



NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2017

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U.S. SENATE ARMED SERVICES COMMITTEE

U.S. Senator John McCain, Chairman
U.S. Senator Jack Reed, Ranking Member

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Executive Summary:

For 54 consecutive years, the Senate Armed Services Committee has fulfilled its duty of producing the *National Defense Authorization Act* (NDAA). This vital piece of legislation authorizes the necessary funding and provides authorities for our military to defend the nation. And it is a reflection of its critical importance to our national security that the NDAA is one of few bills in Congress that continues to enjoy bipartisan support year after year.

The men and women of our Armed Forces – as well as the civilians and contractors who support them – have worked honorably and courageously to address the diverse and complex array of challenges to our national security, often at great personal risk and significant sacrifice to themselves and their families. The committee, Congress, and the American people owe them a debt of gratitude for this service.

The *National Defense Authorization Act for Fiscal Year 2017* continues the committee's commitment to defense reforms that enable our military to rise to the challenges of a more dangerous world both today and in the future. The NDAA:

- Ensures the long-term viability of the All-Volunteer force by sustaining the quality of life of the men and women of the total force (Active Duty, National Guard, and Reserves) and their families, as well as Department of Defense civilian personnel, through fair pay, policies, and comprehensive reform of the military health system.
- Ensures that our men and women in uniform have the advanced equipment they need to succeed in future combat against technologically sophisticated adversaries, in the most efficient and effective manner that provides best value to the taxpayers.
- Reduces strategic risk to the nation and our military servicemembers by prioritizing the restoration the military's readiness to conduct the full range of its assigned missions as soon as possible.
- Addresses shortfalls in strategic integration at the Department of Defense identified by the committee's review of the *Goldwater-Nichols Act* by improving and sustaining the alignment of effort and resources across different regions, functions, and domains.
- Continues a comprehensive reform of the defense acquisition system designed to drive innovation and ensure accountability for delivering military capabilities to our warfighters on time, on budget, and as promised.
- Reduces excessive and wasteful spending to ensure every defense dollar is spent wisely.
- Enhances the capability of the U.S. Armed Forces and the security forces of allied and friendly nations to defeat ISIL, al Qaeda, and other violent extremist organizations.
- Advances our ability to establish deterrence and defend our allies and partners in Eastern Europe and the Asia-Pacific.
- Improves the ability of the Armed Forces to counter emerging and nontraditional threats, focusing on terrorism, cyber warfare, and the proliferation of weapons of mass destruction and their means of delivery.

Providing for the Common Defense

The NDAA authorizes funding at the level of the President's fiscal year 2017 budget request, and includes \$602 billion of discretionary spending for national defense – \$543 billion for base functions in the Department of Defense and for nuclear functions within the Department of Energy and \$59 billion for Overseas Contingency Operations funding for the Defense Department. Similar to the President's budget submission, \$5 billion of the Overseas Contingency Operations funding supports functions traditionally supported through the base budget.

As the nation confronts the most diverse and complex array of security challenges since the end of War II, the nation simply cannot afford to waste defense dollars. Through rigorous oversight, the committee identified \$3 billion in targeted savings and redirected those funds toward critical needs of our warfighters. Given the concerning testimony the committee received from the nation's top military commanders, the committee emphasized restoring military readiness, authorizing an increase of \$2 billion for additional training, depot maintenance, and weapons sustainment.

While the committee believes this is a positive step in the right direction, these additions were not enough to address the nearly \$23 billion in unfunded requirements identified by the military services, almost \$7 billion of which alone were considered readiness-related. Artificial budget constraints created by the *Budget Control Act of 2011* (BCA) and modified by the *Bipartisan Budget Act of 2015* (BBA) have limited the committee's ability to authorize a strategy-based level of defense funding demanded by the threats facing the nation and the ever-growing demands they impose on our military servicemembers. The committee continues to urge the Congress to lift these artificial budget constraints and end the threat of sequestration to give our warfighters the resources, training, and equipment they need and deserve.

The Goldwater-Nichols Act and Reforming the Defense Enterprise

Over the past year, the committee conducted a comprehensive review of the roles, missions, and organization of the major actors in the Department of Defense (DOD)—the Office of the Secretary of Defense and the defense agencies, the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, and the military services. This review was born out of a general concern that the organization of DOD too often inhibits, rather than enables, the talented people serving there to fulfill their duties at a time of major strategic and technological change. To produce a better, clearer definition of the problem, the committee held 13 hearings last fall with 52 of the nation's foremost defense experts and former military leaders, who offered a wide and diverse array of opinions and recommendations, drawing on their extensive experience. Committee staff, on a bipartisan basis, also interviewed dozens of additional current and former defense and military leaders.

The *Goldwater-Nichols Act* sought to improve the ability of the Armed Forces to plan and operate as one joint force. But if Goldwater-Nichols was about operational effectiveness, the challenge today is one of strategic integration—how DOD and the military services align their efforts and resources across different regions, functions, and domains, while balancing and sustaining those efforts over time. This includes strategic integration between DOD and key external actors—especially our nation's dynamic, non-traditional commercial firms.

The strategic landscape confronting the United States has changed fundamentally since the passage of the *Goldwater-Nichols Act* thirty years ago. Instead of one great power rival, the United States faces a multiplicity of strategic challenges: near-peer competitors such as China and Russia, regional powers such as Iran and North Korea that increasingly have the capabilities to pose threats that transcend their regions, and non-state violent extremist movements, including groups like the Islamic State and Al-Qaeda and their affiliates, that are metastasizing across Africa, the Middle East, and parts of Asia. As the Secretary of Defense and Chairman of the Joint Chiefs have testified to the committee this year, all of these threats cut across different regional geographies and span different military functions and domains, and all are long-term in their character. We now face a series of multi-regional, cross-functional, multi-domain, and enduring strategic competitions that pose a significant challenge to the organization of DOD and the military, which is largely aligned around functional issues (policy, intelligence, acquisition, etc.) and regional geography (CENTCOM, AFRICOM, etc.).

At a more detailed level, the problem the committee sought to address is one of roles and missions—clarifying them and ensuring that all players are maximizing their effectiveness and playing their unique roles on the team. Too often DOD and the interagency are hampered by stovepipes, duplications, and lack of communication.

This problem requires a recalibration of the roles and missions of the senior officials in DOD, as well as their relationships with each other, to enhance strategic integration across the defense enterprise. The NDAA seeks to enhance strategic integration in seven areas: (1) the NSC staff; (2) the Joint Chiefs of Staff and the Joint Staff; (3) the combatant commands; (4) general and flag officers; (5) the Office of the Secretary of Defense; (6) staff and headquarters; and (7) strategy documents.

The NSC Staff

The NDAA includes a provision to cap the size of the NSC staff at 150. This would not apply to technical and administrative personnel, but rather only to permanently assigned professional staff and detailees from DOD and other U.S. departments and agencies.

The NSC was created in the *National Security Act of 1947*, which was originally prepared by the Chairman of the Senate Armed Services Committee. The intent of that legislation was that the NSC would be a small group of the President's staff, focused on developing whole-of-government national security strategy and coordinating it across the interagency. The execution of daily operations was to remain with the cabinet secretaries and senior leaders of the departments and agencies, who served in their positions only after receiving the advice and consent of the Senate. As a result, the NSC staff would be shielded by executive privilege from congressional oversight.

Unfortunately, the past 25 years have brought a consistent and steady growth of the NSC staff—from 40 during the George H.W. Bush administration, to more than 100 in the Clinton administration, to more than 200 during the George W. Bush administration, to reports of nearly 400 under the current administration. In addition to the growth in size, and largely enabled by it, we have seen an expansion of the NSC staff's role into tactical and operational issues.

This provision seeks to push the NSC staff toward prioritizing the strategic mission that led Congress to create it in the first place, while maintaining executive privilege for its activities.

The Chairman of the Joint Chiefs of Staff

The NDAA contains several provisions to improve military advice to civilian leaders.

One provision seeks to clarify the role of the Chairman of the Joint Chiefs of Staff and the key duties that this officer must perform on behalf of the joint force: providing advice on the military elements of defense strategy and the global integration of military activities, and advocating for the joint warfighter of today and tomorrow, especially with respect to developing joint capabilities, ensuring comprehensive joint readiness, and fostering joint military leadership.

A second provision seeks to strengthen the Chairman's ability to assist the Secretary with the global integration of military operations and activities to address the multi-regional, cross-functional, and multi-domain threats that we face. At present, the Chairman is not in the chain of command, which was one way that the *Goldwater-Nichols Act* sought to guard against an over-centralization of military power in the Chairman's hands and protect civilian control of the military. As a result, any transfer from one combatant command to another of any military capability must be approved by the Secretary. With the transnational nature of our present and future challenges, this restriction leads to a less responsive global integration of defense strategy and military operations, which could become more pronounced and problematic during a crisis. Therefore, this provision would allow the Secretary to delegate some authority to the Chairman for the worldwide reallocation of limited military assets on a short-term basis, consistent with the Secretary's policy guidance and in furtherance of the defense strategy. The Secretary would retain control over whether to delegate any authority—and if so, how much—and would be fully informed of any actions taken by the Chairman.

The Combatant Commands

The NDAA contains provisions that seek to clarify the role and improve the organization of the combatant commands (COCOMs).

The first provision would more clearly define the role of the COCOMs. The law that defines the COCOM's duties simply states that they shall perform the missions assigned by the Secretary. This provision would clearly establish that the primary duties of the COCOMs are to execute the national defense strategy in consultation with the Chairman of the Joint Chiefs of Staff, to prepare and plan for conflict, to take necessary actions to deter conflict, and if directed by the Secretary, to command U.S. armed forces in combat. This provision would not prohibit the COCOMs from performing other missions, many of which are vitally important, but would rather seek to focus the COCOMs more clearly on their core missions of warfighting excellence.

A second provision would require the Secretary of Defense to conduct a pilot program on an alternative organizational structure at one combatant command. The Secretary would select one combatant command and direct the commander to replace the service component commands with joint task forces focused on operational military missions. The Committee believes that this could provide lessons for improving the integration of operational efforts across the command, streamlining unnecessary layers of management, and reducing the number of staff.

A final provision would create a Combatant Commanders Council, consisting of all the COCOMs, the Chairman and Vice Chairman of the Joint Chiefs of Staff, and the Secretary of Defense, who would convene the Council and set the agenda, but could delegate that authority to the Chairman. In the event the Secretary did not attend, he could send a representative. The purpose of the Council would be to aid in the execution of defense strategy and the global integration of military activities across the regional and functional divisions of the COCOMs. This is increasingly important in light of the fact that all of our major worldwide threats span multiple COCOM areas and domains of responsibility and require their seamless integration.

General and Flag Officers

The NDAA contains a provision that would reduce the number of general and flag officers by 25 percent. The committee reduced the number of four-star officers, which would be limited to: the Chairman, Vice Chairman, and other members of the Joint Chiefs of Staff, including the head of the National Guard Bureau; the Combatant Commanders; the Commander of U.S. Forces – Korea; one additional joint billet for which the President could nominate for advice and consent by the Senate an officer for a four-star joint command (such as the current mission in Afghanistan); and three additional four-star billets each for the Army, Navy, and Air Force to be filled as they choose. The resulting 27 four-star billets would represent a significant reduction from the current authorized level of 41.

This reduction in four-star billets would be accompanied by a 25 percent roll down of the overall number of the remaining general and flag officers for each of the services (three-star, two-star, and one-star officers). This was done on the basis of careful consideration of the existing size of the general and flag officer corps in each service, as well as its unique requirements. This provision was also based on analysis of the historic growth at each general and flag officer level across the force, which was relatively higher among three-star and, to a lesser extent, four-star officers when considered in relation to the overall reduction in military end-strength. As a result, the provision makes deeper reductions at these levels, with proportionately lesser reductions at the one-star and two-star levels, to allow the services a broader base to develop future leaders.

This provision is necessary because the size of the general and flag officer corps has become increasingly out of balance with the size of the force it leads. Over the past 30 years, the end-strength of the joint force has decreased 38 percent, but the ratio of four-star officers to the overall force has increased by 65 percent. Especially at a time of constrained defense budgets, the military services must right-size their officer corps and shift as many personnel as possible from staff functions to operational and other vital roles.

Office of the Secretary of Defense

The NDAA contains a provision to improve strategic integration across those functional components of the Office of the Secretary of Defense (OSD).

At a time when the DOD faces numerous threats that all span different regions, functions, and military domains, the Office of the Secretary of Defense is still locked in a Cold War structure of functional components. Below the Secretary and the Deputy, there are five Under Secretaries of Defense: 1) Policy; 2) Intelligence; 3) Acquisition, Technology, and Logistics; 4) Personnel and Readiness; and 5) Comptroller. A sixth Under Secretary, for Business Management, will be added in February 2017, as mandated by the *National Defense Authorization Act for Fiscal Year 2015*.

The problem with this functional organization is that it too often inhibits, rather than enables, strategic integration. Far too much has to be pushed up to the Secretary and the Deputy, because they are only two people in DOD who can perform cross-functional, strategic integration. While those two leaders need to make the big decisions, the organizational deficiencies of OSD place an unrealistic burden on the Secretary and the Deputy.

To begin addressing this problem, the NDAA includes a provision that would require the next Secretary of Defense to create a series of cross-functional teams to achieve core missions of the Department. The NDAA would create a new mechanism, called “mission teams,” to support the Secretary and the Deputy in performing cross-functional integration more effectively and efficiently. Each mission team would focus on a discrete mission (detering Russia, for example, or cybersecurity) that the Secretary could determine. The Secretary would also select the civilian or military official to lead each mission team, who would then, in

turn, have authority to build the team with representatives from all of the functional components of the Department necessary to perform the mission. The proposal would seek to ensure that the team members are given the necessary training and the right incentives to produce results—and to be rewarded for doing so.

The NDAA also includes a provision to improve OSD's oversight and integration of defense cyber activities. Cyber is the ultimate cross-cutting issue, but at present, responsibility for cyber is split between three different organizations in OSD. The NDAA would attempt to reduce these seams by establishing an Assistant Secretary of Defense for Information. This position would not be an intelligence function. It would oversee the security of the Department of Defense information network, as well as defense space policy and cyber warfighting activities. This Assistant Secretary would also serve as the Department's Chief Information Officer.

Staff and Headquarters

The NDAA contains a series of provisions to reduce the size of staffs working in OSD and the military departments. In keeping with the 25 percent reduction in the number of general and flag officers, the legislation would also mandate a 25 percent reduction in the number of Senior Executive Service civilian employees in the Department of Defense.

The Office of the Secretary of Defense and the military departments have statutory caps on the number of military and civilian personnel. However, for many years, these offices have exceeded these caps through two mechanisms – working under a “national emergency” exemption and use of contractors.

Therefore, the NDAA institutes a cap that allows only a 15% increase over the cap in times of national emergency. Similarly, the NDAA would cap the amount of money that OSD and the military departments could spend on contractors performing staff functions in headquarters. The legislation would establish an FY16 baseline on spending for contractors and require a 25 percent reduction in such spending by January 2019. These provisions are in line with the 25 percent reduction in general and flag officers. At the same time, other provisions would provide the Secretary with workforce shaping authorities, such as voluntary separation incentive payments, to enable the Secretary to manage the Department's workforce more effectively.

Strategy Documents

The final area of proposed reform in the NDAA concerns the strategy reports that Congress has required the President, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff to produce for the past three decades. While well-intentioned, these reports—the National Security Strategy, Quadrennial Defense Review (QDR), and the National Military Strategy (NMS)—entail massive expenditures of time and energy in DOD to generate, but the final products do little to inform the Congress, not least because the reports are all unclassified.

The NDAA significantly streamlines requirements for these strategy documents to provide the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, wider latitude to shape strategy for the Department of Defense. The National Security Strategy would now be a classified document with an unclassified summary. The QDR has been replaced with a classified National Defense Strategy. And the National Military Strategy has been streamlined to focus on the military's role in executing the National Defense Strategy.

Reviewing U.S. Military Capability and Capacity

The NDAA directs the Secretary of Defense and Chairman of the Joint Chiefs of Staff to conduct a series of reviews focused on the current capabilities and capacities of our Armed Forces. Over the last year, the committee received testimony about the increasing number of complex national security challenges. Many of our senior military leaders testified about the need for prioritizing readiness to ensure our forces can meet the challenges of high intensity warfare. The committee also received testimony expressing concerns about the drawdown in end-strength, especially in the Army, and emphasizing the necessity of modernizing across the force. The committee strongly believes more must be done to ensure our Armed Forces are prepared to fight and win a major conflict.

Consequently, the NDAA directs an independent assessment of the force structure of the Armed Forces needed to meet the national defense strategy, an independent study on the future mix of aircraft platforms, a comprehensive assessment of the joint ground forces, and the modeling of an alternative Army design known as the reconnaissance strike group.

Reforming the Defense Acquisition System

For years after the end of the Cold War, the United States enjoyed a near monopoly on advanced military technologies such as stealth, precision-guided munitions, unmanned systems, and the advanced communications that enable network-centric warfare. That is changing rapidly. From China and Russia, to Iran and North Korea, we see militaries that are developing, fielding, and employing long-range precision guided weapons, advanced fighter aircraft, anti-access and area-denial systems, and growing space and cyber capabilities. At the same time, DOD has struggled to innovate and tap into the technological advancements that are increasingly being driven not by large defense contractors, but by commercial technology firms that generally choose not to do business with the DOD (and have largely been deterred from doing so) due to the complex, costly, and unique demands of the defense acquisition system.

Building on last year's comprehensive reform package, the NDAA contains a number of acquisition provisions primarily designed to drive innovation and arrest the decline of the United States' military technological advantage. The provisions seek to improve acquisition outcomes by focusing on establishing accountability, accessing new sources of innovation, removing unnecessary processes and requirements and adopting best acquisition practices, and improving the acquisition workforce.

Focusing Defense Leadership on Innovation

The NDAA disestablishes the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L) and divides its existing duties among a new Under Secretary of Defense for Research and Engineering (USD(R&E)) and the renamed Under Secretary of Management and Support, a position mandated by the *National Defense Authorization Act for Fiscal Year 2015* that takes effect on February 1, 2017. This new position builds upon and updates the old USD(R&E), a once-powerful position that helped to lead the development of stealth, precision guided munitions, and other advanced capabilities as part of the so-called "Second Offset" strategy during the Cold War. The primary mission of the new USD(R&E) would be restoring, elevating, and enhancing the mission of defense technological innovation.

During a series of hearings on defense reform, the committee heard from a wide range of experts that the U.S. military was falling behind technologically and that the current acquisition structure and process were significant factors in the inability to access new sources of innovation. The committee believes that establishing the position of the USD(R&E) is particularly important in a time when U.S. technological dominance is eroding and innovation is increasingly being driven by commercial and global companies that are not a part of the traditional U.S. defense industrial base. The committee expects that just as previous USD(R&E) incumbents led the "Second Offset" strategy, which successfully enabled the United States to leap ahead of the Soviet Union in terms of military technology, the new USD(R&E) would be tasked with driving the key technologies that must encompass what defense leaders are now calling a "Third Offset" strategy: cyber and space capabilities, unmanned systems, directed energy, undersea warfare, hypersonics, and robotics, among others.

The heads of the following offices and agencies would report directly to the USD(R&E): the Defense Advanced Research Projects Agency; the Strategic Capabilities Office; the Defense Threat Reduction Agency; the Missile Defense Agency; and the existing Assistant Secretary of Defense for Nuclear, Chemical, and Biological Defense, because of the centrality of the nuclear modernization mission. The USD(R&E) would also focus on enhancing innovation in the military departments, especially in the defense laboratories and the rapid capabilities offices in the services, which have been created recently to move faster around the current acquisition system and move technologies more quickly from the laboratory to the warfighter.

To enable the USD(R&E) to focus on the innovation mission, the NDAA creates a new Assistant Secretary of Defense for Acquisition Policy and Oversight under the USD(R&E), focused on setting defense-wide acquisition and industrial base policy and overseeing the development of weapons and national security systems by the military services. At the same time, the NDAA would also eliminate the statutory requirements that establish four Assistant Secretaries and three Deputy Assistant Secretaries focused on a wide variety of acquisition issues within AT&L. The legislation would also transfer several agencies focused on the execution of acquisition functions, as well as a number of other defense agencies performing key business functions for the DOD, to the Under Secretary for Business Management and Support.

In short, whereas all acquisition oversight and execution for everything that the Department of Defense buys is centralized in one office, the NDAA seeks to divide that into two parts. The new USD(R&E) would be a staff office focused on innovation, oversight, and policy for the development of national security technology and systems. The revised Under Secretary for Management and Support would be a line office focused on running defense agencies that perform critical business operations of the Department of Defense.

Establishing Effective Accountability for Results

The NDAA includes a series of provisions that clarifies the roles of senior officials in the acquisition process to streamline decision making and promote accountability. The bill also enhances the role of DOD's Office of Test and Evaluation by transferring the functions of the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation and the Director of the Department of Defense Test Resource Management Center to the Director of Operational Test and Evaluation (DOT&E). Overall, changes to OSD management structure align responsibilities with the services to the maximum extent practicable while providing a greater role for the Office of the Secretary of Defense to lead on innovation and provide effective and targeted oversight on major weapon systems programs.

Accessing Non-Traditional and Commercial Sources of Innovation

The NDAA contains a series of provisions designed to improve DOD's access to non-traditional commercial and global innovation through more streamlined and commercial-like processes. These include proposals to reform and improve rapid acquisition authority and rapid prototyping and rapid fielding processes. The bill streamlines regulations of commercial items and commercial off-the-shelf items, and exempts the purchase of commercial off-the-shelf items from certain regulations. The bill also treats services provided by nontraditional contractors as commercial items and establishes a preference for commercial services.

Streamlining Regulation to Reduce Costs and Gain Efficiencies

The NDAA includes a number of provisions designed to streamline the process for buying weapon systems, services, and information technology by reducing unnecessary requirements. The bill also places a premium on limiting the use of cost contracts that have required expensive government unique processes to manage and focusing on a transition to more commercial like fixed price contracts and accounting systems and methods.

The NDAA requires the secretary of each military department and the head of each of the defense agencies to pay a penalty for some uses of cost-type contracts that are awarded over the next five fiscal years. These funds would be used to support innovative prototyping programs. The bill also established a preference for fixed-price contracts and established an approval mechanism for the use of cost-type contracts over \$5 million in value.

The effect of the overuse of cost-type contracts is the narrowing of the industrial base as commercial firms make a choice not to invest in the unique accounting and financial systems necessary to compete for a cost contract. This expensive barrier to entry has resulted in a smaller pool of defense-unique companies that can comply with government-unique requirements necessary to execute a cost contract. Commercial companies that choose not to invest in expensive government-unique accounting systems are often deterred from doing business with the Department when it chooses to use cost contracts. The provisions in the NDAA are designed to limit the use of cost contracts in the future and focus the Department on achieving greater value and innovation through accessing commercial, non-traditional, and small business contractors that are nimble enough to operate in a fixed-price environment.

Reinvigorating the Acquisition Workforce

The NDAA also contains provisions to improve the quality of the DOD acquisition workforce through more flexible hiring and compensation practices. The bill addresses improvements the Defense Acquisition Workforce Development Fund, program management and tenure requirements for program managers on major defense acquisition programs. The bill also establishes positions of competitively-selected senior military acquisition advisors in the Defense Acquisition Corps.

Reforming the Military Health System

In January 2015, the Military Compensation and Retirement Modernization Commission provided the Congress its recommendations to modernize the military compensation and retirement systems. The Commission recommended major reform of the military health system to improve and sustain operational medical force readiness, improve access to care, and expand beneficiaries' choices of health plans.



Consistent with this mandate, the NDAA initiates a comprehensive reform to modernize the military health system and provide beneficiaries with higher quality care, better access to care, and a better experience of care. Critically, the NDAA's reform initiatives adhere to a simple guiding principle: that beneficiaries should only be asked to pay more into a military system that delivers greater value. The reforms in the NDAA constitute an important first step in the evolution of the military health system from an under-performing, disjointed health system into a high-performing integrated health system that gives beneficiaries what they need and deserve: the right care at the right time in the right place.

While battlefield medicine is a pocket of excellence in the military health system that must be maintained, it is also clear that the military health system, designed decades ago, has increasingly emphasized delivering peacetime healthcare at the expense of strengthening operational medical force readiness. Prior to 2001, medical force readiness suffered immeasurably, forcing the military services to build a more robust combat casualty care capability to meet the demands of the wars in Afghanistan and Iraq. For example, OB/GYN physicians substituted as trauma surgeons in combat theaters because the military had too few qualified trauma surgeons to meet combatant command requirements.

Bloated medical headquarters staffs – over 12,000 strong – have failed to take quick action on what needs to be fixed in the direct care component of the military health system. Despite the lack of additional capacity to enroll patients in bottle-necked primary care clinics, beneficiaries continue to be required to receive care at military hospitals. While the military services claim they need more patients in their hospitals to maintain medical force readiness, the most common health services performed by military providers relate to pregnancy, childbirth, and pediatric care.

In addition, the current stove-piped military health system command structure leads to inevitable turf wars among the military services and the Defense Health Agency, paralyzing decision-making and stifling healthcare innovation. Data show that military healthcare providers have much lower productivity than their comparable civilian counterparts, which severely limits beneficiaries' access to healthcare services. Although set at an unreasonably low level, DOD's productivity goal for physicians – 40 percent of the Medical Group Management Association median – cannot be met by many military medical providers.

Moreover, a recent study by the Institute for Defense Analyses shows that the military services underestimate the true costs of officer and enlisted medical personnel compared to the total costs for government civilians and contractors. The study concluded that the complete cost to the taxpayer of military medical personnel far exceeded the cost of civilian healthcare providers with comparable skills. Data also show that the total cost to provide healthcare services in military treatment facilities is greater than the cost of providing the same types of services in the private sector.

The private sector component of the military health system is not without its own flaws. Beneficiaries complain about the cumbersome authorization and referral process for specialty care and a lack of access to care in large TRICARE provider networks. The current TRICARE program's myriad outmoded regulations and policies focus on "the system" rather than doing the right thing for beneficiaries. TRICARE's obsolete medical support contract strategy results in high acquisition costs, routine bid protests, implementation delays, high management costs, and costly contract extensions. Under those contracts, the Department, and ultimately the taxpayers, remain solely at risk for the cost of all healthcare services provided, and the rigid adherence to fee-for-service provider reimbursement fails to encourage individual and institutional network providers to provide higher quality care, better access to care, and higher patient satisfaction at lower costs to the Department and the taxpayers.

With a clear need for reform, the NDAA contains a number of provisions designed to improve the military health system's ability to provide the timely, quality care beneficiaries deserve.

Creating Health Value

- Expands the full range of telehealth services available to beneficiaries.
- Authorizes lower co-payments for high-value pharmaceuticals and medical services.
- Eliminates the requirement for pre-authorization for specialty care referrals.
- Requires a plan to improve pediatric care and related services.
- Incentivizes participation in disease management programs.
- Authorizes enrollment of eligible beneficiaries in federal dental and vision insurance programs managed by the Office of Personnel Management.
- Authorizes new and improved TRICARE health plans – TRICARE Prime, TRICARE Choice, and TRICARE Supplemental.
- Eliminates existing cost-shares for services provided under the current TRICARE Standard plan and replaces them with fixed co-payments to lower overall costs for beneficiaries.



Enhancing Access to High Quality Healthcare

- Expands and improves access to care by requiring a standardized appointment system in military treatment facilities.
- Creates local high-performing military-civilian integrated health delivery systems in which military treatment facilities would form strong partnerships with civilian health systems and the Department of Veterans Affairs to provide integrated health services for beneficiaries.
- Expands telehealth capabilities in the military health system.
- Creates specialized care centers of excellence at major military medical centers to model specialized care delivery in high-performing health systems like the Cleveland Clinic.
- Requires contracts for turn-key primary care/urgent care clinics at military treatment facilities.
- Authorizes a pilot program to give commercial health insurance coverage to reserve component members and their families.

Improving Beneficiaries' Health Outcomes

- Increases beneficiary involvement and shared responsibility to improve health outcomes and to lower costs, including focused efforts on smoking cessation and weight reduction.
- Incentivizes participation in disease management programs.
- Incentivizes use of high-value individual and institutional healthcare providers

Improving and Maintaining Operational Medical Force Readiness

- Creates specialized care centers of excellence at major military medical centers.
- Expands military-civilian trauma training sites and requires integrated trauma team training.
- Requires establishment of personnel management plans for important wartime medical specialties.
- Requires development of quality of care outcome measures for combat casualty care.
- Requires greater focus on medical research to understand better the causes of morbidity and mortality of service men and women in combat.
- Requires development of a trauma care registry.
- Requires development of standardized tactical combat casualty care training.
- Expands eligibility for care in military treatment facilities to veterans and certain civilians.

Demanding Performance Accountability

- Establishes performance accountability for military healthcare leaders throughout the military health system.
- Establishes rigorous criteria for selection of military treatment facility commanders.
- Establishes minimum lengths of tours of duty for military treatment facility commanders.

Driving Efficiencies and Eliminating Waste

- Right-sizes the footprint of the military health system to meet operational medical force requirements and the medical readiness of the Armed Forces.
- Realigns the medical command structure of the Department of Defense and shrinks headquarters staffing creating greater efficiency in the management of the military health system.
- Eliminates graduate medical education training programs not directly supporting operational medical readiness requirements and the medical readiness of the Armed Forces.
- Authorizes conversion of military healthcare provider positions to civilian or contractor positions.
- Requires a multi-year study by the Comptroller General of the United States to find healthcare waste throughout the military health system.
- Requires centrally-managed, performance-based professional staffing contracts.

Modernizing TRICARE Medical Support Contracts

- Incorporates value-based healthcare methodology and value-based provider reimbursement into TRICARE contracts.
- Expands access to the full range of telehealth capabilities.
- Allows contractors to use the latest innovations in the private sector health plan market.
- Transfers financial risk for the delivery of healthcare services to contractors and healthcare providers.
- Focuses contracts on building networks of high-value providers.
- Requires a competitive, continuously open contracting strategy.



Supporting the All-Volunteer Force

As threats to our nation grow more diverse and complex and impose greater demands on military servicemembers, we are counting on young Americans to enlist or commit to serve in the All-Volunteer Force that defends our security. The NDAA sustains the quality of life for the men and women of the total force and their families and addresses the needs of our wounded, ill, and injured servicemembers.

- Authorizes \$134 billion for military personnel, including costs of pay, allowances, bonuses, death benefits, and permanent change of station moves.
- Authorizes \$33.5 billion for the Defense Health Program.
- Authorizes a 1.6 percent across-the-board pay raise for members of the uniformed services.
- Reauthorizes over 30 types of bonuses and special pays aimed at encouraging enlistment, reenlistment, and continued service by active-duty and reserve component military personnel.
- Authorizes active-duty and reserve component end strength consistent with the President's request.
- Restructures and enhances leave for primary and secondary caregivers in the case of birth and adoption.
- Permanently extends the authority to pay the Special Survivor Indemnity Allowance under the Survivor Benefit Plan.
- Authorizes an increase of \$40 million for reimbursement rates for the TRICARE Comprehensive Autism Care Demonstration program.
- Authorizes \$25 million in supplemental impact aid to local educational agencies with military dependent children and \$5 million in impact aid for schools with military dependent children with severe disabilities.
- Makes numerous enhancements to military whistleblower protections.

Updating Selective Service

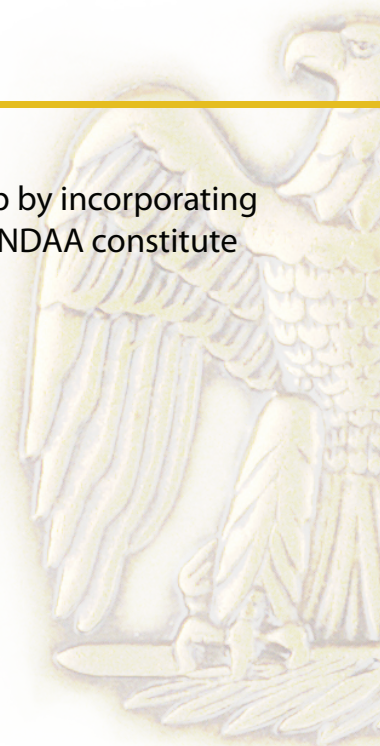
The NDAA includes a provision that amends the *Military Selective Service Act* to include women in the requirement to register for selective service, to the same extent men are currently required, beginning January 1, 2018. Because the Department of Defense has lifted the ban on women serving in ground combat units, the committee believes there is no further justification in limiting the duty to register under the *Military Selective Service Act* to men. Furthermore, each uniformed chief of the services testified to their personal support of including women in the requirement to register for selective service.

The NDAA also establishes an independent National Commission on Military, National, and Public Service to review the future of the selective service system. The commission will examine whether the current global security environment still demands a selective service process designed to produce large quantities of combat troops, or whether a system based on the acquisition of certain critical skills and abilities for military and civilian service is more appropriate. More broadly, the commission will consider how to foster a sense of service and civic responsibility among the nation's youth, improve military recruiting, and increase the pool of qualified applicants for military service and their propensity to serve.

Reforming the Military Justice System

The NDAA implements the recommendations of the Department of Defense Military Justice Review Group by incorporating the *Military Justice Act of 2016* as amended by the committee. Taken together, the provisions contained in the NDAA constitute the most significant reforms to the Uniform Code of Military Justice in a generation.

- Strengthens the structure of the military justice system.
- Enhances fairness and efficiency in pretrial and trial procedures.
- Reforms sentencing, guilty pleas, and plea agreements.
- Streamlines the post-trial process.
- Modernizes military appellate practice.
- Increases transparency and independent review of the military justice system.
- Improves the functionality of punitive articles and proscribes additional acts.
- Incorporates best practices from federal criminal proceedings where applicable.



Modernizing the Force to Meet Current and Future Threats

The committee is increasingly concerned about the impact of delayed modernization and aging equipment is having on the readiness and combat effectiveness of the Armed Forces. The oldest and smallest Air Force in history does not expect to return to full spectrum readiness for more than a decade. The Navy's fleet has shrunk to just 272 ships, and its aircraft carriers no longer provide constant presence in the Persian Gulf and Western Pacific. The Army's advantage in ground and airborne combat weapons systems is eroding, prompting warnings from senior Army leaders that the service is "outranged and outgunned" by potential adversaries. And Marine Corps aviation is in crisis with marines cannibalizing parts to keep steadily fewer aging aircraft airborne.

The committee is also concerned that arbitrary budget caps led the Department of Defense to fund growing operational requirements at the expense of modernization and procurement in its fiscal year 2017 budget request. The NDAA prioritizes modernization to meet current and future threats and directs funds without reducing readiness activities where available to provide critical military capabilities to our warfighters.

- Authorizes \$10.5 billion for the Joint Strike Fighter program, including \$8.5 billion for procurement of 63 aircraft, including 43 F-35As, 16 F-35Bs, and 4 F-35Cs.
- Authorizes \$2.2 billion for procurement of 11 P-8 Poseidon aircraft and \$185 million for 2 F/A-18 Super Hornet fighter aircraft.
- Authorizes \$186 million, including an \$88 million increase, for F-16 capability upgrades. As the Air Force extends the life of fourth generation aircraft while awaiting delayed deliveries of F-35A aircraft, these upgrades will increase the operational effectiveness and survivability of the F-16 in an advanced threat environment.
- Authorizes \$5 billion to procure 2 *Virginia*-class nuclear attack submarines and provide for advance procurement of future *Virginia*-class submarines.
- Authorizes \$1.6 billion to procure the next amphibious assault ship, including incremental funding authority for fiscal years 2017 and 2018.
- Authorizes \$1.5 billion to fully support the *Ohio*-class submarine replacement program.
- Authorizes \$3.3 billion for the procurement of 2 *Arleigh Burke*-class destroyers, including a \$50 million increase for incremental funding of a fiscal year 2016 destroyer.
- Authorizes \$75 million, an increase of \$69 million, for the development and procurement of the amphibious ship replacement, known as LX(R).
- Authorizes \$199 million in Chief of Naval Operations and Commandant of the Marine Corps unfunded priorities, including: a ballistic missile defense destroyer upgrade, surface electronic warfare improvement program block 3 installation, a surveillance towed array, and F-35B spares.
- Authorizes \$453 million in OCO for 24 MQ-9 Reapers to meet increased combatant commander requirements for medium altitude intelligence, surveillance, and reconnaissance.
- Authorizes \$321 million for the UH-1N helicopter replacement program. This includes a \$302 million increase for the procurement of 8 HH-60 Blackhawk aircraft to accelerate the Air Force's program to replace outdated UH-1N helicopters currently in use for rapid security response team missions on the Air Force's intercontinental ballistic missile fields.
- Authorizes \$270 million for the Tomahawk missile program, including an increase of \$84 million, to maintain production of Tomahawk missiles at the minimum sustaining rate. The NDAA fully supports the Department of Defense's request for vital munitions including the Long Range Anti-Ship Missiles (LRASM), Standard Missile 6 (SM-6), Advanced Medium Range Air-to-Air Missile (AMRAAM), and AIM-9X Block II Sidewinder.
- Authorizes \$2.6 billion for the procurement of Army aircraft including 52 AH-64 Apaches, 36 UH-60 Blackhawks, and 22 CH-47 Chinooks.
- Authorizes \$1.2 billion for upgrades to M1 Abrams tanks, M2 Bradley infantry fighting vehicles, and Stryker armored combat vehicles to improve the lethality and survivability of U.S. Army ground combat systems against potential adversaries.
- Authorizes increases in procurement and RDT&E funding of \$94 million for Active Protections Systems for ground combat vehicles and \$39 million for Aircraft Survivability Systems for combat aircraft.
- Authorizes \$408 million for the Joint Improvised Explosive Defeat Fund to assist in the defeat of improvised explosive devices in Afghanistan, Iraq, Syria, and other military operations designated by the Secretary of Defense.
- Fully supports modernizing the nuclear triad of ICBMs, bombers, and nuclear submarines, and ensuring that U.S. nuclear forces are survivable, well-exercised, and increasingly ready to counter Russian nuclear provocations while reassuring allies. The NDAA also provides full support for Department of Energy programs to extend the life and modernize our nuclear weapons and infrastructure, and to secure nuclear materials and dangerous pathogens worldwide.
- Authorizes \$7.5 billion for the Missile Defense Agency, including an additional \$115 million to modernize U.S. homeland missile defenses.

Demanding Accountability and Transparency in Service Acquisition Programs

Given the increasing diversity and complexity of the national security challenges, our nation simply cannot afford to waste precious defense dollars. As part of the committee's comprehensive effort to root out and eliminate wasteful spending and improve the Department of Defense acquisition system, the NDAA contains several oversight provisions that ensure accountability for results; promote transparency; protect taxpayers; and drive the Department to deliver our warfighters the capabilities they need on time, on schedule, and at reasonable cost.

F-35 Joint Strike Fighter

- Extends the prohibition on retirement of the A-10 until F-35 Joint Strike Fighter initial operational testing (IOT&E) and evaluation is completed. The NDAA also ensures the F-35 IOT&E includes comparison testing and detailed assessment of A-10 and F-35A abilities to conduct close air support, combat search and rescue, and airborne forward air controller missions.
- Requires F-35 Follow-on Modernization program, which is estimated to cost more than \$8 billion for the first block upgrade, to be treated as a separate major defense acquisition program (MDAP). Given the Department of Defense's poor track record on upgrade programs like this one, a separate program will enable rigorous oversight by the Congress to protect taxpayers.
- Disbands F-35 Joint Program Office following the full rate production decision scheduled for April 2019 and devolves responsibilities to Departments of the Navy and the Air Force. Despite aspirations for a joint aircraft, the F-35A, F-35B, and F-35C are essentially three distinct aircraft, with significantly different missions and capability requirements. Devolving this program to the services will help ensure the proper alignment of responsibility and accountability the F-35 program needs and has too often lacked.

B-21 Long Range Strike Bomber

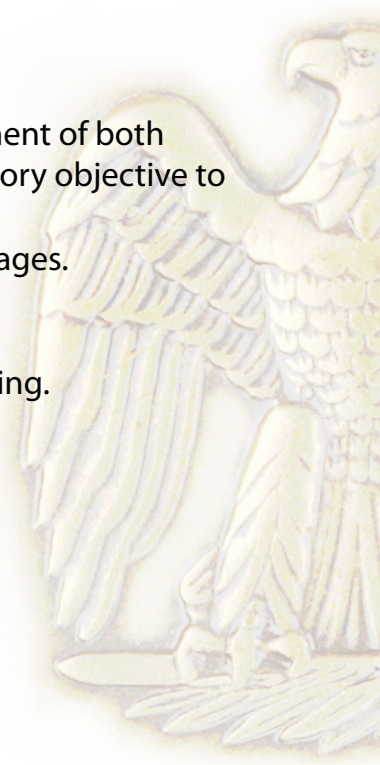
- Reduces authorization for the B-21 Long Range Strike Bomber by \$302 million due to a lower than expected contract award value.
- Establishes strict B-21 program baseline and cost control thresholds and requires quarterly program performance reports.
- Requires disclosure of the engineering and manufacturing development total contract award value to congressional defense committees.

Ford-class Aircraft Carrier

- Directs a Nunn-McCurdy review of the Advanced Arresting Gear (AAG) program for the Ford-class aircraft carrier and prohibits future AAG procurement funding. The program acquisition unit cost of this troubled program has breached critical cost growth thresholds, warranting a reassessment of the program and a consideration of alternatives.
- Limits funds until the Navy establishes lower end cost targets of \$11.0 billion and 12.0 billion for the *USS John F. Kennedy* (CVN-79) and *USS Enterprise* (CVN-80), respectively.

Littoral Combat Ship (LCS)

- Prohibits revisions to or deviations from the current LCS acquisition strategy, which includes procurement of both LCS designs in 2017, a down-select to a single variant no later than 2019, and a reduction in the inventory objective to 40 ships.
- Requires an annual report on development, production, sustainment, and testing of LCS mission packages.
- Requires the Department to certify the LCS mission package program of record quantities.
- Reduces authorization for the LCS by \$28 million due to unjustified unit cost growth.
- Cuts \$59 million for LCS mission packages due to a program cancellation and delayed operational testing.



Other Programs

- Limits funds for the EC-130H Compass Call recapitalization program unless the Air Force conducts a free and open competition for replacement aircraft.
- Prohibits the use of funds to enter into or prepare to enter into a sole-source contract for a Joint High Speed Vessel (JHSV) or Expeditionary Fast Transport (EPF). In the last two years, funds were appropriated for two of these ships that Navy did not request and were not authorized by the NDAA. This provision is a necessary safeguard to prevent wasteful earmarks.
- Directs the Secretary of the Navy to report to Congress on how the Navy will transition the Ohio-class replacement submarine program from cost-plus to fixed-price contracts as soon as possible.
- Directs the Secretary of the Navy to structure contract terms such that shipbuilders do not earn profit for correcting construction deficiencies following delivery that are determined to be their responsibility.
- Limits funds for the Joint Surveillance Target Attack Radar System (JSTARS) recapitalization program unless the Air Force uses a fixed price contract for engineering and manufacturing development, and directs development of options to accelerate the program.
- Authorizes an extension to a Jones Act waiver pertaining to the procurement of dry docks, which would be necessary to build Navy ships.
- Prohibits funds from being used to inactivate guided missile cruisers or dock landing ships or place ships in these classes into an extended modernization period, unless prescribed criteria are met.
- Prohibits funds from being used to inactivate existing mine countermeasures systems until equivalent or better capabilities are fielded.
- Reduces authorization for prototyping and testing of extra-large unmanned undersea vehicles by \$34 million due to excessive program risk.
- Cuts \$30 million for the AGM-88E Advanced Anti-Radiation Guided Missile (AARGM) due to continued troubles in operational testing and problems in production processes.
- Reduces authorization for the Warfighter Information Network-Tactical (WIN-T) by \$100 million as the Army assesses continued technical and operational challenges.
- Reduces authorization for the Distributed Common Ground System-Army (DCGS-A) by \$93 million and directs the Army to acquire a non-developmental, commercially-available solution.

Driving Defense Innovation in R&D

A strong and agile research and development enterprise has always been the backbone to defense innovation and to cutting-edge military technology. Throughout history, the defense research enterprise has produced such breakthroughs as advanced nuclear weaponry, precision-guided munitions, stealth technology, and global positioning systems. While the defense research enterprise continues to operate at an advanced level, in recent years it has been hampered by an increasingly restrictive and encroaching set of rules and regulations imposed by the Department of Defense. To begin the process of making the research enterprise more efficient and effective, and to continue to support the high-tech work performed by Defense researchers, the NDAA includes a number of important provisions.

- Fully funds the Defense Advanced Research Projects Agency, the Strategic Capabilities Office, and basic research at the level of the President's budget request.
- Adds over \$50 million to accounts meant to drive advancements in the Department's Third Offset Strategy, including emphasizing the need for enhanced efforts to advance directed energy technology.
- Makes important changes to lab management, funding, and purchasing policy to allow directors of Defense laboratories to operate more autonomously with a view toward efficiency.
- Makes permanent the Department of Defense Rapid Innovation Program.
- Establishes a pilot program that authorizes the directors of the Defense laboratories and the director of the Defense Advanced Research Projects Agency to establish more streamlined and efficient management practices.
- Extends direct hire authorities to the directors of test and evaluation facilities of the department.
- Makes permanent previously granted authorities for Defense laboratory directors to use more rapid and flexible personnel practices, including faster hiring, enhanced compensation, and the use of term positions.
- Makes the DOD Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs permanent
- Improves the flexibility for laboratories to improve their research infrastructure, by increasing the threshold for streamlined minor military construction projects
- Makes permanent and expands the flexibility of DARPA's unique personnel system, to allow the agency to compete for world class technical talent.

Strengthening Homeland Security

The NDAA takes several steps to bolster the defense of the homeland.

- Enhances information sharing and coordination of military training conducted on U.S. borders between the Department of Defense and the Department of Homeland Security in order to support military readiness, increase situational awareness of the border by civilian law enforcement, and improve the effectiveness of drug interdiction and border security operations.
- Authorizes \$688 million for Department of Defense counterdrug programs.
- Authorizes \$12.7 million to address SOUTHCOM's unfunded priorities to combat transnational criminal organizations and interdict illicit drugs to the United States.
- Extends by four years the authority to support the unified counterdrug and counterterrorism campaign in Colombia.
- Codifies the authority of the Secretary of Defense to provide support to federal, state, local, and tribal law enforcement for counterdrug and countering transnational organized crime operations.

Providing Assured Access to Space and Ending Reliance on Russia

Despite the efforts of the committee, United States assured access to space continues to rely on Russian rocket engines, the purchase of which provide financial benefit to aides and advisors to Vladimir Putin – including individuals sanctioned by the United States – and subsidizes the Russian military-industrial base. This is unacceptable at a time when Russia continues to occupy Crimea, destabilize Ukraine, menace our NATO allies, send weapons to Iran, violate the 1987 Intermediate Range Nuclear Forces Treaty, and bomb U.S.-backed forces in Syria fighting the Assad regime.

That is why the NDAA repeals a provision from last year's omnibus appropriations bill that furthered dependence on Russia and requires that assured access to space be achieved without the use of rocket engines designed or manufactured in the Russian Federation. In testimony before the committee, the Secretary of Defense, the Director of National Intelligence, and the Secretary of the Air Force each confirmed to the committee that the United States can meet its assured access to space requirements without the use of Russian rocket engines. Once the nine Russian rocket engines allowed by the *National Defense Authorization Act for Fiscal Year 2015 and Fiscal Year 2016* are expended, the Defense Department would be authorized to utilize only those launch vehicles that do not require rocket engines designed or manufactured in the Russian Federation.

According to the Department of Defense Office of Cost Assessment and Program Evaluation (CAPE) and a study commissioned by the Air Force, the continued use of Russian rocket engines will not provide the cost competitive launch environment the Air Force was hoping would materialize. Given the urgency of eliminating reliance on Russian engines, the NDAA would allow for up to half of the funds made available for the development of a replacement launch vehicle or launch propulsion system to be made available for offsetting any potential increase in launch costs as a result of prohibitions on Russian rocket engines. With \$1.2 billion budgeted from fiscal year 2017 to fiscal year 2021 for the launch replacement effort and \$453 million already appropriated in fiscal year 2015 and fiscal year 2016, there is more than sufficient funding available and budgeted for a replacement propulsion system or launch vehicle and to offset any additional costs required in meeting our assured access to space requirements without the use of Russian rocket engines.

Detention Policy

The NDAA extends prohibitions related to Guantanamo Bay previously enacted by Congress.

- Extends the prohibition on the use of funds for transfer to the United States of individuals detained at Guantanamo Bay.
- Extends the prohibition on the use of funds to construct or modify facilities in the United States to house detainees transferred from Guantanamo Bay.
- Extends the prohibition on the use of funds to transfer or release of individuals detained at Guantanamo Bay to Libya, Somalia, Syria, or Yemen.
- Extends the prohibition on the use of funds for realignment of forces at or closure of United States Naval Station, Guantanamo Bay, Cuba.



The NDAA also allows detainees to plead guilty to criminal charges in Article III courts via teleconference and authorizes the government to transfer such detainees to third countries to serve out their sentences. The NDAA also includes provisions to provide greater transparency on detainees that the United States transfers. The Committee has also included a provision to allow for the temporary transfer of detainees to the United States for emergency medical care.

Reforming Security Cooperation

Over the last 15 years, the Department of Defense's emphasis on engaging with the national security forces of friendly foreign countries has grown in response to evolving strategic requirements and threats and a determination of our military commanders that operations conducted by local forces are more sustainable. Correspondingly, the number of authorities and associated funding provided to DOD to conduct security cooperation activities has expanded significantly. This architecture has led to a complex and unwieldy security cooperation enterprise that complicates the ability of the DOD to effectively prioritize, plan, execute, and oversee these activities.

In an effort to respond to the complaints of our military commanders and the Department more broadly, the NDAA contains a major reform designed to modernize and streamline DOD's security cooperation enterprise. Specifically, the bill consolidates security cooperation authorities from Title 10 and elsewhere in public law into a single chapter of U.S. code. Of note, the bill repeals numerous existing so-called "train and equip" authorities and replaces them with one authority that incorporates all of the Department's existing "train and equip" authorized activities, greatly enhancing DOD's ability to address the wide-ranging and evolving nature of global threats.

Additionally, the NDAA consolidates more than \$2.0 billion in associated security cooperation funding into a new fund (Security Cooperation Enhancement Fund), enhancing transparency, flexibility, transparency, and congressional oversight. For too long, the Department's activities in this area have been diffuse and have lacked strategic coordination – both regionally and functionally. A central fund will allow the Department's senior civilian and military leaders to make strategic choices with respect to the allocation of security cooperation resources against strategic priorities rather than being forced to patch together disparate funding sources to achieve objectives. The bill also requires the Secretary of Defense to submit an annual consolidated budget justification for its security cooperation activities.

The reform package also directs the Secretary of Defense to create a DOD security cooperation workforce program to oversee the development and management of a professional workforce supporting security cooperation programs of the DOD, as well as the execution of security assistance programs and activities under the *Foreign Assistance Act* and the *Arms Control Act* by the DOD. While DOD strategic guidance has increased the emphasis on security cooperation programs and activities in furtherance of its security objectives, it has not devoted sufficient attention and resources to the development, management, and sustainment of the DOD's security cooperation workforce. Building security capabilities of a partner nation through security cooperation requires a specialized set of skills and the current system neither develops those skills among its workforce nor rationally assigns its workforce to match appropriate skills with requirements. Increased attention and resourcing must be focused on the recruitment, training, certification, assignment, and career development of the security cooperation workforce in order to ensure the effective planning, monitoring, execution, and evaluation of security cooperation programs and activities.

Together, these steps will substantially reduce the cumbersome patchwork of legal authorities and sources of funding and significantly improve operational outcomes, program management, congressional oversight, and public transparency. By breaking down existing stovepipes, these reforms will also enable the Department to better align security cooperation activities with strategic objectives.



Supporting Allies and Partners

Strong allies and partners are now, and always have been, vital to America's national security. As the challenges to our common security continue to grow in diversity and complexity, the NDAA bolsters support for allies and partners who are fighting alongside us, sharing the burden, and defending our values.

- Authorizes \$3.4 billion for the Afghanistan Security Forces Fund to preserve the gains of the last 15 years and continue to degrade and defeat terrorist organizations with transnational operational reach and intent to harm U.S. national security interests.
- Authorizes \$1.3 billion in consolidated funding for counter-ISIL efforts, including "train and equip" programs in Iraq and Syria and border security operations in Jordan and Lebanon.
- Authorizes \$3.4 billion to support the European Reassurance Initiative and increase the capability and readiness of U.S. and NATO forces to deter and, if necessary, respond to Russian aggression.
- Authorizes up to \$500 million to provide security assistance to Ukraine, including lethal assistance. The bill restricts half of these funds until the Secretary of Defense certifies that Ukraine has taken substantial action to make defense institutional reforms to fight corruption, increase accountability, and sustain capabilities developed by security assistance efforts.
- Authorizes \$239 million for U.S.-Israeli cooperative missile defense programs, including a \$135 million increase to support continued development of the Arrow, Arrow 3, and David's Sling programs.
- Authorizes \$42 million for procurement of Tamir interceptors from the Iron Dome short range rocket defense system.
- Authorizes \$50 million for the U.S.-Israel anti-tunneling cooperation program to support efforts to restrict the flow of drugs across the U.S. Southern Border, secure Israel's borders, and protect forward-deployed military servicemembers.
- Encourages a lifting of the prohibition on lethal military equipment to Vietnam and the establishment of a review process for future sales to ensure that the Government of Vietnam is continuing to make progress on human rights and the arms sold are not being used in ways that violate the rights and freedoms of civilians in Vietnam.
- Directs the Secretary of Defense to carry out a program of exchanges of senior military officers and senior officials between the United States and the Government of Taiwan designed to improve military-to-military relations.
- Encourages the Department of Defense to extend an invitation to Taiwan to participate in advanced aerial combat training exercises.



NDAAFY17

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