	37,398	37,398
Missile technology.....	25,741	25,741	21,828	21,828
Night vision technology.....	22,825	22,825	25,325	25,325
Military engineering technology.....	46,975	40,000	46,975	40,000
Manpower/personnel/training technology.....	17,865	17,865	16,018	16,018
Logistics technology.....	42,064	38,000	42,064	38,000
Weapons and munitions advanced technology.....	39,440	39,440	59,440	59,440
Human factors/personnel/training advanced technology.....	30,544	30,544	29,544	29,544
Acquired immune deficiency syndrome (AIDS) research.....	8,823	8,823	27,000	27,000
Army Development and Employment Agency.....	1,988	4,988		
Landmine warfare and barrier advanced technology.....	9,079	11,579	9,079	9,079
Army battlefield technology integration.....	9,601	9,601	7,434	7,434
Electronic warfare adv tech dev.....			4,000	4,000
Electronic warfare—eng dev.....			2,000	2,000
Battery technology.....		1,144		1,144
Common integrated electronic warfare system.....		2,000		2,000
Classified programs.....	80,108	77,108	70,108	70,108
Antitactical missile system.....	31,514	20,704	31,514	31,514
Advanced anti-tank weapons system.....	21,763	11,013	51,763	51,763
Hypervelocity missile.....			40,000	40,000
Evolutionary surface-to-air missiles—adv dev.....	3,053	3,053		
Armored family of vehicles—advanced development.....	997	997		
Physical security.....	2,794		2,794	2,794
Forward area air defense (FAAD) system.....	164,212	194,212	184,212	194,212
Follow-on lance—adv. dev.....	14,962	4,962	7,481	7,481
Army tactical missile system (Army TACMS).....	84,437	81,437	55,737	55,737
Army tactical missile system block II upgrade.....			10,000	10,000
MIA development program.....			30,000	30,000
Night vision systems—eng dev.....	16,588	19,588	16,588	16,588
Physical security.....	3,755		3,755	3,755
Air Defense Command, Control and Intell/eng dev.....	98,291	93,000	98,291	93,000
IT surveillance/target attack radar system.....	19,182	19,182	23,782	23,782
Weapons and munitions—eng dev.....	132,595	157,595	132,595	157,595
Chemical systems—eng dev.....	37,649	30,000	37,649	30,000
Adv field artillery tactical data system.....	17,717	17,717	12,717	12,717
Combat vehicle improvement programs.....	82,837	97,837	96,737	96,737
Air defense C21 mods.....	8,661		8,661	8,661
Aircraft modifications/product improvement programs.....	135,460	40,897	94,563	94,563
Weapons and munitions equipment upgrade program.....	4,833	19,833	2,424	2,424
ITV Hellfire modernization.....			6,000	6,000
TACJAM.....			11,000	11,000
Close air support.....			10,000	10,000
Dragon III.....				
Classified programs.....	726,289	712,389	726,289	712,389
Classified programs.....	5,288	4,092	5,288	4,092
Kwajalein missile range.....	164,855	156,000	158,855	156,000
Army user test instrumentation and threat simulators.....	63,936	103,736	43,936	43,936
International cooperative research and development.....	1,136	1,136		
Real property maintenance—RDT&E.....	161,974	161,974	146,974	146,974
Management headquarters (R&D).....	13,616	10,600	9,936	9,936
RDT&E—minor construction undistributed reduction.....			—15,529	—15,529
Guard Reserve unique R&D.....		5,000		5,000
Maxi cube cargo handling system.....				

MILITARY ENGINEERING AND LOGISTICS TECHNOLOGY PROGRAMS

The conferees agree to reductions due to fiscal constraints from the amounts requested in the budget, while allowing moderate growth over fiscal year 1988 funding levels. The conferees expect that no reductions in force be undertaken to achieve the necessary savings. Adverse effects on small and disadvantaged businesses should be minimized. The conferees invite the Army to submit a reprogramming request, if necessary, if it can better justify the need for higher funding levels in fiscal year 1989.

ARMY DEVELOPMENT AND EMPLOYMENT AGENCY (ADEA)

The conferees agree to the House funding and report language on ADEA. The report to be submitted by April 1, 1989 should specifically address the roles, missions, clients, and funding for ADEA in order to assist the Appropriations Committees next year in evaluating its effectiveness and utility to the CINCs. The report should demonstrate that there is no duplication of activities between ADEA and other Army organizations.

MEDICAL IMMUNOLOGICAL RESEARCH

The conferees recommend \$2,000,000 for the purpose of expanding the capabilities of medical research in both basic and clinical immunology, in order to improve diagnosis and treatment of a variety of disease states. These funds are to be used to continue the development (including the development of a clinical research immunodiagnostic laboratory and research unit) of a medical research institute dedicated to both basic and clinical research in immunology as part of a public 501-3C medical research organization.

ARMY CONCEPTS ANALYSIS AGENCY

The conferees are advised that the Army intends to move the Concepts Analysis Agency from its present site. Relocation of this critical operation should maximize the value of existing Department of Defense and academic computer and training resources. Recognizing the Department of Defense Ada computer language education capabilities and the artificial intelligence laboratory at West Virginia University, the proximity of the Defense Software Engineering Institute, along with the relocation of the U.S. Coast Guard computer operations center, the conferees direct the Army to consider and evaluate potential sites for this evaluation to the Committees on Appropriations prior to any determination of relocation and not later than January 31, 1989.

ROBOTICS

The conferees agree that the Services' robotics programs appear to be fragmented, uncoordinated, and possible too sophisticated in view of the lack of definitive requirements from those organizations which would employ such capabilities in the future in combat. The Deputy Secretary of Defense for Tactical Warfare Programs should assume the role of focusing these technology efforts. A master plan should be submitted to the Appropriations Committees by May 1, 1989 which addresses the management structure for

robotics technology, a description of each technology base or advanced development robotics project which is funded in the budget along with its five year funding profile, the mission requirements that each project is expected to meet, and the Department's initiatives to advance joint robotics programs or joint developmental efforts. The Committees are most interested in the utility of such projects to the ultimate using commands, the integration of such technology with combat tactics, the coordination and sharing of robotics research between the Services, and the elimination of unnecessary duplication among projects. Due to this enhanced management attention, the conferees expect that at least one current advanced development robotics project will be terminated. The conferees further agree to a general reduction of \$1,000,000 in the Army Battlefield Technology Integration program.

EVOLUTIONARY SURFACE-TO-AIR MISSILE

The conferees agree to the Senate language on the Army's Evolutionary Surface-to-Air Missile (ESAM) about pursuing a joint program with NATO allies under an equitable cost sharing arrangement. While providing no new funds, the conferees agree that the program may be financed from within available funds in fiscal year 1989 only for the purpose of advanced planning and not as part of a separate program.

ANTITACTICAL MISSILE

The conferees agree to provide the full budget request of \$31,514,000 and expect that a master plan will be submitted as required by the House. The conferees further agree that the coordination and duplication issues between the Army and SDI as discussed in the Senate report. However, the conferees do not agree to obligation restrictions on these programs.

ADVANCED ANTITANK WEAPON SYSTEM—MEDIUM INTERLOCK DEVICE

The conferees are concerned that AAWS-M missiles could at some point be obtained and used by terrorists for purposes counter to the security interests of the United States. Evidence suggests that it may be possible to incorporate an electronic enabling capability, which would prevent unauthorized use of the missile, into AAWS-M at little or no increase in unit flyaway cost if it is included in the original design. The conferees therefore urge the Army, after down-selection has occurred, to require AAWS-M to include such a capability unless it would result in substantial program cost increase or delay.

ANTI-ARMOR INITIATIVES

The conferees do not agree to the Senate language which restricts obligation of certain anti-armor funds until submission of information required by the fiscal year 1988 appropriations conference report. However, the conferees are dissatisfied with the justification for the Advanced Anti-Tank Weapon System—Heavy (AAWS-H), the lack of a coherent acquisition strategy for the program, and the tardiness of submission of the required information to the Congress. Therefore, none of the funds appropriated for

provements on a case-by-case basis as the threat evolves and as future shipbuilding plans change. The Navy is also reminded to advise the Congress prior to the issuance of amplifying instructions which go beyond the scope of Congressional bill or report language directions.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conference
Research Development Test and Eval Navy				
In-house independent laboratory research	23,763	23,763	21,386	23,763
Defense research sciences	332,989	332,989	330,968	332,989
Aircraft technology	22,468	22,468	21,636	21,636
Marine Corps Landing Force technology	15,223	15,223	15,623	15,623
Mission support technology	29,055	29,055	31,155	31,155
Systems support technology	57,474	60,474	57,874	60,874
ASW technology	92,041	102,041	92,041	102,041
Ship propulsion system	14,842	12,000	14,842	14,842
Medical development	18,608	21,108	18,608	21,108
Manpower and personnel systems	3,976	3,230	3,976	3,230
Generic logistics R&D technology demonstrations	19,865	15,665	26,865	22,665
Education and training	6,153	5,380	6,153	5,380
Marine Corps advanced manpower/training systems	5,106	4,106	3,106	3,106
ARIADNE	11,541	11,541	11,541	
Advanced technology transition	57,170	60,170	57,170	57,170
Trident II	580,889	560,889	580,889	575,000
Fleet ballistic missile system	38,733	31,420	38,733	31,420
Skupper enhancements	1,190	15,990	11,190	15,990
V-22A		5,000		5,000
Advanced A/L air-to-surface missile system	22,581	38,481	22,581	22,581
Advanced air-to-air missile (AAAM)	30,374		30,374	30,374
Surface ship point defense integration			4,000	3,000
Retract Juniper	37,722	41,722	37,722	41,722
Surface ASW	72,750	72,750	55,569	72,750
Ship development	10,886	10,886	5,086	5,086
Attack submarine development	13,640		13,640	13,640
Physical security	6,345		7,145	
Joint advanced systems	236,620	209,020	252,020	252,020
Tactical nuclear development	10,405	6,035	10,405	10,405
Marine Corps ground combat/support system	6,658	4,131	6,658	6,658
MK-48 ADCAP (ADV)			27,682	
ASW signal processing	13,536	13,536	15,636	15,636
Advanced marine biological system	5,819	6,300	5,819	6,300
Command and control systems	27,504	37,504	27,504	37,504
Facilities improvement	4,037	4,037	7,737	7,737
Satellite laser communications	5,269	15,000	25,269	25,269
Retract MAPLE	81,697	81,697	111,697	121,697
Warfare systems architecture and engineering	11,225	10,172	10,124	10,124
Standard avionics development	12,122	17,122	12,822	13,822
IFF system development	25,234	16,026	25,026	21,026
Support equipment	68,979	68,979	70,779	70,779
P-3 modernization program	204,820	199,720	204,820	202,270
Electronic warfare simulator development	38,751	38,751	18,751	18,751
EW Development	189,814	189,814	189,814	189,814
SEA Lance	50,000	65,000	80,287	80,287
Vertical launch ASROC	30,287	30,287		30,287
Air control	18,028	18,028	19,428	19,428
Radar surveillance equipment	6,124	10,124	6,124	7,124
SSN-21 developments	195,080	190,000	189,800	190,000
Physical security (engineering)	12,086		12,686	
Ship subsystem development land-based test site	58,667	58,667	57,367	58,667
Standard embedded computer resources	13,193	7,829	13,193	7,829

(In thousands of dollars)

	Budget	House	Senate	Conference
Unguided conventional air-launched weapons	2,019		2,019	2,019
Marine Corps assault vehicles	20,025	30,025	20,025	20,025
MK 48 ADCAP (engineering)	27,682		27,682	27,682
Initial trainer acquisition	56,749		61,649	61,649
Marine Corps combat services support	22,390	22,390	22,790	22,790
IT interoperability of tactical commands control sys	265		265	
Fleet telecommunications (tactical)	2,533	5,533	2,533	4,833
Navy cover and deception program		1,000		
F-14 upgrade	151,904	134,000	154,504	154,504
Marine Corps ground combat/supporting arms systems	43,851	32,890	38,371	38,371
Force enhancement—active	19,731	29,131	19,731	29,131
AIF—adv tactical fighter		15,000		65,000
Navy oceanography program			3,000	3,000
Oceanographic and meteor instrumentation			2,000	2,000
Warfare support system	33,285	23,285	33,285	28,285
Classified programs	571,595	608,984	570,095	597,134
Environmental protection	5,814	5,814	6,214	6,214
International RDT&E	3,693	3,693	1,248	3,248
RDT&E instrumentation and materiel support	29,915	29,915	8,896	29,915
Test and evaluation support	325,365	325,365	320,100	325,365
Industrial preparedness	43,482	43,482	43,682	43,682
General reduction				22,000

MK-48 ADCAP (ENGINEERING)

The conferees agree to provide \$27,682,000 for MK-48 ADCAP. Since the work to be conducted is more appropriately budgeted under advanced development, the conferees direct the Navy to redesignate this program element as "MK-48 ADCAP (Advanced)".

ADVANCED TECHNOLOGY TRANSITION

The conferees agree to provide \$57,170,000 for Advanced Technology Transition. Within the amount appropriated, \$3,000,000 is provided only for the MK-50 Follow-Through Warhead project.

STANDARD AVIONICS DEVELOPMENT

The conferees agree to provide \$13,822,000 for Standard Avionics Development. Of the amount appropriated, \$4,000,000 is provided only for the AYK-14 project.

IFF SYSTEM DEVELOPMENT

The conferees agree to provide \$21,026,000 for IFF System Development. The amount provided above the House recommendation is only for the OSD-sponsored program to develop a noncooperative identification technique with the potential to positively identify hostile and civil aircraft. Further discussion is included in the classified annex to this statement. No funds may be obligated for this project until a report is submitted to the Congress which describes the project's objectives, schedules, and costs. In addition, no funds are provided for the ARTIS project.

WARFARE SUPPORT SYSTEM

The conferees agree to provide \$28,285,000 for Warfare Support System. The reduction is based upon significant delays in the Relocatable Over-the-Horizon Radar (ROTHR) project. The conferees do not believe, and do not intend, that this reduction would delay deployment of the initial ROTHR system to Amchitka, Alaska.

CATAPULTS

The conferees agree with language of the Senate that within the amount appropriated for Catapults, \$3,500,000 is provided only for development of the Electromagnetic (EM) Catapult. Furthermore, the conferees oppose the reprogramming or reallocation of any of the fiscal year 1988 funds provided for the EM Catapult, and find unacceptable the current Plan of Action and Milestones for this effort. The conferees agree not to restrict obligations for this program as proposed by the Senate, since the required report has been submitted. However, the Navy is strongly encouraged to move out more aggressively on this program and to revise the Plan of Action and Milestones in accord with Congressional intent and directions.

INTERNATIONAL RDT&E

The conferees agree to provide \$3,248,000 for International RDT&E. Within the amount appropriated, the budget request level of \$1,248,000 is provided only for the SACLANT ASW Research Center.

NAVY INDUSTRIALLY FUNDED ACTIVITY ADJUSTMENTS

The conferees agree to the Navy Industrially Funded Activity Adjustments as proposed by the Senate. These minor adjustments are reflected in the conference agreement for each of the fifteen program elements described on pages 246-247 of Senate Report 100-402.

MARINE CORPS GROUND COMBAT/SUPPORTING ARMS SYSTEMS

The conferees agree to provide \$38,371,000 of which \$5,481,000 is for development of the Dragon III anti-tank system. The conferees also agree to provide \$5,480,000 in RDT&E Army for the same purpose. The sum of these amounts, \$10,961,000, is the amount originally requested and authorized for Dragon III. The conferees agree that Dragon III is to be managed jointly by the Marine Corps and the Army, with the Marine Corps as executive agent. Dragon III development funds are not to be used for facilitization, long lead, low rate production, or to otherwise begin production activities. A possible decision in the future to enter into production for Dragon III could only be made with the prior approval of the Congress, and only if the Army's Advanced Antitank Weapon System—Medium (AAWS-M) system encounters excessive cost growth or severe technical difficulties. In allowing Dragon III development to proceed, the conferees note that Congressional support for the Army's AAWS-M program is in no way diminished by this action.

DEFENSE RESEARCH SCIENCES—NAVY

The conferees agree to provide \$332,989,000 for Defense Research Sciences—Navy. The conferees direct that, within the amount appropriated, oceanographic research projects are to be allocated funding at the budget request level.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

Amendment No. 76: Deletes Senate heading entitled "(Included in Transfer of Funds)".

Amendment No. 77: Reported in technical disagreement. The managers on the part of the House will offer a motion to reconsider and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed by said amendment, insert the sum of **\$14,502,347,000**

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate
Research, development, test, and evaluation AF			
In-house laboratory independent research	10,223	15,223	2,249
Aerospace flight dynamics	69,269	69,269	69,207
Human systems technology	49,801	49,801	49,739
Aerospace propulsion	64,531	64,531	64,056
Aerospace avionics	66,467	64,467	66,017
Rocket propulsion	39,152	36,632	34,515
Command control and communications	85,181	81,181	85,181
Logistics systems technology	16,436	13,436	16,436
Advanced avionics for aerospace vehicles	30,114	25,114	28,310
Aerospace propulsion and power technology	32,666	29,066	32,666
Personnel, training and simulation technology	8,038	8,038	7,463
Crew systems and personnel protection technology	22,259	22,259	20,459
Lincoln Laboratory	25,132	23,132	25,132
Advanced avionics integration	14,028	14,028	2,895
National aero space plane technology program	244,767	244,767	189,405
Space and missile rocket propulsion	8,995	6,895	8,995
Very high speed integrated circuits	44,086	54,086	44,086
Conventional weapons	25,301	12,301	23,501
Advanced weapons technology	74,494	74,494	74,494
Advanced computer technology	10,239	7,239	10,239
Advanced strategic missile systems	151,836	151,836	143,836
Short range attack missile II (SRAM II)	231,467	216,467	201,467
B-1B integration activities			15,000
Common strategic rotary launcher	946		946
ICBM modernization	1,032,891	732,891	790,000
Peacekeeper	(40,000)	(32,891)	(40,000)
Small ICBM	(290,000)	(600,000)	(50,000)
Rail mobile MX	(792,891)	(100,000)	(686,900)
Unallocated			(13,100)
Strategic conventional standoff capability (SCSC)	10,000	10,000	
Space defense system		-16,000	
PACCS and WWABNCP system EC-135 class V mods	1,210	1,210	8,710
War planning automated data processing (ADP)—SAC	20,298	10,298	20,298
NCMC—TW/AA systems	70,616	23,216	70,616
Spacecraft	9,357	8,357	12,357
Defense support program	84,132	119,132	84,132

(In thousands of dollars)

	Budget	House	Senate	Conference
Command center processing and display system	26,939	24,700	26,939	26,939
Advanced tactical fighter	702,283	702,283	682,483	692,283
DOD physical security equipment—exterior	936		936	
Engine model derivative program (EMDP)	957		557	957
C-17 program	961,067	941,067	936,337	941,067
Tanker, transport, bomber training system	4,500		4,500	4,500
Infrared search and track system	4,872	3,872	4,872	4,872
Variable stability in-flight simulator test aircraft	11,869		11,869	8,000
Joint integrated avionics (including ICNIA)		50,000		34,700
Modular automatic test equipment	13,289	9,289	13,289	11,300
EW development	127,178	117,178	93,188	98,000
Advanced short range air-to-air missile (ASRAAM)	4,171	4,171	1,000	1,000
Chemical/biological defense equipment	17,661	14,661	17,661	19,000
Air base operability	17,018	14,018	17,018	14,018
DOD physical security equipment—exterior	5,144		5,144	
Combat identification systems	107,196	85,196	107,196	85,196
Surface defense suppression	39,787	39,787	36,087	39,787
Joint tactical information distribution system (JTIDS)	64,710	40,410	64,710	50,410
F-111 squadrons	21,541	15,541	21,541	21,541
F-4G wild weasel squadrons	21,287	18,287	8,387	8,387
TR-1 squadron	102,208	92,208	102,208	102,208
TACIT rainbow	39,323	15,000	39,323	39,323
Airborne warning and control system (AWACS)	174,774	144,774	80,374	119,000
Seek spinner		50,000		20,000
Classified programs	731,013	727,013	753,013	760,013
Defense satellite communications system	38,061	35,661	38,061	35,661
Traffic control, approach, and landing system (TRACALS)	25,114	30,114	25,114	30,114
NAVSTAR global positioning system (user equipment)	50,150	43,250	50,150	47,700
NAVSTAR global positioning system (space and controls)	53,232	15,332	48,232	48,232
Undistributed reduction (GPS, DSCS, DMSP, DSP)			-10,000	
Classified programs	1,845,762	1,868,512	2,006,862	1,902,362
Satellite system survivability	3,784	9,084	3,784	5,300
Flight simulator development	72,800	60,800	72,800	66,800
R&M maturation/technology insertion	20,760	18,760	20,760	18,760
Range improvement	40,065	66,265	20,065	20,065
Improved capability for development test and evaluation	50,708	50,708	50,406	50,708
Project Air Force	21,992	18,992	21,992	21,992
Test and evaluation support	298,087	298,087	295,590	298,087
Advanced systems engineering/planning	14,431	13,431	13,271	13,271
RDT&E aircraft support	57,826	52,826	57,826	52,826
Real property maintenance—RDT&E	81,881	75,000	81,881	79,000
Base operations—RDT&E	61,543	58,543	61,543	60,000
RDT&E minor construction (undistributed reduction)			-9,443	
Edwards AFB MSC uninterruptible power supply			-150	
Satellite control facility	100,803	91,903	100,803	89,303
Space boosters	488,785	473,185	503,085	483,485
Consolidated Space Operations Center	44,085	29,085	44,085	35,745
Defense meteorological satellite program (DMSP)	53,364	93,564	53,364	53,364
Productivity, reliability, availability, maintain, pro	16,398	15,398	16,398	15,398
International activities	3,737	3,737	2,737	3,123
Leased equipment		-30,000		-30,000

ADVANCED AVIONICS INTEGRATION

The conferees agree to provide \$11,000,000. No reduction was made in the Ultra-Reliable Radar and Concealed Relocatable Target Detection Radar System projects.

B-1B INTEGRATION ACTIVITIES

The conferees agree to provide no funds in fiscal year 1989 to begin an upgrade to the B-1B bomber electronic warfare system. This action is taken because no funds were requested by the Air Force, there are significant unobligated balances remaining in the B-1 development program, and justification to the Congress for a proposed solution and its ultimate cost would first be required. The conferees understand that the Defense Department is currently conducting an evaluation of possible alternatives and should be able to provide recommendations to the Congress as part of the fiscal year 1990 budget. A plan should be submitted to the Armed Services and Appropriations Committees of Congress to accompany the budget submission which provides a detailed analysis of each existing system (e.g. ALQ-135, ALQ-161, ALQ-165, ALQ-172) considered, to include capabilities and costs, and to support any proposed recommendations. The plan should also address how unobligated funds from the ALQ-161 development and testing program, which are now excess due to recent decisions to forego continued block development upgrades, would be utilized under the Department's proposal.

EC-135 MODIFICATIONS

The conferees agree to provide an additional \$7,500,000 as proposed by the Senate as discussed in the Aircraft Procurement, Air Force section of this report.

CHEYENNE MOUNTAIN UPGRADES

The conferees are concerned with the Department of Defense's lack of management attention to computer upgrades at Cheyenne Mountain, which is the nation's primary facility for assessment of a nuclear attack on the United States. The General Accounting Office has recently indicated that the five concurrent computer upgrades, some of which individually will cost in the hundreds of millions of dollars, are not well coordinated. For example, different workload assumptions for determining the speed and size of computers were used in contracts even though the systems are interrelated; standards and protocols between the systems are not common although they must be in order to share information; and wiring standards within the complex are not in place. In addition, the Air Force continues to award new work to contractors on a fixed cost incentive basis even though those contractors have not met contract specifications for existing work. The conferees note that by fragmenting the computer upgrades into separate projects funded in separate line items, the Defense Department has avoided subjecting these important systems to the cost and management discipline inherent in a review from the Defense Acquisition Board. In spite of the very serious problems raised by the GAO, the conferees have decided to make no funding reductions as the House had proposed in the NCMC-TW/AA or CCPDS programs. Instead, the programs may proceed only with the understanding that the Defense Acquisition Board will consolidate the individual upgrades into a single integrated program, consolidate all funding into a single line item for each affected appropriation, conduct a manage-

opment will be included in RDT&E appropriations accounts and not missile procurement. With this understanding, the House recedes from its certification requirement regarding the SRMU project.

The conferees also agreed to modify the Senate's restriction on the use of funds in this program until the President submits the National Space Plan requested in the Joint Explanatory Statement of the Conference on the Department of Defense Appropriations Act, 1988. The conferees agree that the obligation and expenditure of more than fifty percent of the fiscal year 1989 funds for the Space Boosters program shall be prohibited until the President submits the previously-requested plan or until the Secretary of Defense submits a Department of Defense plan addressing the same subjects, along with an explanation as to why issues could not be resolved satisfactorily within the Executive Branch to permit submission of the originally-requested document.

Amendment No. 78: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

Restore the matter stricken by said amendment to read as follows: *Provided, That \$2,000,000 shall be available only for development of high thermal stability and/or endothermic jet fuels, including studies on coal based fuels: Provided further, That of the funds appropriated in this paragraph, \$890,000,000 shall be available for ICBM modernization programs as follows:*

(1) *\$40,000,000 shall be available for continued development and flight testing of the MX missile;*

(2) *\$250,000,000 shall be available for the Small ICBM program; and*

(3) *\$600,000,000 shall be available for the MX Rail Garrison program and of the \$600,000,000 available for the MX Rail Garrison program, the amount obligated before February 15, 1989, may not exceed \$250,000,000: Provided further, That during the period beginning on January 21, 1989, and ending on February 15, 1989, the President shall submit to the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives a report on—*

(1) *anticipated obligations for the remainder of fiscal year 1989 for the small ICBM program, the MX Rail-Garrison program, and other ICBM modernization programs; and*

(2) *the purposes those obligations are intended to accomplish*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees agree to fund continued development and flight testing of the MX missile at the requested amount, to appropriate \$250 million for the small ICBM program, and to appropriate \$600 million for the Rail-Garrison MX program. The conferees also agree to restrict the amount that could be obligated before February 15, 1989 for the Rail-Garrison MX program to no more than \$250 million. Finally, the conferees ask the President to submit a report to the Committees on Armed Services and Appropriations between January 21, 1989 and February 15, 1989 on how funds for

ICBM modernization will be obligated for the remainder of fiscal year 1989.

In the event the President does not choose to spend the balance of unobligated funds for the Rail-Garrison MX program, the conferees will consider a request for reprogramming.

The conferees direct the Secretary of Defense not to terminate either program prior to January 21, 1989. Within these funding limitations, the conferees direct the Secretary to exercise his best management efforts to keep the contractor base for each program as intact as possible, and to continue studies and analyses of other ICBM basing and operational modes. Within the funding limits for the small ICBM program, the conferees also direct the Air Force to carry out the schedule of activities it has planned under the amended budget request, plus any additional activities to facilitate transition to a more rapidly paced program, should the President choose that course.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES

Amendment No. 79: Includes a hearing for the transfer of funds as proposed by the Senate.

Amendment No. 80: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: **\$8,427,908,000**

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

Research Development Test & Eval Def AG				
Defense research sciences	89,492	84,240	89,492	86,900
In-house laboratory independent research	2,070	2,633	2,070	2,070
Strategic technology	227,640	252,361	352,140	311,490
Nuclear monitoring	22,600	37,600	22,600	37,600
Defense nuclear agency	346,848	314,289	321,885	317,000
Environmental hazard research			16,500	16,500
Case:				3,000
Adv submarine tech		114,000		95,000
Adv ASW tech		40,000		15,000
Tech exploitation		4,000		2,000
Classified program		54,000		40,000
Physical security (EXP)		10,000		
Physical security (ADV)		13,000		
Physical security		17,000		35,000
Lighter than air technology (DARPA)		30,000		30,000
Strategic defense initiative (SDI)	4,521,121	3,183,000	3,967,000	3,717,000
Joint DOD-DOE munitions technology development	7,716		20,000	17,000
Experimental evaluation of major innovative tech	225,046	234,800	162,046	238,896
Balanced technology initiative	238,000	100,000	301,100	238,000
Cooperative DOD/VA medical research		20,000		17,000
Consolidated DOD software initiatives	37,170	64,315	45,320	51,110

(In thousands of dollars)

Air defense initiative	213,574	173,574	153,574	158,574
Joint standoff weapons program	15,900		72,804	33,900
Joint remotely piloted vehicles program	34,766	34,766		40,916
Joint AAM technology development		60,000		
Classified programs	1,178,121	1,180,258	1,168,121	1,183,992
Semiconductor manufacturing technology	44,785	100,000	44,785	100,000
NATO research and development	200,598	100,000	200,598	154,000
Technical support to USD(A)	18,467	18,467	17,567	17,567
General support for PA&E	2,353	2,353	2,213	2,213
General support for policy	5,747	5,747	5,556	5,556
General support for net assessment	3,812	3,812	3,570	3,812
General support for F&A&P	1,631	1,631	1,555	1,555
Technical support to USD(A)—critical technology	3,968	3,353	3,224	3,224
General support to C3I	2,568	2,568	2,391	2,391
General support for P&I	2,865	2,865	2,598	2,598
Critical technology analysis	4,400	4,400	29,100	23,250
Defense technical information center	23,824	23,824	21,000	22,412
Management headquarters (SDI)	24,790		21,000	21,000
Management headquarters (R&D)	15,497	13,420	15,497	14,458
Infrared focal plane array	23,589	23,589	5,000	9,000
Threat simulator development			60,000	60,000
Optoelectronic materials			14,500	12,500
National security-related space activities			100,000	100,000
Research projects				46,000
General reduction				-6,000

Amendment No. 81: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

Restore the matter stricken by said amendment amended to read as follows: *Provided, That \$95,000,000 shall be made available only for the Advanced Submarine Technology Program as described in section 241 of the National Defense Authorization Act for Fiscal Year 1989 (H.R. 4264), as provided in the conference agreement included in House Report 100-753: Provided further, That the Secretary of Defense shall award the funds made available in this Act for the University Research Initiative Program on the basis of competition; and, that none of the funds may be obligated or expended until the Appropriations and Armed Services Committees of the House and Senate approve a plan submitted by the Secretary of Defense to provide for broader geographic distribution of funds under such program in comparison to the distribution of such funds during fiscal year 1986 and 1987; and sets aside a portion of the funds available for such program for fiscal year 1989 to implement such a plan: Provided further, That section 215(c) of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100-180) is repealed*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 82: Deletes language proposed by the Senate which provides for the transfer and merger of funds for advanced research.

Amendment No. 83: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert: *Provided further, That of funds made available for the Experimental Evaluation of Major Innovative Technologies Program, \$34,000,000 is available only for the purposes of research, development, launch, and on-orbit functional demonstrations with military forces of LIGHTSAT systems and their required low-cost transportable space launch vehicles*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 84: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides for a transfer of \$96,500,000 to the National Aeronautics and Space Administration for the Advanced Launch System program, provides obligational restrictions on that program, and provides \$16,500,000 for bioenvironmental hazards research.

Amendment No. 85: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides for transfer of an additional \$100,000,000 to the National Aeronautics and Space Administration.

Amendment No. 86: Deletes language proposed by the Senate which provided for the transfer of funds for Strategic Defense Initiative Antitactical Ballistic Missile programs to the Army.

Amendment No. 87: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: *Provided further, That of the total amount available for obligation for the Strategic Technology Program, \$20,000,000 shall be made available only for the Defense Advanced Research Projects Agency Initiative in Concurrent Engineering*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 88: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides \$3,500,000 for the National Defense Stockpile Transaction Fund for a grant to the South Carolina Research Authority to construct and equip a strategic materials research facility.

Amendment No. 89: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: *Provided further, That of the amount available for obligation, \$20,000,000 is available only for the X-Ray Lithography Program: Provided further, That of the amount available for obligation, \$9,000,000 is available only for the Center for the Advancement of*

Scientists, Engineers, and Technologists to complete the study that was initiated by the Department of Defense in 1985 for the purpose of determining and testing the factors that increase the supply of minority and women scientists, engineers, and technologists needed by defense industries and the Department of Defense to fulfill the national defense mission: Provided further, That of the amount available for obligation, \$12,500,000 is available only for the Optoelectronics materials research and development program: Provided further, That of the amount available for obligation, \$7,500,000 is available only for the Lehigh University National Center for Industrial Innovation: Provided further, That of the amount available for obligation, \$10,000,000 is available only for establishment of the Auburn University Center for the Management of Technology: Provided further, That of the amount available for obligation, \$10,000,000 is available only for construction costs of a new academic facility on a university campus in the District of Columbia, where there will be established an Institute for Intercultural Security Studies: Provided further, That of the amount available for obligation, \$7,000,000 is available only for the Minnesota Supercomputer Center, Incorporated, which is affiliated with the University of Minnesota, to be matched by local funds for the acquisition, design, testing, integration and advancement of a new supercomputer: Provided further, That of the amount available for obligation, \$10,000,000 shall be made available until expended, as a grant, only for a program begun in fiscal year 1988 to develop an engineering, sciences and technology complex to promote defense industry involvement in manpower training and education, for associated facilities, and for related purposes: Provided further, That of the amount available for obligation, \$1,500,000 is available only for advanced ceramic material fabrication, development, testing and related research at the U.S. Department of Energy's Component Development and Integration Facility.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

STRATEGIC DEFENSE INITIATIVE

The conferees do not agree to bill and report language direction proposed by the Senate which would allocate and govern the use of funds for specific SDI technologies, with the exception of two provisions regarding the Advanced Launch System.

PHYSICAL SECURITY

The conferees agree to provide \$35,000,000 in a single program element for development of improved physical security systems, instead of \$40,000,000 in three programs as proposed by the House and \$36,060,000 in seven programs as proposed by the Senate. The conferees agree to require the Physical Security RDT&E Master Plan as proposed by the House and allow the flexibility to allocate the appropriated amount into separate, OSD-managed program elements for exploratory, advanced, and full-scale development consistent with this plan. All of the appropriated amount is to be under the control of the Assistant Deputy Undersecretary of Defense for Tactical Warfare Programs, in his capacity as Chairman,

Physical Security Equipment Action Group. The consolidation is not intended as a prejudicial comment on existing work of the services or the Defense Nuclear Agency; on the contrary, after coordination, prioritization, and review, much of this work may be selected for continuation by OSD. However, the conferees do intend that the consolidated program prioritize and more aggressively pursue both off-the-shelf and advanced development to address validated security requirements.

ADVANCED SUBMARINE TECHNOLOGY PROGRAM

The conferees do not agree to restrictions on the Advanced Submarine Technology Program as proposed by the House in report language.

LIGHTER THAN AIR TECHNOLOGY

The conferees agree to provide \$30,000,000 for Lighter Than Air Technology. Of the amount provided, \$4,000,000 may be utilized by DARPA for assessment of Lighter Than Air/hybrid technologies.

ADVANCED SATELLITE TECHNOLOGY PROGRAM

The conferees continue to be favorably impressed with the potential of DARPA's Advanced Satellite Technology Program (ASTP) initiative to provide our armed services with new capabilities for research and operational space systems.

The conferees are also impressed with the opportunities afforded by the ASTP initiative to simultaneously offer encouragement to the private sector space commercialization industry. It is therefore recommended that DARPA continue with this program as previously briefed to the Congress and to accentuate involvement of the emerging commercial space industry, in particular private sector launch firms. In that regard, the conferees direct that not less than \$13,000,000 be allocated for SSLV.

EXPERIMENTAL EVALUATION OF MAJOR INNOVATIVE TECHNOLOGIES (EEMIT)

The conferees agree to provide \$238,896,000 for Experimental Evaluation of Major Innovative Technologies (EEMIT) instead of \$234,800,000 as proposed by the House and \$162,046,000 as proposed by the Senate. The following Senate changes to the budget request are agreed to: (A) X-29, -\$2,000,000; (B) Tactical Airborne Laser Communications, +\$25,000,000; (C) Project EE-29, -\$2,550,000; (D) unallocated, -\$6,600,000. The conferees agree that the services may internally reprogram funds for X-29 testing, but not DARPA, since DARPA's objectives in this effort have been accomplished. Concerning Teal Ruby, the conferees do not agree to language of the House which forbids any reprogramming into the project. Instead, it is agreed that no funds may be obligated for Teal Ruby except through prior approval reprogramming. If such reprogramming request is submitted, it must be accompanied by a certification from the Secretary of Defense that sufficient funds are included in the current five year defense plan to complete the Teal Ruby experiment, to include costs for storage, activation launch, on-orbit support, and data analysis. Concerning TALC, it is directed

that \$25,000,000 be allocated to this project. Further discussion of TALC is included in the classified annex to this statement.

STRATEGIC TECHNOLOGY

The conferees agree to provide \$311,490,000 for Strategic Technology instead of \$252,361,000 as proposed by the House and \$352,140,000 as proposed by the Senate. The following changes to the budget request are agreed to: (A) gallium arsenide, +\$18,000,000; (B) broad area search, -\$2,650,000; (C) DARPA Initiative in Concurrent Engineering, +\$20,000,000; (D) High Temperature Superconductivity, +\$16,000,000; (E) "Smart Skins", +\$4,000,000; (F) Advanced Semiconductor Materials, +\$20,000,000; (G) Plasma arc/ferrochromium technology, +\$3,500,000; and (H) Simulation and Training Technology Transfer, +\$5,000,000; The conferees express support for the gallium arsenide project, and in particular the technical insertion activities. It is understood that SDIO will contribute at least \$15,000,000 to this project in fiscal year 1989.

The conferees direct that, within the amount appropriated, \$20,000,000 shall be provided for a continuing program in advanced microelectronics, superconductivity, optoelectronics, and advanced materials research. The conferees further direct that of the funds provided for this program, \$5,000,000 be allocated only for continuation of simulation and training technology transfer activities through the involvement of a university system with a strong base of experience in training and simulation technology transfer that can be quickly mobilized to meet the technology transfer needs of the Defense Department. Such an organization also should be receiving support for training and simulation technology activities from a state and from industry sources and should have facilities, training, and simulation technology research equipment and a full-time, multi-disciplinary staff that includes scientists, engineers, and experts in other appropriate technical and professional disciplines.

CONSOLIDATED DOD SOFTWARE INITIATIVE

The conferees agree to provide \$61,642,000 for Consolidated DoD Software Initiatives instead of \$64,315,000 as proposed by the House and \$45,320,000 as proposed by the Senate. Within the amount appropriated, the following allocations are provided: Ada Technical Insertion Program, \$25,000,000, to include \$10,000,000 for the Ada Language System—Navy project; Software Engineering Institute, \$18,929,000; and STARS \$17,713,000.

BALANCED TECHNOLOGY INITIATIVE

The conferees agree to approve reprogramming request FY88-24N, which concerns additional funding of \$100,000,000 for the Balanced Technology Initiative out of fiscal year 1988 funds, subject to acceptability of the suggested sources.

SEMICONDUCTOR MANUFACTURING TECHNOLOGY

The conferees agree to provide \$100,000,000 for Semiconductor Manufacturing Technology as proposed by the House instead of

\$44,785,000 as proposed by the Senate. Of the amount appropriated, no more than \$25,000,000 may be obligated until a 1989 operating plan for SEMATECH has been submitted by the Defense Advanced Research Projects Agency (DARPA) to the House and Senate Committees on Appropriations, along with DARPA's assessment and approval of the operating plan.

CRITICAL TECHNOLOGY ANALYSIS

The conferees agree to provide \$23,250,000 for Critical Technology Analysis instead of \$4,400,000 as proposed by the House and \$29,100,000 as proposed by the Senate. Changes to the budget request include X-Ray Lithography, +\$20,000,000 and Defense Technology Analysis Office, -\$1,150,000.

SHORT WAVELENGTH REPETITIVE-PULSE EXCIMER LASER

The Strategic Defense Initiative research program has yielded abundant information about several innovative technologies and their potential applicability to identified military functions. Among these technologies is the short wavelength, repetitive-pulse, excimer laser. Accordingly, the conferees believe that if the Department of Defense is committed to realizing the goal of demonstrating the feasibility and effectiveness of this laser program, it should consider the appropriate exercise of prior approval, discretionary reprogramming authority, if necessary, in FY 1989.

ADVANCED TACTICAL PATRIOT

In view of the possible contributions of the Advanced Tactical Patriot system to implement the evolving Army anti-tactical ballistic missile (ATBM) strategy, the conferees would be willing to consider a reprogramming to fund research and development on such a system in fiscal year 1989 once the Army submits its ATBM Master Plan and demonstrates there is no duplication with SDI ATBM activities. Any fiscal year 1989 funding for Advanced Tactical Patriot will be considered subject to a prior approval reprogramming request from the Office of the Secretary of Defense and as long as the ATP program does not interfere with SDI's ATBM program.

DSTAR (INFRARED FOCAL PLANE ARRAY PROGRAM)

Due to funding restrictions and program uncertainties, the Conferees were unable to appropriate the full funding request for the Infrared Focal Plane Array (IRFPA) program in the Defense Advanced Research Projects Agency (DARPA). In view of these uncertainties, the Conferees agree with the language in the Senate Report. In reaching this agreement, however, the Conferees fully support DARPA's actions to develop a viable program to enhance the national capability to manufacture infrared focal plane arrays with military applications. Such a program also could maintain and enhance U.S. competitiveness in this critical technology area. The Conferees strongly encourage DARPA to support fully the IRFPA program in fiscal 1989 with the funds provided, and expect to receive a budget request for fiscal year 1990 for the DSTAR program which resolves the present uncertainties and demonstrates

of any end-strength. Regarding the Navy Manage to Payroll system, the conferees are concerned with the application of payroll allocation methodologies at industrially funded activities. Problems have been identified, particularly with the Navy's Manage to Payroll system at naval shipyards and engineering stations. As noted in a memorandum dated September 19, 1988 from the Comptroller of the Navy, "It has become apparent that for Industrial Fund activities, which experience considerable fluctuation in funded workload levels based on customer requirements, the procedure for justifying additional payroll requirements has not always been utilized and when utilized, has sometimes been perceived as insufficiently responsive." For instance, requests for adjustments to reflect actual workload took a full six months and forced managers either to risk major layoffs if not approved, or defer funded workload.

In order to provide additional flexibility in the operation of industrially funded activities, the conferees direct the services to provide such major claimants with authority to exceed their assigned payroll allocation figure by up to 5 percent without prior outside approval. Activities would be required to provide justification to the service comptroller for such adjustments within two weeks of their implementation. Any adjustment beyond the 5 percent figure would require outside approval as under current operations.

The conferees intend to oversee the application of this direction closely to determine if additional modifications are required to provide both needed flexibility in management and incentives to limit employment to funded workload levels.

Amendment No. 140: Deletes language proposed by the House which provides for the transfer of appropriations into research, development, test, and evaluation accounts to the extent necessary to meet increased pay costs authorized by law.

Amendments Nos. 141 to 144: Changes section numbers.

Amendment No. 145: Provides a ceiling on commissaries in the contiguous United States of 245 as proposed by the Senate instead of 247 as proposed by the House.

Amendments Nos. 146 to 156: Changes section numbers.

Amendment No. 157: Amends section number and restores House language which prohibits funds to contract out any activity currently performed by the Defense Personnel Support Center in Philadelphia, Pennsylvania, until the Committees on Appropriations are notified of the results of the cost analysis of contracting out any such activity.

Amendments Nos. 158 to 164: Changes section numbers.

Amendment No. 165: Deletes House language which provides \$22,300,000 to the Army for procurement of Tactical Army Combat Service Support Computer Systems from unobligated balances in the Automatic Data Processing Equipment Management Fund.

Amendments Nos. 166 to 170: Changes section numbers.

Amendment No. 171: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which allows the Department of Defense to grant civilian employees time off in lieu of pay when they are participating in productivity-based incentive award programs.

Amendment No. 172: Amends section number and restores House language which sets civilian personnel strengths at Army communications and electronics depots.

Amendment No. 173: Changes section number.

Amendments Nos. 174 to 176: Restores three classes of machine tools which are to be purchased in the United States or Canada as proposed by the House.

Amendments Nos. 177 to 178: Changes section numbers.

Amendment No. 179: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

Sec. 8072. Except where specifically increased or decreased elsewhere in this Act, the restrictions contained within appropriations, or provisions affecting appropriations or other funds, available during fiscal year 1989, limiting the amount which may be expended for personnel services, and including pay and allowances of military personnel and civilian employees, or for purposes involving personal services are hereby increased to the extent necessary to meet increased pay costs authorized by or pursuant to law.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendments Nos. 180 to 185: Changes section numbers.

Amendment No. 186: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

(a) None of the funds in this Act may be used to execute a contract for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Reform Initiative that exceeds the total fiscal year 1987 costs for CHAMPUS care provided in California and Hawaii, plus normal and reasonable adjustments for price and program growth.

(b) Notwithstanding section 725 of Public Law 100-180, the preemption provisions of title 10, United States Code, chapter 55, section 1103, shall not be limited to contractual provisions relating to coverage of benefits, but shall apply to any and all contracts entered into pursuant to Solicitation Number MDA-903-87-R-0047 and shall preempt any and all State and local laws or regulations which relate to health insurance or to prepaid health care plans.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

This amendment limits the funds available to execute the CHAMPUS Reform Initiative contract and provides preemption of laws and regulations relating to health insurance and health care plans.

Amendment No. 187: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which exempts the

CHAMPUS Reform Initiative contracts and subcontracts from Hawaii state or local taxes.

Amendments Nos. 188 to 191: Changes section numbers.

Amendment No. 192: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert: : *Provided further, That of the funds appropriated for "Other Procurement, Army" for fiscal year 1988, those funds provided for a supercomputer may only be obligated to purchase a system to be installed at a competitively selected independent academic institution: Provided further, That of the funds appropriated for "Other Procurement, Army" in fiscal year 1989, \$27,400,000 shall be obligated to purchase a supercomputer system to be installed at the United States Army Engineer Waterways Experiment Station.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees accept the Senate language which reaffirmed the intent of the Congress in fiscal year 1988 to provide a supercomputer system for the Army at a competitively selected academic institution. The conferees have worked closely with the Army on this issue, and have reviewed an initial draft of a plan to provide advanced supercomputing capability to meet critical Army research requirements utilizing state of the art systems and components. The conferees urge the Army to proceed with development and execution of this revised strategy. The systems procured with the funds provided will work in concert with the network of supercomputers located on Army installations, maximizing the benefits of both those supercomputers and the special facilities and talents of the academic research center. The proposed research center will be responsible for critical evaluation of emerging computer technologies to satisfy the present and future supercomputing needs of the Army. The Center will manage installation, conduct research, develop training programs and undertake special application projects (in collaboration with industry when required) on a continuing basis. The Army should submit its final acquisition, competition, and installation plan for this project to the Committees on Appropriations not later than 30 days prior to any obligation of the funds provided in fiscal year 1988 for supercomputer procurement.

The conferees further agree to provide funds for the Army to procure a supercomputer at its Corps of Engineers Waterways Experiment Station. It will vastly increase the Army's ability to perform numerical investigations necessary for classification research, development, test, and evaluation studies in the Army's military engineering program. This capability will allow the Army to conduct simulations, modeling, analyses and designs in areas such as M1 tank development, missile structure development, projectile penetrations, ground shocks, blast effects, underwater mine effects, and chemical agent movements in water. The additional capability will also save about \$4,700,000 in funds now spent by the Corps during the first year of operation and over \$50,000,000 over the life of the computer.

Amendments Nos. 193 to 194: Changes section numbers.

Amendment No. 195: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows:

(c) None of the funds appropriated in this Act are available for procurement of mini- and micro-computers for the Army Reserve Component which duplicates functions to be included in the RCAS contract.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees agree to modify the general provision on the Reserve Component Automation System (RCAS) to allow limited procurement of critical mini and micro computers that are needed for Reserve Component functions which do not partially or fully duplicate the capability which is to be provided by the RCAS contract once it is awarded. Under no circumstances is the authority provided by the general provision to be used to network or expand existing or future information systems between the Army Forces Command and the Reserve Components or within the Reserve Components, including electronic mail. Under all circumstances, written notification to the Appropriations Committees of Congress is required prior to obligation of funds.

Amendment No. 196: Restores language proposed by the House and stricken by the Senate but changes the section number. This provision restricts the obligation of funds for fixed-price type development contracts until a written determination is made regarding program risk, prohibits the delegation of this responsibility below the level of Assistant Secretary of Defense, and provides for Congressional notification prior to the issuance of said determination.

Amendments Nos. 197 to 199: Changes section numbers.

Amendments Nos. 200 to 201: Changes the name of certain Navy facilities from Naval Air Rework Facilities to Naval Aviation Depots, as proposed by the Senate.

Amendment No. 202: Deletes House language which prohibited funds to procure either directly or indirectly any goods or services from Toshiba Corporation, from Kongsberg Vapenfabrik, or from any of their subsidiaries.

Amendment No. 203: Changes section number.

Amendment No. 204: Specifies the size of welded shipboard anchor and mooring chain to be purchased in the United States at 4 inches in diameter and under as proposed by the Senate instead of 4¼ inches as proposed by the House.

Amendment No. 205: Changes section number.

Amendment No. 206: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

(a) None of the funds available to the Department of Defense shall be used to enter into any agreement or contract to convert a heating facility at military installations in Europe to district heat,