



NATIONAL DEFENSE  
AUTHORIZATION ACT

HASC COMMUNICATIONS: 52539

## REFORM AND REBUILD: NATIONAL DEFENSE AUTHORIZATION ACT FOR FY18

For 56 years, the National Defense Authorization Act (NDAA) has been the primary way in which Congress executes its Article 1 constitutional obligation to ***“provide for the common defense.”*** The NDAA equips, supplies, and trains our troops; cares for them and their families; and sets national security policy in a dangerous world.

The Fiscal Year 2018 (FY18) NDAA meets all of these commitments, while also continuing to reform the way the Department of Defense operates and organizes, equips our troops, and buys goods and services. It begins a much-needed rebuilding after a half-decade of cuts slashed nearly a quarter of the defense budget while the military remained in steady combat. These cuts, combined with the pace of operations, have driven military readiness to a level that Defense Secretary Mattis said “shocked” him.

Today, we have **too many planes that cannot fly, too many ships that cannot sail, too many Soldiers who cannot deploy, while too many threats are gathering.** We have come to a key decision point. For six years, we have been just getting by -- cutting resources as the world becomes more dangerous, asking more and more of those who serve, and putting off tough choices. **Chairman Thornberry and the Conferees believe that we cannot keep piling missions on our Servicemembers without ensuring they have all they need to succeed.**

The FY18 NDAA Conference Report supports funds for base budget requirements of \$634.2 billion, a \$26.4 billion increase for essential readiness recovery above the President’s combined initial and amended budget requests. This level is informed by in-depth committee oversight, as well as additional requirements identified by the military services and validated by Secretary Mattis. Committee oversight indicates that the Department can efficiently spend these additional funds in FY18.

The series of tragic accidents that struck across the military highlight Conferees’ concerns about the readiness of the Force. Those concerns are further reinforced by extensive Armed Services Committee Oversight. The NDAA addresses important readiness shortfalls including: increased end strength, Aviation Readiness, increased Naval presence, Ground Forces, facilities maintenance, Missile Defense, and critical munitions.

**TABLE 1: FY18 Discretionary Funding Levels**

Purpose (amounts in billions)	NDAAs Levels	National Defense (050)*
DOD Discretionary Base Budget	\$605.5	\$605.5
DOE Discretionary Base Budget	\$20.6	\$20.7
Defense-Related Activities	\$0.3	\$7.9
FY18 Base Budget NDAAs Topline	\$626.4	\$634.2
Overseas Contingency Operations	\$65.7	\$65.7
FY18 Discretionary Topline	\$692.1	\$699.9

\* For comparison purposes. Includes National Defense Budget Function (050) authorizations not within the jurisdiction of the Committee on Armed Services

**TABLE 2: FY18 Discretionary and Mandatory Funding Levels**

Purpose (amounts in billions)	NDAAs Levels	National Defense (050)*
FY18 Discretionary Topline	\$692.1	\$699.9
FY18 Mandatory Spending	\$7.5	\$8.1
FY18 Discretionary and Mandatory Spending Levels	\$699.6	\$708.0

\* For comparison purposes. Includes National Defense Budget Function (050) authorizations not within the jurisdiction of the Committee on Armed Services

## **REFORM**

Repairing and rebuilding our military is key to defending the country, and so is reforming the way the Pentagon does business. Chairman Thornberry has committed to making defense reform a key priority during his tenure.

Over the past two years, Congress has enacted significant defense reforms with strong bipartisan support. They include an updated retirement system, an improved military health care system, a more efficient and sustainable commissary benefit, a comprehensive overhaul of the Uniform Code of Military Justice, major reorganization of the Defense bureaucracy, and reforms to the way the Pentagon buys goods and services. These reforms also increase congressional oversight, improve transparency, and promote accountability across the Department. Anyone entering military service today will witness these reforms, over the course of their career, improve agility, cut bureaucracy, promote justice, provide better benefits, **and save the taxpayer billions.**

## *Acquisition Reform: Changing the way the Pentagon does business*

The FY18 NDAA includes the third installment of this reform initiative, which will further streamline bureaucracy, drive efficiency through competition, and give the Pentagon the tools it needs to make better business decisions.

The first of the major reform elements is to **add oversight to service contracts**. In fiscal year 2015, the Pentagon spent \$274 billion through contracts, including big-ticket weapon systems like the Ford Class aircraft carrier and the F-35 fighter jet. But, 53 percent (\$144 billion) of this sum was actually spent on services – everything from lawn mowing on military bases to maintaining equipment to hiring specialized experts and administrative support. Unfortunately, DOD – and Congress – have limited insight into how and where this money is spent. The bill **requires more specificity in funding requests for service contracts**, which will now be submitted through the DOD budget process, forcing the Pentagon to analyze actual needs and spending patterns much like they do for weapons. Those within the DOD who need to contract for a service will have to specify their requirements early enough to have them validated, the contracts awarded, and the funding secured. Congress will have a better idea of what kinds of services are being contracted and their cost, **improving oversight and enabling efficiencies**.

The second reform would improve the way the Pentagon buys commercial-off-the-shelf goods, ranging from bottled water to treadmills or even forklifts. Today, the Department has two options for purchases: through the DOD contracting process or from the General Services Administration (GSA) at prices set by that agency. **The bottom line is that the Department is rarely able to buy off-the-shelf items quickly and at a reasonable price.**

The solution is obvious to most consumers – **allow the government to use online commercial sites like Amazon, Grainger, Staples, or Walmart just as businesses do**. These portals function like mini-marketplaces, ensuring that the buyer gets the best price without a lot of red tape. Using these portals has the added benefit of allowing DOD to track and analyze procurement data. Any business will tell you that this “**spend analysis**” is critical to efficient operations. For the government, that kind of transparency and accountability would be revolutionary.

Finally, the NDAA will **reform contract auditing** by focusing it where it can do the most good for the taxpayers. Currently, the Defense Contract Audit Agency (DCAA) primarily focuses on two types of audits: forward-pricing and incurred cost. **Forward pricing audits** review the cost of labor, supplies, and overhead to inform the appropriate price range for a contract being negotiated. They provide real value to the taxpayer. The incurred cost audits look at whether past costs charged to the government were reasonable and permissible under the contract.

According to DCAA's own data, **incurred cost audits** provide the lowest return on investment to the taxpayer of any of DCAA's audits. Data shows that **DCAA may actually lose up to 13 cents for every dollar invested** in conducting these types of audits. Further, it took an average of **over 880 days to complete the incurred cost audits** concluded last year, slowing the ability of DOD to recoup money and imposing added costs on the companies being audited. Increasingly, companies are deciding that it is just not worth doing business with the Pentagon.

To help reduce the audit backlog and get better value for our defense dollars, the House Armed Services Committee looked at the experience of other agencies, a number of which have hired private accounting firms to conduct incurred cost audits. Without costing extra money, qualified private sector auditors are getting the same work done faster. The NDAA will **direct DOD to move a sufficient number of incurred cost audits to the private sector to ensure that DCAA eliminates its audit backlog, all audits are completed within a year, and** DCAA can focus its experience and expertise on forward-pricing audits where the taxpayer reaps real benefits.

### *Slimming the Acquisition Code*

The Conferees strongly support the ongoing efforts of the "Section 809 Panel" on Streamlining and Codifying Acquisition Regulations, which was established in the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92). The Panel produced an interim report in May 2017 recommending several revisions to acquisition statutes and regulations. In addition to the Panel's recommendations, the Conferees are concerned that process requirements have built up in acquisition statutes over time and may now impair effective procurement practices. The NDAA includes provisions intended to signal a longer-term effort to remove unnecessarily prescriptive and obsolete requirements from U.S. Code, which create a culture of compliance within the acquisition community, rather than **empowering smart, agile, decision-making**.

### *Defense Data Transparency*

The Conferees have observed that many of the management challenges currently faced by DOD are driven by the lack of accessible, shared information and unclear data governance policies between components. Moreover, the Conferees are concerned that the Department lags well behind the private sector in effectively incorporating enterprise-wide data analyses into decision making and oversight. Therefore, the FY18 NDAA establishes a statutory requirement that the **Office of the Secretary of Defense, the Joint Staff, and the military departments be given access to business management related data** in order to overcome institutional and cultural barriers to **information sharing**.

### *Fundamental Reform of National Security Space*

As threats to our assets in space increase, the NDAA supports the Air Force's recognition that space -- just like land, air, and seas -- is now a warfighting domain. The NDAA incorporates the work of Strategic Forces Chairman Mike Rogers (R-AL) and Ranking Member Jim Cooper (D-TN) to begin **fixing**

**the broken national security space enterprise by streamlining Air Force acquisition authorities, eliminating burdensome red tape, empowering a single accountable organization for space forces within the Air Force**, placing renewed emphasis on the organization and management of space in the DoD, and **holding the Deputy Secretary of Defense responsible for the full and faithful execution of these improvements.**

Following the forward-looking initiatives on space reform undertaken in the House this year, the NDAA **empowers Air Force Space Command as the sole authority for organizing, training, and equipping all U.S. Air Force space forces.** This identifies Air Force Space Command as the focal point for a space service within the Air Force responsible for acquisition, resources and requirements, cadre development, and warfighting to **begin fixing the systemic problems Congress identified in the national security space enterprise.**

Further, the NDAA reduces burdensome bureaucracy and ineffective bureaucracy in the national security space enterprise including:

- Eliminates the Principal Defense Space Advisor (PDSA), which had no decision-making authority and created unnecessary bureaucracy;
- Eliminates the Defense Space Council (DSC), which was a bureaucratic forum without integration into the real decision-making bodies of the Department of Defense;
- Eliminates the Deputy Chief of Staff of the Air Force for Space Operations (A-11), a hastily-developed half-measure instituted by the Air Force, which at best only added a box on the organizational chart; and
- Requires the Deputy Secretary of Defense to determine an official to be responsible for space budget prioritization, but such official cannot be the Secretary of the Air Force.

To ensure the full and faithful execution of this reorganization, the NDAA also requires the Deputy Secretary of Defense to enter in a contract with a Federally-funded Research and Development Corporation, without affiliation with the U.S. Air Force, to **provide Congress with a roadmap to establish a separate military department responsible for national security space activities of the DoD**, which may be required as Congress evaluates how supportive DoD is about this reorganization.

### *Congressional Oversight of Cyber Operations*

The NDAA enhances congressional **oversight of sensitive military cyber operations and cyber weapons** by promoting greater transparency and accountability to Congress for some of the most classified elements of our national defense. As offensive and defensive cyber capabilities evolve, it is imperative to establish clear standards, processes, and procedures for notification to Congress of sensitive operations to assure the appropriate oversight. The NDAA requires the Secretary of Defense to conduct a **Cyber Posture Review** with the purpose of clarifying U.S. cyber deterrence policy and strategy.

## *Review of Regular and Reserve Officer Career Management*

The recruiting, retention, and effective management of the officer corps is a major component of military readiness. Over the last several years, the Department of Defense has expressed concerns that **some military officer career management laws were overly restrictive and outdated**. The NDAA requires the Department of Defense to **conduct a comprehensive review of the Defense Officer Personnel Management Act (DOPMA) and Reserve Officer Personnel Management Act (ROPMA)** to identify deficiencies in the law and what steps the Department of Defense can take within existing authorities to **improve officer career management**. The important analysis required by this report will help inform Congress as to whether DOPMA and ROPMA reform is needed.

### *Financial audit*

For more than 20 years, the Comptroller General of the United States has consistently identified **the financial management of the Department of Defense as a high-risk area**. The Department's inability to track and account for billions of dollars in funding and tangible assets continues to undermine its management approach. It also creates a lack of transparency that significantly limits congressional oversight. **The Department's inability to produce auditable financial statements undermines its efforts to reform defense acquisition and to realize efficiencies**.

In compliance with the September 30, 2017 deadline established by the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84), **the Department has certified that they are ready to undergo a full financial audit**. As the Department undergoes their first full financial statement audit in 2018, the Conferees turn their oversight from audit readiness to the remediation of discrepancies found in upcoming full financial statement audits. The Department's move to undergo a full financial statement audit will require new reporting requirements than those previously aimed at audit readiness. Accordingly, the NDAA has established the **Financial Improvement and Audit Remediation plan**, supporting the Department's focus on undergoing a full financial audit going forward but enforcing the importance of thorough oversight of the Department's activities.

The bill streamlines existing reporting requirements into a new section of U.S. Code to remain relevant as the Department undergoes future financial statement audits. **Creating a dedicated section of U.S. Code will clarify the Department's reporting requirements for future years**.

## REPAIRING THE MILITARY & RESTORING READINESS

### *Troops and Their Families*

While the world has grown more dangerous, our military has grown smaller. America's military leaders continue to warn that our personnel and their equipment are stretched thin after years of war, billions in budget cuts, downsizing, and continued funding uncertainty. To help alleviate the stress on the force, the NDAA authorizes **increases to the size of the Army, Navy, Marines, Air Force, Army Guard and Reserve, Naval and Air Reserve, and Air Guard** commensurate with the threats we face.

Chairman Thornberry and members of the Conference Committee agree that our personnel are our country's most valuable asset. The bill **fully funds the 2.4% pay raise our troops are entitled to under law while blocking the President's ability to reduce troop pay**. Under the Conference Agreement, authorized Reserve Component members activated under 12304a or 12304b orders will receive pre-mobilization and transitional TRICARE health care.

Members remain concerned about the widow's tax and the financial burden it places on families of lost Servicemembers. To help support survivors, the **Conference Report permanently preserves Special Survivor Indemnity Allowance (SSIA) payments to surviving military spouses. The more than 60,000 Americans whose spouses died either on active duty or during retirement will continue to receive \$310 per month plus COLA indefinitely.**

Ensuring the country keeps faith with those who serve and their families is a key priority for the Conferees. The NDAA takes steps to protect the benefits service members have earned and deserve, including quality health care. To that end, the Conference Report continues to provide for those military family members in the greatest need by **authorizing hospice care services for eligible beneficiaries under the age of 21** that may be using other health care services or hospitalization for the same medical condition. Additionally, this year's NDAA includes additional physical examinations, mental health assessments and **a study on safe opioid prescribing practices**. It continues the important Military Health Systems reform by further clarifying the roles of Commanders or Directors of Military Medical Treatment Facilities and the Service Surgeons General. The report also **prohibits the reduction of inpatient care for military Medical Treatment facilities located outside the United States**, until a certification is completed ensuring no operational impact for the Geographic Combatant Commander or impact on a beneficiary's access to the same quality health care currently provided throughout the Military Health System. In addition, the NDAA also provides commonsense resources to help families manage challenges like relocations, permitting the Services to **reimburse a service member up to \$500 for a spouse's expenses related to obtaining licensing or certification in another State** because of a military move. The NDAA also **requires the Secretary of the Navy to provide quarterly updates** on the progress of the Navy's Physiological Episode Team and its **efforts to combat physiological episodes in F/A-18 Hornets and Super Hornets, EA-18 Growlers, and T-45 Goshawks.**

The NDAA adds additional measures to **protect victims of sexual assault and prosecute perpetrators**. First, the Conference Report enhances the tools available to **prosecute perpetrators of non-**

**consensual sharing of intimate images** by adding a new provision to the Uniform Code of Military Justice specifically prohibiting these crimes. In addition, the NDAA expands the Sexual Assault Prevention and Response Program, requiring those in the delayed entry program to receive sexual assault prevention training; expanding sexual trauma counseling and treatment for members of the reserve components; and requiring special victims counsel to receive training on the unique challenges faced by male victims of sexual assault. It also expands reporting requirements, including a new requirement to include reports of sexual assaults committed by service members against their spouses and other dependents in the annual Sexual Assault Prevention and Response Report, as well as requiring a new report on sexual assault victim recovery in the Coast Guard. Finally, the NDAA includes multiple provisions designed to address sexual harassment and assault at the U.S. Merchant Marine Academy.

### Increased End Strength Over FY17 Levels

<i>END STRENGTH</i>	<i>FY17 Authorized</i>	<i>Conference Report Provides</i>	<i>Change</i>
<b>ARMY END STRENGTH</b>	476,000 Active 343,000 Guard 199,000 Reserve	483,500 Active 343,500 Guard 199,500 Reserve	+7,500 Active +500 Guard +500 Reserve
<b>NAVY END STRENGTH</b>	323,900 Active 58,000 Reserve	327,900 Active 59,000 Reserve	+4,000 Active +1,000 Reserve
<b>MARINE CORPS END STRENGTH</b>	185,000 Active 38,500 Reserve	186,000 Active 38,500 Reserve	+1,000 Active +0 Reserve
<b>AIR FORCE END STRENGTH</b>	321,000 Active 105,700 Guard 69,000 Reserve	325,100 Active 106,600 Guard 69,800 Reserve	+4,100 Active +900 Guard +800 Reserve

### ***Rebuilding From the Readiness Crisis***

The readiness crisis facing our military today is real and dangerous. All of the services have noted the serious consequences of years of under-funding and high operational tempo: the Air Force testified that less than 50 percent of its planes were combat ready, while the Navy and Marine Corps had just over 50 percent of the aircraft necessary for their training and operations. In total, only five of the Army’s 58 Brigade Combat Teams are ready to “fight tonight”.

To address this crisis, the NDAA makes ***key investments not provided for in the President’s initial Budget Request***. While readiness shortfalls will take many years to correct, these initiatives will ***begin to recover lost readiness and rebuild the Force***.

## *Maintenance*

Much of our equipment is simply too broken to repair and delivery of new equipment is essential. In the meantime, Congress must make vital maintenance investments not included in the President's budget to ensure that next-to-deploy units are mission capable. The NDAA **increases Navy Ship and Aircraft depot maintenance and afloat readiness, while also including additional funds for the Army, Navy, Marine Corps, and Air Force operation and maintenance** accounts to fulfill their unfunded requests for necessary maintenance and increased training opportunities. Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis; none of them were fully funded in the President's initial budget request.

## *Facilities*

Military installations and training ranges are the foundation of military readiness. Unfortunately, while global demands on the total force are becoming increasingly diverse and unpredictable, the 21st century warfighter is still operating from rapidly aging and poorly configured installation infrastructure. **Cuts to overall funding have, in turn, forced the Services to make outsized cuts to the infrastructure budget in recent years to fund other urgent priorities. Consequently, our military infrastructure is failing,** while new requirements remain unexecuted as part of a growing multi-billion-dollar backlog of maintenance, repair and construction.

To counter these trends, the NDAA continues installation management reform started in the FY2017 NDAA, enabling more resilient and sustainable facilities, while accelerating readiness recovery in the most effective and affordable manner possible. The NDAA:

- **Makes it easier to complete small projects and reuse older facilities:** Doubles the authorized cost threshold for unspecified minor construction projects, enabling installation commanders and defense agencies to meet emergent facility requirements while accelerating the divestiture or recapitalization of antiquated and poorly configured infrastructure.
- **Increases funding to support military facilities** above the President's initial budget request. In so doing, it **supports 90 percent of requirements for facilities sustainment and a significant increase for facilities restoration and modernization.** Additionally, the bill increases funding for facilities restoration and modernization by \$1.4 billion. The increased funding will restore and maintain infrastructure, ranging from barracks to hospitals and runways to hangars. **Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis.**

## Comparison of President's initial budget request to FY18 NDAA

	<i>PRESIDENT'S INITIAL BUDGET REQUEST</i>	<i>SERVICE/COCOM IDENTIFIED SHORTFALL</i>	<i>CONFERENCE REPORT PROVIDES</i>
<b>MILITARY PAY RAISE</b>	Requested 2.1% increase, 0.3% below ECI	Committee action	Funds 2.4% increase, matching ECI as required by law
<b>F-35</b>	70 aircraft requested	24 aircraft	90 aircraft
<b>F/A 18</b>	14 aircraft requested	10 aircraft	24 aircraft
<b>V-22</b>	6 aircraft requested	6 aircraft	12 aircraft
<b>AH-64E</b>	61 aircraft requested	11 aircraft	71 aircraft
<b>CH-47</b>	6 aircraft requested	13 aircraft	14 aircraft
<b>CH-53K</b>	4 aircraft requested	2 aircraft	4 aircraft
<b>UH-60M</b>	48 aircraft requested	15 aircraft	53 aircraft
<b>AH-1Z</b>	22 aircraft requested	7 aircraft	29 aircraft
<b>HC-130J</b>	2 aircraft requested	1 aircraft	3 aircraft
<b>MC-130J</b>	5 aircraft requested	6 aircraft	11 aircraft
<b>KC-130J</b>	2 aircraft requested	4 aircraft	6 aircraft
<b>KC-46A</b>	15 aircraft requested	2 aircraft	17 aircraft
<b>E-2D</b>	5 aircraft requested	0 aircraft	5 aircraft
<b>P-8A</b>	7 aircraft requested	3 aircraft	10 aircraft
<b>MQ-1 EXTENDED RANGE GRAY EAGLES</b>	11 aircraft requested	10 aircraft	17 aircraft
<b>MQ-9 REAPER</b>	16 aircraft requested	N/A	16 aircraft
<b>RQ/MQ-4</b>	3 aircraft requested	\$39.6 million	3/\$57.9 million
<b>JSTARS RECAP</b>	\$417.2 million requested	N/A	\$417.2 million
<b>NAVY AVIATION SPARES AND REPAIR PARTS</b>	\$1.7 billion requested	\$168.0 million	\$1.9 billion
<b>DDG-51</b>	2 destroyers requested	Committee action to speed the fleet	3 destroyers
<b>LITTORAL COMBAT SHIP</b>	1 LCS requested	Committee action to speed the fleet	3 LCS
<b>LPD-30 OR LX(R)</b>	No funds requested	Committee action to speed the fleet	1 LPD-30 or LX(R)
<b>ESD</b>	No funds requested	Committee action to speed the fleet	1 ESD
<b>SHIP TO SHORE CONNECTOR</b>	3 SSC requested	5 SSC	8 SSC
<b>ABRAMS TANK UPGRADES</b>	56 requested	29 tanks	85 tanks

<b>BRADLEY FIGHTING VEHICLES</b>	60 requested	33 vehicles	93 vehicles
<b>HERCULES IMPROVED RECOVERY VEHICLES</b>	16 requested	35 vehicles	51 vehicles
<b>STRYKER DOUBLE V-HULL</b>	\$97.6 million requested	116 vehicles	116 vehicles
<b>STRYKER LETHALITY</b>	No funds requested	\$354.0 million	\$177 million
<b>JOINT LIGHT TACTICAL VEHICLE</b>	2,777 requested	N/A	2,777 vehicles
<b>AMPHIBIOUS COMBAT VEHICLE</b>	26 requested	N/A	26 vehicles
<b>ARMORED MULTIPURPOSE VEHICLE</b>	107 requested	N/A	107 vehicles
<b>AMMO INDUSTRIAL BASE</b>	\$329.3 million requested	\$100.0 million	\$429.3 million
<b>ATACMs</b>	121 ATACMs	75 ATACMs	196 ATACMs
<b>RAM BLOCK II</b>	60 missiles requested	60 missiles	120 missiles
<b>STINGER MISSILES</b>	1,100 requested	576	1,676 Stinger missiles
<b>JAVELINS</b>	794 requested	373 Javelin missiles	1,167 Javelin missiles
<b>JOINT DIRECT ATTACK MUNITION</b>	34,529 requested	N/A	34,529 JDAMs
<b>SMALL DIAMETER BOMBS</b>	7,312 requested	N/A	7,312 bombs
<b>GUIDED MULTIPLE LAUNCH ROCKET SYSTEMS</b>	6,000 requested	\$14.5 million (tooling for increased capacity)	6,000 systems / \$14.5 million (tooling for increased capacity)
<b>AMRAAM</b>	325 requested	\$12.0 million (guidance section upgrades)	325 AMRAAMs / \$12.0 million (guidance section upgrades)

## CONFRONTING AGGRESSION & ADDRESSING THREATS

### *Enhancing Missile Defense*

The NDAA adds **\$4.4 billion above the President's initial budget request to meet critical missile defense needs**. It also recognizes the increasing quantitative and qualitative nature of the ballistic missile threats we face as a nation. Given the increased threats against our homeland, particularly from North Korea, the NDAA **authorizes up to 28 additional Ground-Based Interceptors** and requires the Secretary of Defense to develop a plan for increasing the overall number from 44 to 104 interceptors. The bill also authorizes funding to procure additional SM-3 IB, THAAD, and Patriot MSE interceptors, along with additional investments in the Ground-based Midcourse Defense System, and boost phase missile defense. To ensure we remain far ahead of the threat, **the NDAA requires the Missile Defense Agency to develop a space-based sensor layer for ballistic missile defense**. To combat increasing threats and enable critical modernization as quickly as possible, the bill gives the Army one final chance to propose an acquisition schedule and modernization program for the Army's Air and Missile Defense Sensor Program. Otherwise, the program will be transferred to the Missile Defense Agency.

The NDAA also **provides Israel the resources it has requested, approximately \$705 million, for co-production, including in the United States, and co-development of Israeli missile defense systems**, including Iron Dome, David's Sling, and Arrow.

### *Indo-Asia-Pacific Region*

The NDAA **makes key investments in critical capabilities to support U.S. military readiness**, deter aggression, and to respond to crises in the Indo-Asia-Pacific Region. It seeks to position sufficient forces forward and invests in critical munitions and **joint training exercises**. It reaffirms U.S. extended deterrence commitments to our allies, **condemns any assertion that limits the right of freedom of navigation and overflight**, and bolsters our strong alliances and partnerships in the Indo-Asia-Pacific region.

This year, the NDAA authorizes the Secretary of Defense to establish the **"Indo-Asia-Pacific Stability Initiative"** to help preserve peace, stability, and security in the region by developing and carrying out a program of activities to increase the presence, capabilities, and posture of the US Military in the region and to **enhance military training and exercises with allies and partner nations**. The NDAA also requires the Department of Defense to provide strategies and plans that would prioritize United States defense interests in the region, assess United States force posture and basing needs, assess the United States defense implications of China's expanding global access.

Congress recognizes that North Korea's successful test of an intercontinental ballistic missile and nuclear explosive tests constitute a grave and imminent threat to the United States security and to the security of U.S. allies and partners. To address the North Korean threat, the NDAA requires the President to clarify **U.S. strategy and objectives on North Korea** and **bolsters our Missile Defense resources** (see *Missile Defense section below*). It also reaffirms U.S. security commitments to the

Governments of Japan and South Korea, supports efforts to deepen trilateral cooperation, and calls for a plan to enhance the **extended deterrence** and assurance capabilities of the United States in the Indo-Asia-Pacific region.

The NDAA also seeks to advance defense cooperation between the United States and India and to strengthen **the defense partnership between the United States and Taiwan**, to include normalizing the arms sales process with Taiwan and taking steps to enhance training and exercises and promote senior official exchanges. The bill also approves of an agreement supplemental to the Compact Review Agreement with the Republic of Palau.

### *Afghanistan*

In support of the President's South Asia Strategy, the NDAA provides for a robust **Afghanistan Security Forces Fund** to support our Afghan allies who have suffered significant losses in the fight against the Taliban and other terrorist organizations. The fund **provides for enhancements for the most successful elements of the Afghan Armed Forces**, and includes funds for the Afghan Air Force's fixed and rotary wing fleet and funds the expansion of the Afghanistan Special Security Forces. At the same time, the bill also provides tools to **support President Ghani's anti-corruption efforts**. It also directs the Secretary of Defense to provide an Afghanistan strategy that will look beyond the next five years to describe the trajectory of U.S. efforts in Afghanistan and assess the timeline and total resources necessary to achieve U.S. objectives.

### *Syria & Iraq*

The NDAA provides for U.S. support to partner forces engaged in combating the ISIS through Operation INHERENT RESOLVE. This support has been critical to creating the momentum necessary to curtail ISIS expansion, recover territory in Iraq and Syria, and refit partner forces after difficult combat missions. The NDAA also directs the Department of Defense **provide a comprehensive, regional strategy for Syria** that describes U.S. long-term objectives in the wake of active combat against ISIS.

### *Ukraine*

The Conferees remain committed to provide defensive lethal assistance to Ukraine to allow it to better defend itself against Russian aggression. The NDAA builds on the last two years' authorizations and appropriations by providing \$350 million for the Ukraine Security Assistance Initiative to help train, equip, and assist the Ukrainian military, National Guard, and security services.

### *Russia*

Over the past year, Russia has maintained its gains in Ukraine, continued support for the Assad regime in Syria, interfered in U.S. elections, violated landmark disarmament treaties, and continued to take unprecedented provocative actions against U.S., NATO-allied, and partner ships and planes. These

events all point to the importance of **ensuring the U.S. Military has the capability needed to protect the country and our interests, and to assure America's allies and partners.**

Russia has employed conventional and unconventional warfare methods to counter U.S. and western interests. The NDAA includes a new 2-year authority expressly for Special Operation Forces to counter irregular and unconventional warfare threats such as those being posed by Russia and other adversaries. Also, to help address this aggression, Congress authorized the European Deterrence Initiative (EDI), beginning in 2015. **This year, the NDAA supports another significant increase to EDI funding.** This funding continues the transition from an assurance posture to **deterrence against Russian aggression.** These resources are allocated to specific requirements, including heel-to-toe rotations of U.S. combat units into the region, the pre-positioning of up to a division set's worth of equipment in Europe, vital infrastructure improvements for the U.S. Air Force, and additional training and exercises. The NDAA requires the Department of Defense to **stop further consolidation of European-based U.S. military facilities and infrastructure,** under the European Infrastructure Consolidation, until the Department evaluates and reports to the Congress on the plan to adjust the posture of rotational and permanent U.S. Forces in Europe to **deter Russia.**

The NDAA provides \$100 million for the Baltic nations to develop joint defense programs to increase their strength and resiliency against Russian aggression.

The NDAA provides **increased funding for U.S. intelligence and warning capabilities,** technologies supporting U.S. information operations, and strategic communications activities. It also provides increased funding for additional modernized ground combat vehicles to include Abrams tanks and Bradley fighting vehicles, short range air defense capabilities, Javelin anti-tank missiles, conventional and preferred munitions, vehicle active protection systems and aircraft survivability equipment.

To further address Russian aggression, the NDAA **restricts spending on the Open Skies Treaty to protect U.S. national security** and would impose new processes with respect to overflights as a result of Russian violation of this treaty. It also takes significant actions concerning **Russia's violation of the INF treaty,** including \$58 million to develop military options to respond to Russian capabilities deployed in violation of the Treaty, and establishing a new program of record to facilitate treaty compliant research and development of a U.S. ground-launched cruise missile system. Additionally, the NDAA requires implementation of sanctions on Russia enacted in the FY17 National Defense Authorization, which penalize Russia for its broad-spectrum violations of arms control treaties and agreements. Lastly, it requires the President to identify in a public document Russians involved in violation of the INF treaty and other senior Russian political and military leaders, and to develop draft regulations that will be the basis of future sanctions legislation against Russia, including asset seizures and travel bans. As the Commander of U.S. Pacific Command, Admiral Harry Harris recently testified, **"there are only two countries that signed on to and one of them doesn't follow it. That becomes a unilateral limitation on us."**

## *Africa*

The Conferees remain concerned about threats to U.S. national security in Africa. The NDAA focuses on the Department of Defense's ability to respond to crises on the African continent and to address current and evolving threats, and requires the President to clarify U.S. strategic objectives in Somalia and Nigeria.

## *Counterterrorism*

The NDAA provides the resources necessary for the Department of Defense to continue to protect U.S. interests from terrorist groups across the globe. The NDAA fully resources and authorizes counterterrorism efforts and U.S. Special Operations Forces, programs, and activities, including ongoing operations in Iraq, Syria, Afghanistan, Yemen, Somalia, and elsewhere. **The bill provides additional resources for unfunded requirements to counter global terrorism threats**, including threats emanating from the Middle East. Additional resources are provided to accelerate development and deployment of analytical capabilities to support counterterrorism analyses and analytic tools. **The NDAA strengthens congressional oversight of ongoing counterterrorism and unconventional warfare operations and programs**, including various Intelligence activities. There is also a three-year extension of the authority to **support the unified counterdrug and counterterrorism campaign in Colombia**. Additionally, the NDAA mandates a review and assessment for personnel recovery and non-conventional recovery assisted recovery mechanisms and capabilities, to ensure that our military personnel have sufficient resources available when operating in remote, difficult, and dangerous environments.

## *Intelligence, Counterintelligence, and Security*

The NDAA provides policy guidance and resources to improve the ability of the department to defeat critical threats to DOD personnel, equipment, installations and critical technology developments. It also takes steps to **address the backlog of national security clearances** by providing authorities to the Secretary of Defense to address high-priority background investigations.

The NDAA directs changes to processes governing the approval of classified information processing facilities for companies seeking to do business with the Department of Defense, **making it easier for small businesses and non-traditional defense contractors to provide innovative ideas to the Department in a classified environment**.

The Committee has received multiple briefings on threats to the United States technological advantages from investments from foreign state owned or state controlled entities. These briefings have made it clear **several adversarial nations are seeking to exploit regulatory processes to gain access to sensitive U.S. defense technologies**. The NDAA directs the **Secretary of Defense to develop a plan to strengthen DoD input into the interagency approval process**, and provide Congress with

recommendations to improve the government wide coordination and collaboration to identify and prevent foreign investments that could impair the national security of the United States.

#### *Countering Threats Posed by Unmanned Aircraft Systems*

The NDAA builds upon last year's counter-unmanned aircraft systems (CUAS) authority to address **emerging unmanned aircraft threats from operators remotely piloting unmanned aircraft in a reckless or unauthorized manner near or over Department of Defense facilities and assets** located in the United States, its territories, and possessions. The NDAA authorizes six additional mission areas, in addition to the three-authorized last year, **that DOD may deploy and employ CUAS capabilities after close coordination with the Secretary of Transportation to deconflict CUAS operations, if necessary, to ensure safety and security of operations for others operating within the National Airspace System.** The NDAA supports responsible and accountable integration of unmanned aircraft into the National Airspace System for both civilian and military operations, but prospectively **provides necessary authority to protect high-priority DOD facilities and assets from any nefarious use of unmanned aircraft, while preserving essential rights afforded U.S. citizens** under Article 4 of the Constitution.

#### *Foreign Military Sales (FMS)*

The NDAA builds upon the work conducted by the HASC Oversight & Investigations Subcommittee to continue to improve the Foreign Military Sales process to ensure our partners can procure U.S. defense products that support our strategic objectives and industry. Among other provisions, it would establish specific milestones and standard timelines with DOD for foreign military sales.

#### *Defense Security Cooperation*

The Department of Defense trains and equips some of our foreign partners through Defense Security Cooperation arrangements so our allies can meet their own security needs in support of U.S. strategic objectives, and reduce the likelihood that U.S. Forces will need to be employed. The NDAA continues to advance the progress made in last year's NDAA to **reform defense security cooperation in order to ensure training and equipment is provided effectively and efficiently.**

#### *Assured Access to Space*

The Committee continues to view the nation's assured access to space as a national security priority. This includes a continued focus on the development of a new U.S. rocket engine to replace the Russian RD-180 engine currently in use. A U.S. engine ensures we do not lose existing and highly-capable launch vehicles, and prioritizing national security-specific requirements over new launch vehicles to protect assured access to space and end reliance on Russian engines. The Committee also sees the need to ensure that DoD funds authorized for the development of existing and planned commercial launch vehicles that are primarily for national security space missions to meet the assured access to space requirements.

## *Strengthening our Nuclear Deterrent*

The NDAA authorizes the full budget request for Department of Defense nuclear forces and for the National Nuclear Security Administration's (NNSA) nuclear weapons activities and defense nuclear nonproliferation program. This includes critical efforts to maintain and modernize our nation's nuclear bombers, ballistic missiles, and submarines as well the nation's nuclear weapons stockpile. The NDAA provides NNSA enhanced authority and additional funding to more effectively and more quickly **correct the decrepit state of our nuclear weapons production infrastructure**. The NDAA creates strong oversight processes and intelligence analysis functions to ensure the nation's nuclear command, control, and communications system remains robust and secure during ongoing recapitalization efforts.

## *Cyber Warfare and Cyber Operations*

**The NDAA fully funds \$8 billion for cyber operations, an increase of \$1.7 billion, and fully supports the Department's defensive and offensive cyberspace capabilities and strategies.** It provides \$647 million for U.S. Cyber Command, an increase of 16 percent. The NDAA continues to build and enhance U.S. cyber warfare activities and capabilities within CYBERCOM, across the Services, and within the Intelligence Community, including resiliency of DOD networks, weapons systems, and supply chains. It also clarifies the functions of U.S. Cyber Command and refines command and control responsibilities of the commander. The U.S. Cyber Command and the U.S. Strategic Command commanders are also required to jointly assess the cyber resiliency of the nuclear command and control system.

The NDAA addresses military services' unfunded requirements by providing additional funding to close critical cyber gaps. **It increases congressional oversight of cyber operations by ensuring Congress is kept fully informed of sensitive military cyber operations.** It also bolsters international partnerships for cyber warfare to counter aggressive adversaries such as Russia, China, and North Korea. Importantly, **reporting is required on malicious cyber activities specifically from Russia and other adversaries.** Support is included for those within the Indo-Asia-Pacific region and our NATO partners to not only enhance partnered cyber capabilities and information sharing, but also to counter and mitigate adversarial propaganda efforts and information warfare campaigns.

The NDAA increases cyber and information operations, deterrence, and defense. A strong emphasis is placed on **the need to develop a comprehensive cyber deterrence strategy**. The Conference Report directs the articulation of a comprehensive national policy on cyber that the United States should employ all instruments of national power to deter and respond to any and all cyber-attacks or malicious activities that target U.S. interests with the intent to cause harm or chaos to individuals, our democratic society, or infrastructure.

### *Detention Facility at Guantanamo Bay*

The NDAA carries the annual restrictions against transferring detainees from the detention facility at **Guantanamo Bay** to the United States, building or modifying facilities in the United States for housing detainees, and transferring detainees to certain countries. The bill also prohibits DOD from using any funds to return control over the U.S. Naval Base at Guantanamo Bay to Cuba.

## **REBUILDING**

### *Equipment Modernization*

Eight years of constrained budgets and consistent high-operational tempo has forced the military services to defer buying more modern and capable equipment, instead relying on repairing existing equipment. Today, **much of that equipment can no longer be safely repaired**, or the cost of doing so is higher than bringing more modern platforms into service. The NDAA authorizes **key investments to accelerate fielding of new, more effective, lethal, and reliable and cost-effective platforms**. It also provides additional capacity for high-demand assets to reduce the stress on the force, rebuild the depth-of-bench in critical capability areas, and begins a path to restoring full-spectrum readiness.

### *Armored Brigade Combat Team Modernization*

The **Army's modernization funding has declined 74 percent from 2008-2015 because of sequestration and Continuing Resolutions**. As a result, General Dan Allyn, the Vice Chief of Staff of the Army testified, today's Army is "**out-ranged, outgunned, and outdated**; and on our present course, the U.S. Army will not be sufficiently modern to deter and defeat potential enemies."

Under the President's budget, the Army will not complete modernizing their Abrams tanks until 2035. The NDAA provides additional funding to address unfunded requirements to accelerate armored brigade combat team modernization and works to restore needed capability to Army Armored Brigade Combat Teams (ABCTs) to ensure continued ground combat overmatch.

Specifically, the NDAA:

- Authorizes over \$1.1 billion for 85 M1A2SEPV3 Abrams tanks, the most modernized version of the Abrams tank. This represents an increase of \$375.0 million above the President's initial budget request and addresses a previously unfunded requirement.
- Authorizes \$311 million for 93 M2A4 Bradley fighting vehicles, the most modernized version of the Bradley, as well as other modifications. This represents an increase of \$111.0 million above the President's initial request and fully supports another previously unfunded requirement.

- Authorizes \$194.4 million for 51 HERCULES improved recovery vehicles, the primary single recovery vehicle in ABCTs. This represents an increase of \$122.0 million over the initial budget request and fully supports an unfunded requirement.
- Fully supports the President's initial budget request for the Armored Multipurpose Vehicle program.
- Fully supports the President's initial budget request for the Joint Light Tactical Vehicle program.
- Directs the Secretary of the Army to provide a long-term investment strategy that sufficiently funds improvements and needed modernization for Army Ammunition Plants to help improve safety and capacity.
- Directs the Secretary of the Army to develop a **comprehensive modernization strategy for the total Army** to include a detailed description of its combat vehicle modernization priorities over the next 5 and 10 years. This strategy will explicitly address the Army's vision, end state, key objectives, warfighting challenges, and risks.

### *Maintaining Air Dominance*

Testimony from senior Navy and Marine Corps leaders this year have indicated that **over 60 percent of Department of Navy F-18s cannot fly**. Worse, the two services are short over 100 aircraft. Senior Air Force officials have also stated that **“we have become one of the smallest, oldest-equipped, and least ready forces across the full-spectrum of operations, in the Air Force’s history...”**

The NDAA provides the authority for the procurement of Economic Order Quantities for F-35 Joint Strike Fighters to **reduce costs to the taxpayer by authorizing bulk procurement of common manufacturing materials while also requiring continued oversight through DOD certifications** regarding design stability and cost savings estimates. It also directs a report on the extension of the System Design and Development (SDD) phase of the F-35 Joint Strike Fighter program, which is expected to finish in FY18.

The NDAA fully funds research, development, test and evaluation of the **MQ-25A unmanned aerial tanker**. Primarily, this new carrier-based asset will enable the carrier air wing (CVW) to increase its striking range by hundreds of miles, thus enabling CVW aircraft to penetrate deeper into contested airspace. Secondly, the MQ-25A will be capable of collecting and sharing intelligence, surveillance and reconnaissance information. In effect, the MQ-25A will act as a force multiplier by increasing situational awareness of employed forces while increasing the number of F-18s available for combat missions by eliminating the current requirement for these assets to provide air refueling support.

To generate better cost savings for the taxpayer and provide needed capability to the Navy and Marine Corps, the NDAA authorizes **multiyear procurement authorities for V-22 Osprey tiltrotor aircraft**.

It provides an additional \$522.0 million for 6 V-22 aircraft supporting Navy and Marine Corps unfunded requirements; an additional \$103.0 million for A-10 wing upgrades to address an Air Force unfunded requirement; and an additional \$220.5 million for 7 AH-1Z attack helicopters to help address an unfunded requirement for the Marine Corps. ***Each of these investments was identified as a critical requirement by the military services and validated by Secretary Mattis.***

### *Strike Fighter Shortfall*

To help address strike-fighter capability and capacity shortfalls, the NDAA includes over \$2.5 billion in additional funding to procure additional F-35As, F-35Bs and F-35Cs to address unfunded requirements and help accelerate needed 5<sup>th</sup> generation strike-fighter capability to the Air Force, Navy and Marine Corps. The bill also provides an additional \$739.0 million to procure 10 additional F/A-18E/F Super Hornets to support a Navy unfunded requirement.

### *Army Aviation*

To address unfunded requirements and to accelerate modernization of Army rotorcraft for the Active and Reserve Components, the NDAA provides additional funding for UH-60M Blackhawks, AH-64E Apaches, and CH-47F Chinook helicopters, specifically:

- \$108.0 million for 5 UH-60Ms for the Army National Guard
- \$273.7 million for 8 AH-64Es
- \$108.0 million for 4 CH-47F Block Is
- \$246.5 million for 4 MH-47Gs
- \$16.7 million for 3 UH-60Vs

### *Critical Munitions*

The Conferees remain concerned about shortfalls in critical munitions. To address this gap, **the NDAA authorizes additional funding for critical munitions in war reserves**, improves the manufacturing capacity of the munitions industrial base, and accelerates long range precision fires programs. The NDAA:

- Provides additional funding for critical munitions to **address shortfalls in war reserves**, improve the manufacturing capacity of the munitions industrial base, and accelerate long-range precision fires programs.
- Supports the President's request for Joint Direct Attack Munitions and Small Diameter Bombs, critical munitions being used in Operation INHERENT RESOLVE to maximize current production capacity for these munitions.
- Authorizes an additional \$100 million to address an unfunded requirement for critically needed modernization efforts required to improve capacity and safety at Army Ammunition Plants, and

directs a briefing from the Secretary of the Army on the long-term investment strategy for modernization of these plants.

- Authorizes an additional 147 lower tier air and missile defense interceptors to fully meet the Army's requirement.
- Supports the budget request for Army and Marine Corps Guided Multiple Launched Rocket Systems (GMLRS), a **high priority munition for ground forces**. The NDAA maximizes current production capacity for GMLRS by providing an additional \$14.5 million to address an Army unfunded requirement that would provide the tooling necessary to increase maximum production rates for GMLRS rockets.
- Authorizes an additional \$69.4 million for Army Tactical Missiles, a critically needed surface-to-surface munition for full spectrum operations and long-range fires.
- Authorizes an additional \$183.5 million to address an Army unfunded requirement to maximize production capacity of Excalibur 155mm precision guided artillery rounds.

### *ISR*

Intelligence, Surveillance, and Reconnaissance (ISR) is a critical capability of our military that enables warfighters to effectively build situational awareness to mitigate operational risk while accomplishing their missions. **Repeated testimony from senior military leaders indicates a significant ISR shortfall within multiple intelligence disciplines.** The NDAA makes progress on addressing this shortfall by strengthening and improving ISR investment strategies in order to better meet combatant commander ISR requirements. It also: prohibits the retirement of the U-2 and RQ-4 Reaper, supports an improved and accelerated acquisition strategy to recapitalize E-8C Joint Surveillance Targeting and Reconnaissance System platforms; authorizes an additional \$60 million for 6 Extended Range (ER) Improved Gray Eagle (IGE) Air Vehicles; supports increased funding for development of ISR sensors supporting the U-2, MQ-4, and wide-area motion imagery capabilities; and, addresses administrative deficiencies related to National Guard access to DOD-owned and allocated unmanned aircraft systems that support individual State's disaster-response and other operational and training missions. The NDAA also appoints the Chairman of the Joint Chiefs of Staff as the ISR functional manager for integration, synchronization, and allocation of the Department's airborne ISR capabilities to efficiently and effectively support ISR requirements of the combatant commanders.

### *Stryker Combat Vehicles*

The NDAA authorizes an additional \$348.0 million for 116 double V-hull Stryker combat vehicles in order to complete the 4<sup>th</sup> Stryker Brigade Combat Team vehicle set of these highly survivable combat vehicles. This investment was identified as a critical requirement by the military services and validated by Secretary Mattis.

It also authorizes an additional \$177 million to begin equipping a second SBCT with a 30mm cannon lethality upgrade, which address another Army unfunded requirement.

#### *Marine Corps Combat Vehicles*

The NDAA supports the President's initial budget request for the Amphibious Combat Vehicle Increment 1.1 program, authorizing \$161.5 million for 26 low rate production vehicles.

#### *Short-Range Air Defense*

The Army has identified significant capability and capacity shortfalls in short-range air defense artillery (SHORAD) force structure and posture. Given current and emerging threats, to include the proliferation of small, unmanned aircraft as well as near-peer and peer competitor's anti-access and area denial capability, this was a high priority for the committee. The NDAA provides an additional \$632.0 million to fully support Army unfunded requirements for SHORAD.

#### *Electronic Warfare*

To enhance capabilities across an array of electronic warfare systems, the NDAA supports programmatic increases related to ground and airborne unfunded requirements of over \$60.0 million.

## **FORCE PROJECTION & STRATEGIC PRESENCE**

The NDAA prioritizes force projection of the U.S. Military and its ability to maintain a strategic presence.

In order to advance the Chief of Naval Operations vision of a 355-ship Navy, the Conferees believe that long-term contracts with the shipbuilding industry are essential to reducing costs and delivering the ships we need. The NDAA provides authority for the Department of the Navy to enter into long term contracts for Arleigh Burke class destroyers and Virginia class submarines. These five-year contracts are projected to **save almost 15 percent over a typical procurement** that orders ships on an annual basis.

#### *National Sea-Based Deterrence Fund*

The Department of the Navy's highest priority for the future is the timely procurement of 12 Columbia-class ballistic missile submarines. Many of the components associated with these submarines are common across the undersea industrial base. The Conferees believe that efficiencies can be obtained by procuring common equipment with other similar platforms such as the Virginia-class attack submarines and Ford class aircraft carriers. The bill expands the Navy's ability to efficiently procure

additional equipment, **saving several hundred million dollars with each submarine and aircraft carrier.**

#### *Accelerating the Future Navy Fleet*

In keeping with the President's pledge to grow the fleet, the NDAA adds an additional five battle force ships including an Arleigh Burke class destroyer, two Littoral Combat Ships, a Puller-class Expeditionary Support Base, and a San Antonio class Amphibious Landing Platform. It also supports advance procurement for attack submarines. This is in addition to the eight ships that were requested by the Administration and **takes advantage of hot production lines to deliver the right capabilities at the lowest cost to the taxpayers.**

#### *Long Range Strike*

The ability of Air Force bombers to hold targets at risk around the globe with conventional or nuclear weapons is diminishing as adversary countries add highly sophisticated air defense weapons systems to their arsenals. The NDAA recognizes this critical challenge to air power and fully supports the development of the advanced stealth B-21 program, which is intended to recapitalize the aging bomber fleets starting in the mid-2020s.

#### *Airlift, Special Mission and Air Refueling Tankers*

Airlift and air refueling aircraft extend the reach of the military enabling it to conduct operations on a global scale. These assets must also operate throughout increasingly contested airspace. The NDAA boosts Air Force procurement by adding funds for an additional 2 KC-46A air refueling aircraft, 6 MC-130J and 1 HC-130J special mission aircraft. It also provides funds to upgrade the propulsion systems of 20 C-130H tactical airlift aircraft and funds upgraded Large Aircraft Infrared Countermeasures defensive systems for C-5, C-17, and C130 aircraft identified on the service's unfunded requirements list. In addition, the bill provides funds to procure an additional 3 P-8A, and 4 KC-130J aircraft for the Navy and Marine Corps.

#### *Arctic Operations*

The United States has fallen significantly behind other nations to maintain assured operations in the Arctic. While the House Armed Services Committee believes that **these operations are best managed by the United States Coast Guard**, the NDAA **provides the authority for the first polar icebreaker to begin the recapitalization of existing Coast Guard fleet.** It also provides a process to ensure a streamlined acquisition decision process that between the United States Coast Guard and the United States Navy to **ensure this icebreaker capability is delivered on time and within budget.** Finally, the NDAA requires the Secretary of the Navy to provide a report to Congress on existing Arctic capabilities and any gaps that exist with the overall Arctic requirements.

## *Expanding the Merchant Marine*

With an average age of almost 40 years, ships in the Ready Reserve Force are quickly becoming outdated and unable to meet the surge sealift mission. The NDAA endorses the Administration's plan of extending the current fleet, procuring used vessels and supporting steps to begin a construction program. The NDAA specifically authorizes the procurement of two used sealift vessels, a cable ship, and requests a comprehensive plan to develop the overall Ready Reserve Force. Furthermore, the NDAA expands support for the Maritime Security Program and authorizes \$300 million to retain commercial assets for military use. Finally, the bill authorizes \$35 million for small shipyard grants to expand the capabilities of our existing maritime industry.