United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 109th CONGRESS, FIRST SESSION

Vol. 151 WASHINGTON, SUNDAY, DECEMBER 18, 2005 No. 164—Book II

House of Representatives

CONFERENCE REPORT ON H.R. 2863, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2006

Mr. YOUNG of Florida submitted the following conference report and statement on the bill (H.R. 2863) making appropriations for the Department of Defense for the fiscal year ending September 30, 2006, and for other purposes:

CONFERENCE REPORT (H. REPT. 109–359)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2863) ''making appropriations for the Department of Defense for the fiscal year ending September 30, 2006, and for other purposes'', having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

DIVISION A

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2006

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, for military functions administered by the Department of Defense and for other purposes, namely:

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty, (except members of reserve components provided for elsewhere), cadets, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, $28,191,287,000.

NOTICE

If the 109th Congress, 1st Session, adjourns sine die on or before December 22, 2005, a final issue of the Congressional Record for the 109th Congress, 1st Session, will be published on Friday, December 30, 2005, in order to permit Members to revise and extend their remarks.

All material for insertion must be signed by the Member and delivered to the respective offices of the Official Reporters of Debates (Room HT–60 or S–123 of the Capitol), Monday through Friday, between the hours of 10:00 a.m. and 3:00 p.m. through Thursday, December 29. The final issue will be dated Friday, December 30, 2005, and will be delivered on Tuesday, January 3, 2006. Both offices will be closed Monday, December 26, 2005.

None of the material printed in the final issue of the Congressional Record may contain subject matter, or relate to any event that occurred after the sine die date.

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Members of the House of Representatives' statements may also be submitted electronically by e-mail, to accompany the signed statement, and formatted according to the instructions for the Extensions of Remarks template at http://clerk.house.gov/forms. The Official Reporters will transmit to GPO the template formatted electronic file only after receipt of, and authentication with, the hard copy, and signed manuscript. Deliver statements to the Official Reporters in Room HT–60.

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By order of the Joint Committee on Printing.

TRENT LOTT, *Chairman.*

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MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, $22,788,101,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, $8,968,884,000.

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, $23,199,850,000.

RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 10211, 10302, and 3038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $3,172,669,000.

RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $1,686,099,000.

RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $513,001,000.

RESERVE PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 10211, 10305, and 8038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $1,296,646,000.

NATIONAL GUARD PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under section 10211, 10302, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $4,912,794,000.

NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under section 10211, 10305, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $2,267,732,000.

TITLE II

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law; and not to exceed $11,478,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes, $24,105,470,000: Provided, That of funds made available under this heading, $2,000,000 shall be available for Fort Baker, in accordance with the terms and conditions as provided under the heading ''Operation and Maintenance, Army'', in Public Law 107–117: Provided further, That notwithstanding any other provision of law, the Secretary of the Army may provide a grant of up to $10,000,000 from funds made available in this or any other Department of Defense Appropriations Act to the Army Distaff Foundation.

OPERATION AND MAINTENANCE, NAVY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law; and not to exceed $6,003,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes, $29,995,383,000.

OPERATION AND MAINTENANCE, MARINE CORPS

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law, $3,695,256,000.

OPERATION AND MAINTENANCE, AIR FORCE

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law; and not to exceed $7,699,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes, $30,313,136,000.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law, $18,500,716,000: Provided, That not more than $25,000,000 may be used for the Combatant Commander Initiative Fund authorized under section 166a of title 10, United States Code: Provided further, That not to exceed $36,000,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes: Provided further, That notwithstanding any other provision of law, of the funds provided in this Act for Civil Military programs under this heading, $500,000 shall be available for a grant for Outdoor Odyssey, Roaring Run, Pennsylvania, to support the Youth Development and Leadership program and Department of Defense STARBASE program: Provided further, That of the funds made available under this heading, $4,250,000 is available for contractor support to coordinate a wind test demonstration project on an Air Force installation using wind turbines manufactured in the United States that are new to the United States market and to execute the renewable energy purchasing plan: Provided further, That of the funds provided under this heading, not less than $27,009,000 shall be made available for the Procurement Technical Assistance Cooperative Agreement Program, of which not less than $3,600,000 shall be available for centers defined in 10 U.S.C. 2411(1)(D): Provided further, That none of the funds appropriated or otherwise made available by this Act may be used to plan or implement the consolidation of a budget or appropriations liaison office of the Office of the Secretary of Defense, the office of the Secretary of a military department, or the service headquarters of one of the Armed Forces into a legislative affairs or legislative liaison office: Provided further, That $4,000,000, to remain available until expended, is available only for expenses relating to certain classified activities, and may be transferred as necessary by the Secretary to operation and maintenance appropriations or research, development, test and evaluation appropriations, to be merged with and to be available for the same time period as the appropriations to which transferred: Provided further, That any ceiling on the investment item unit cost of items that may be purchased with operation and maintenance funds shall not apply to the funds described in the preceding proviso: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act.

OPERATION AND MAINTENANCE, ARMY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $1,973,382,000.

OPERATION AND MAINTENANCE, NAVY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $1,244,795,000.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $202,734,000.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $2,499,286,000.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft), $4,491,109,000: Provided, That $8,500,000 shall be available for the operations and development of training and technology for the Joint Interagency Training Center-East and the affiliated Center for National Response at the Memorial Tunnel and for providing homeland defense/security and traditional warfighting training to the Department of Defense, other federal agency, and state and local first responder personnel at the Joint Interagency Training Center-East.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For expenses of training, organizing, and administering the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; transportation of things, hire of passenger motor vehicles; supplying and equipping the Air National Guard, as authorized by law; expenses for repair, modification, maintenance, and issue of supplies and equipment, including those furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau, $4,701,306,000.

UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES

For salaries and expenses necessary for the United States Court of Appeals for the Armed Forces, $11,236,000, of which not to exceed $5,000 may be used for official representation purposes.

ENVIRONMENTAL RESTORATION, ARMY

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Army, $407,865,000, to remain available until transferred: Provided, That the Secretary of the Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Army, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, NAVY

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Navy, $305,275,000, to remain available until transferred: Provided, That the Secretary of the Navy shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Navy, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Navy, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, AIR FORCE

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Air Force, $406,461,000, to remain available until transferred: Provided, That the Secretary of the Air Force shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Air Force, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Air Force, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For the Department of Defense, $28,167,000, to remain available until transferred: Provided, That the Secretary of Defense shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of Defense, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of Defense, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES

(INCLUDING TRANSFER OF FUNDS)

For the Department of the Army, $256,921,000, to remain available until transferred: Provided, That the Secretary of the Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris at sites formerly used by the Department of Defense, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

For expenses relating to the Overseas Humanitarian, Disaster, and Civic Aid programs of the Department of Defense (consisting of the programs provided under sections 401, 402, 404, 2557, and 2561 of title 10, United States Code), $61,546,000, to remain available until September 30, 2007.

FORMER SOVIET UNION THREAT REDUCTION ACCOUNT

For assistance to the republics of the former Soviet Union, including assistance provided by contract or by grants, for facilitating the elimination and the safe and secure transportation and storage of nuclear, chemical and other weapons; for establishing programs to prevent the proliferation of weapons, weapons components, and weapon-related technology and expertise; for programs relating to the training and support of defense and military personnel for demilitarization and protection of weapons, weapons components and weapons technology and expertise, and for defense and military contacts, $415,549,000, to remain available until September 30, 2008: Provided, That of the amounts provided under this heading, $15,000,000 shall be available only to support the dismantling and disposal of nuclear submarines, submarine reactor components, and security enhancements for transport and storage of nuclear warheads in the Russian Far East.

TITLE III

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $2,653,280,000, to remain available for obligation until September 30, 2008: Provided, That $75,000,000 of the funds provided in this paragraph are available only for the purpose of acquiring four (4) HH–60L medical evacuation variant Blackhawk helicopters for the Army Reserve: Provided further, That three (3) UH–60 Blackhawk helicopters in addition to those referred to in the preceding proviso shall be available only for the Army Reserve.

MISSILE PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories

therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,208,919,000, to remain available for obligation until September 30, 2008.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,391,615,000, to remain available for obligation until September 30, 2008.

PROCUREMENT OF AMMUNITION, ARMY

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,733,020,000, to remain available for obligation until September 30, 2008.

OTHER PROCUREMENT, ARMY

For construction, procurement, production, and modification of vehicles, including tactical, support, and non-tracked combat vehicles; the purchase of passenger motor vehicles for replacement only; and the purchase of 14 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed $255,000 per vehicle; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $4,594,031,000, to remain available for obligation until September 30, 2008.

AIRCRAFT PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, $9,774,749,000, to remain available for obligation until September 30, 2008.

WEAPONS PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, $2,659,978,000, to remain available for obligation until September 30, 2008.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $851,841,000, to remain available for obligation until September 30, 2008.

SHIPBUILDING AND CONVERSION, NAVY

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, as follows:

Carrier Replacement Program (AP), $626,913,000;

NSSN, $1,637,698,000;

NSSN (AP), $763,786,000;

SSGN, $286,516,000;

CVN Refuelings, $1,318,563,000;

CVN Refuelings (AP), $20,000,000;

SSBN Submarine Refuelings, $230,193,000;

SSBN Submarine Refuelings (AP), $62,248,000;

DD(X) (AP), $715,992,000;

DDG–51 Destroyer, $150,000,000;

DDG–51 Destroyer Modernization, $50,000,000;

LCS, $440,000,000;

LHD–8, $197,769,000;

LPD–17, $1,344,741,000;

LHA–R, $150,447,000;

LCAC Landing Craft Air Cushion, $100,000,000;

Prior year shipbuilding costs, $517,523,000;

Service Craft, $45,455,000; and

For outfitting, post delivery, conversions, and first destination transportation, $369,387,000.

In all: $9,027,231,000, to remain available for obligation until September 30, 2010: Provided, That additional obligations may be incurred after September 30, 2010, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction: Provided further, That none of the funds provided under this heading for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign facilities for the construction of major components of such vessel: Provided further, That none of the funds provided under this heading shall be used for the construction of any naval vessel in foreign shipyards.

OTHER PROCUREMENT, NAVY

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of passenger motor vehicles for replacement only, and the purchase of 9 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed $255,000 per vehicle; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, $5,444,294,000, to remain available for obligation until September 30, 2008.

PROCUREMENT, MARINE CORPS

For expenses necessary for the procurement, manufacture, and modification of missiles, armament, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including the purchase of passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, $1,398,955,000, to remain available for obligation until September 30, 2008.

AIRCRAFT PROCUREMENT, AIR FORCE

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things, $12,737,215,000, to remain available for obligation until September 30, 2008.

MISSILE PROCUREMENT, AIR FORCE

For construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things, $5,174,474,000, to remain available for obligation until September 30, 2008.

PROCUREMENT OF AMMUNITION, AIR FORCE

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States

Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,016,887,000, to remain available for obligation until September 30, 2008.

OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of passenger motor vehicles for replacement only, and the purchase of 2 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed $255,000 per vehicle; lease of passenger motor vehicles; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title; reserve plant and Government and contractor-owned equipment layaway, $14,060,714,000, to remain available for obligation until September 30, 2008.

PROCUREMENT, DEFENSE-WIDE

For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of passenger motor vehicles for replacement only, and the purchase of 5 vehicles required for physical security of personnel, notwithstanding prior limitations applicable to passenger vehicles but not to exceed $255,000 per vehicle; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway, $2,573,964,000, to remain available for obligation until September 30, 2008.

NATIONAL GUARD AND RESERVE EQUIPMENT

For procurement of aircraft, missiles, tracked combat vehicles, ammunition, other weapons, and other procurement for the reserve components of the Armed Forces, $180,000,000, to remain available for obligation until September 30, 2008: Provided, That the Chiefs of the Reserve and National Guard components shall, not later than 30 days after the enactment of this Act, individually submit to the congressional defense committees the modernization priority assessment for their respective Reserve or National Guard component.

DEFENSE PRODUCTION ACT PURCHASES

For activities by the Department of Defense pursuant to sections 108, 301, 302, and 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2078, 2091, 2092, and 2093), $58,248,000, to remain available until expended.

TITLE IV

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $11,172,397,000, to remain available for obligation until September 30, 2007.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $18,993,135,000, to remain available for obligation until September 30, 2007: Provided, That funds appropriated in this paragraph which are available for the V–922 may be used to meet unique operational requirements of the Special Operations Forces: Provided further, That funds appropriated in this paragraph shall be available for the Cobra Judy program.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $21,999,649,000, to remain available for obligation until September 30, 2007.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and applied scientific research, development, test and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment, $19,798,599,000, to remain available for obligation until September 30, 2007.

OPERATIONAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, necessary for the independent activities of the Director, Operational Test and Evaluation, in the direction and supervision of operational test and evaluation, including initial operational test and evaluation which is conducted prior to, and in support of, production decisions; joint operational testing and evaluation; and administrative expenses in connection therewith, $168,458,000, to remain available for obligation until September 30, 2007.

TITLE V

REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

For the Defense Working Capital Funds, $1,154,940,000.

NATIONAL DEFENSE SEALIFT FUND

For National Defense Sealift Fund programs, projects, and activities, and for expenses of the National Defense Reserve Fleet, as established by section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744), and for the necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, $1,089,056,000, to remain available until expended: Provided, That none of the funds provided in this paragraph shall be used to award a new contract that provides for the acquisition of any of the following major components unless such components are manufactured in the United States: auxiliary equipment, including pumps, for all shipboard services; propulsion system components (that is; engines, reduction gears, and propellers); shipboard cranes; and spreaders for shipboard cranes: Provided further, That the exercise of an option in a contract awarded through the obligation of previously appropriated funds shall not be considered to be the award of a new contract: Provided further, That the Secretary of the military department responsible for such procurement may waive the restrictions in the first proviso on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

TITLE VI

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For expenses, not otherwise provided for, for medical and health care programs of the Department of Defense, as authorized by law, $20,221,212,000, of which $19,299,787,000 shall be for Operation and maintenance, of which not to exceed 2 percent shall remain available until September 30, 2007, and of which up to $10,212,427,000 may be available for contracts entered into under the TRICARE program; of which $379,119,000, to remain available for obligation until September 30, 2008, shall be for Procurement; and of which $542,306,000, to remain available for obligation until September 30, 2007, shall be for Research, development, test and evaluation: Provided, That notwithstanding any other provision of law, of the amount made available under this heading for Research, development, test and evaluation, not less than $5,300,000 shall be available for HIV prevention educational activities undertaken in connection with U.S. military training, exercises, and humanitarian assistance activities conducted primarily in African nations.

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, ARMY

For expenses, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions, to include construction of facilities, in accordance with the provisions of section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521), and for the destruction of other chemical warfare materials that are not in the chemical weapon stockpile, $1,400,827,000, of which $1,216,514,000 shall be for Operation and maintenance; $116,527,000 shall be for Procurement to remain available until September 30, 2008; $67,786,000 shall be for Research, development, test and evaluation, of which $53,026,000 shall only be for the Assembled Chemical Weapons Alternatives (ACWA) program, to remain available until September 30, 2007; and no less than $119,300,000 may be for the Chemical Stockpile Emergency Preparedness Program, of which $36,800,000 shall be for activities on military installations and $82,500,000 shall be to assist State and local governments.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For drug interdiction and counter-drug activities of the Department of Defense, for transfer to appropriations available to the Department of Defense for military personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code; for Operation and maintenance; for Procurement; and for Research, development, test and evaluation, $917,651,000: Provided, That the funds appropriated under this heading shall be available for obligation for the same time period and for the same purpose as the appropriation to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority contained elsewhere in this Act.

OFFICE OF THE INSPECTOR GENERAL

For expenses and activities of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $209,687,000, of which $208,687,000 shall be for Operation and maintenance, of which not to exceed $700,000 is available for emergencies and extraordinary expenses to be expended on the approval or authority of the Inspector General, and payments may be made on the Inspector

General's certificate of necessity for confidential military purposes; and of which $1,000,000, to remain available until September 30, 2008, shall be for Procurement.

TITLE VII

RELATED AGENCIES

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

For payment to the Central Intelligence Agency Retirement and Disability System Fund, to maintain the proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System, $244,600,000.

INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Intelligence Community Management Account, $422,344,000, of which $27,454,000 for the Advanced Research and Development Committee shall remain available until September 30, 2007: Provided, That of the funds appropriated under this heading, $39,000,000 shall be transferred to the Department of Justice for the National Drug Intelligence Center to support the Department of Defense's counter-drug intelligence responsibilities, and of the said amount, $1,500,000 for Procurement shall remain available until September 30, 2008 and $1,000,000 for Research, development, test and evaluation shall remain available until September 30, 2007: Provided further, That the National Drug Intelligence Center shall maintain the personnel and technical resources to provide timely support to law enforcement authorities and the intelligence community by conducting document and computer exploitation of materials collected in Federal, State, and local law enforcement activity associated with counter-drug, counter-terrorism, and national security investigations and operations.

TITLE VIII

GENERAL PROVISIONS

SEC. 8001. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 8002. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense: Provided, That salary increases granted to direct and indirect hire foreign national employees of the Department of Defense funded by this Act shall not be at a rate in excess of the percentage increase authorized by law for civilian employees of the Department of Defense whose pay is computed under the provisions of section 5332 of title 5, United States Code, or at a rate in excess of the percentage increase provided by the appropriate host nation to its own employees, whichever is higher: Provided further, That this section shall not apply to Department of Defense foreign service national employees serving at United States diplomatic missions whose pay is set by the Department of State under the Foreign Service Act of 1980: Provided further, That the limitations of this provision shall not apply to foreign national employees of the Department of Defense in the Republic of Turkey.

SEC. 8003. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year, unless expressly so provided herein.

SEC. 8004. No more than 20 percent of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year: Provided, That this section shall not apply to obligations for support of active duty training of reserve components or summer camp training of the Reserve Officers' Training Corps.

(TRANSFER OF FUNDS)

SEC. 8005. Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed $3,750,000,000 of working capital funds of the Department of Defense or funds made available in this Act to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by the Congress: Provided further, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority or any other authority in this Act: Provided further, That no part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprogramming is requested has been denied by the Congress: Provided further, That a request for multiple reprogrammings of funds using authority provided in this section must be made prior to June 30, 2006: Provided further, That transfers among military personnel appropriations shall not be taken into account for purposes of the limitation on the amount of funds that may be transferred under this section.

(TRANSFER OF FUNDS)

SEC. 8006. During the current fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: Provided, That transfers may be made between such funds: Provided further, That transfers may be made between working capital funds and the ''Foreign Currency Fluctuations, Defense'' appropriation and the ''Operation and Maintenance'' appropriation accounts in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that such transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to procure or increase the value of war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

SEC. 8007. Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 calendar days in session in advance to the congressional defense committees.

SEC. 8008. None of the funds provided in this Act shall be available to initiate: (1) a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any 1 year of the contract or that includes an unfunded contingent liability in excess of $20,000,000; or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any 1 year, unless the congressional defense committees have been notified at least 30 days in advance of the proposed contract award: Provided, That no part of any appropriation contained in this Act shall be available to initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government's liability: Provided further, That no part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for any systems or component thereof if the value of the multiyear contract would exceed $500,000,000 unless specifically provided in this Act: Provided further, That no multiyear procurement contract can be terminated without 10-day prior notification to the congressional defense committees: Provided further, That the execution of multiyear authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement: Provided further, That none of the funds provided in this Act may be used for a multiyear contract executed after the date of the enactment of this Act unless in the case of any such contract—

(1) the Secretary of Defense has submitted to Congress a budget request for full funding of units to be procured through the contract;

(2) cancellation provisions in the contract do not include consideration of recurring manufacturing costs of the contractor associated with the production of unfunded units to be delivered under the contract;

(3) the contract provides that payments to the contractor under the contract shall not be made in advance of incurred costs on funded units; and

(4) the contract does not provide for a price adjustment based on a failure to award a follow-on contract.

Funds appropriated in title III of this Act may be used for a multiyear procurement contract as follows:

UH–60/MH–60 Helicopters;

C–17 Globemaster;

Apache Block II Conversion; and

Modernized Target Acquisition Designation Sight/Pilot Night Vision Sensor (MTADS/PNVS).

SEC. 8009. Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 401 of title 10, United States Code, for humanitarian and civic assistance costs under chapter 20 of title 10, United States Code. Such funds may also be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted in section 401 of chapter 20 of title 10, United States Code, and these obligations shall be reported as required by section 401(d) of title 10, United States Code: Provided, That funds available for operation and maintenance shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the Trust Territories of the Pacific Islands and freely associated states of Micronesia, pursuant to the Compact of Free Association as authorized by Public Law 99–239: Provided further, That upon a determination by the Secretary of the Army that such action is beneficial for graduate medical education programs conducted at Army medical facilities located in Hawaii, the Secretary of the Army may authorize the provision of medical services at such facilities and transportation to such facilities, on a nonreimbursable basis, for civilian patients from American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam.

SEC. 8010. (a) During fiscal year 2006, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(b) The fiscal year 2007 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 2007 Department of Defense budget request shall be prepared and submitted to the Congress as if subsections (a) and (b) of this provision were effective with regard to fiscal year 2007.

(c) Nothing in this section shall be construed to apply to military (civilian) technicians.

SEC. 8011. None of the funds appropriated in this or any other Act may be used to initiate a new installation overseas without 30-day advance notification to the Committees on Appropriations.

SEC. 8012. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

SEC. 8013. None of the funds appropriated by this Act shall be available for the basic pay and allowances of any member of the Army participating as a full-time student and receiving benefits paid by the Secretary of Veterans Affairs from the Department of Defense Education Benefits Fund when time spent as a full-time student is credited toward completion of a service commitment: Provided, That this subsection shall not apply to those members who have reenlisted with this option prior to October 1, 1987: Provided further, That this subsection applies only to active components of the Army.

SEC. 8014. (a) LIMITATION ON CONVERSION TO CONTRACTOR PERFORMANCE.—None of the funds appropriated by this Act shall be available to convert to contractor performance an activity or function of the Department of Defense that, on or after the date of the enactment of this Act, is performed by more than 10 Department of Defense civilian employees unless—

(1) the conversion is based on the result of a public-private competition that includes a most efficient and cost effective organization plan developed by such activity or function;

(2) the Competitive Sourcing Official determines that, over all performance periods stated in the solicitation of offers for performance of the activity or function, the cost of performance of the activity or function by a contractor would be less costly to the Department of Defense by an amount that equals or exceeds the lesser of—

(A) 10 percent of the most efficient organization's personnel-related costs for performance of that activity or function by Federal employees; or

(B) $10,000,000; and

(3) the contractor does not receive an advantage for a proposal that would reduce costs for the Department of Defense by—

(A) not making an employer-sponsored health insurance plan available to the workers who are to be employed in the performance of that activity or function under the contract; or

(B) offering to such workers an employer-sponsored health benefits plan that requires the employer to contribute less towards the premium or subscription share than the amount that is paid by the Department of Defense for health benefits for civilian employees under chapter 89 of title 5, United States Code.

(b) EXCEPTIONS.—

(1) The Department of Defense, without regard to subsection (a) of this section or subsections (a), (b), or (c) of section 2461 of title 10, United States Code, and notwithstanding any administrative regulation, requirement, or policy to the contrary shall have full authority to enter into a contract for the performance of any commercial or industrial type function of the Department of Defense that—

(A) is included on the procurement list established pursuant to section 2 of the Javits-Wagner-O'Day Act (41 U.S.C. 47);

(B) is planned to be converted to performance by a qualified nonprofit agency for the blind or by a qualified nonprofit agency for other severely handicapped individuals in accordance with that Act; or

(C) is planned to be converted to performance by a qualified firm under at least 51 percent ownership by an Indian tribe, as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)), or a Native Hawaiian Organization, as defined in section 8(a)(15) of the Small Business Act (15 U.S.C. 637(a)(15)).

(2) This section shall not apply to depot contracts or contracts for depot maintenance as provided in sections 2469 and 2474 of title 10, United States Code.

(c) TREATMENT OF CONVERSION.—The conversion of any activity or function of the Department of Defense under the authority provided by this section shall be credited toward any competitive or outsourcing goal, target, or measurement that may be established by statute, regulation, or policy and is deemed to be awarded under the authority of, and in compliance with, subsection (h) of section 2304 of title 10, United States Code, for the competition or outsourcing of commercial activities.

(TRANSFER OF FUNDS)

SEC. 8015. Funds appropriated in title III of this Act for the Department of Defense Pilot Mentor-Protege Program may be transferred to any other appropriation contained in this Act solely for the purpose of implementing a Mentor-Protege Program developmental assistance agreement pursuant to section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510; 10 U.S.C. 2302 note), as amended, under the authority of this provision or any other transfer authority contained in this Act.

SEC. 8016. None of the funds in this Act may be available for the purchase by the Department of Defense (and its departments and agencies) of welded shipboard anchor and mooring chain 4 inches in diameter and under unless the anchor and mooring chain are manufactured in the United States from components which are substantially manufactured in the United States: Provided, That for the purpose of this section manufactured will include cutting, heat treating, quality control, testing of chain and welding (including the forging and shot blasting process): Provided further, That for the purpose of this section substantially all of the components of anchor and mooring chain shall be considered to be produced or manufactured in the United States if the aggregate cost of the components produced or manufactured in the United States exceeds the aggregate cost of the components produced or manufactured outside the United States: Provided further, That when adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis, the Secretary of the service responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations that such an acquisition must be made in order to acquire capability for national security purposes.

SEC. 8017. None of the funds available to the Department of Defense may be used to demilitarize or dispose of M–1 Carbines, M–1 Garand rifles, M–14 rifles, .22 caliber rifles, .30 caliber rifles, or M–1911 pistols.

SEC. 8018. None of the funds appropriated by this Act available for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) or TRICARE shall be available for the reimbursement of any health care provider for inpatient mental health service for care received when a patient is referred to a provider of inpatient mental health care or residential treatment care by a medical or health care professional having an economic interest in the facility to which the patient is referred: Provided, That this limitation does not apply in the case of inpatient mental health services provided under the program for persons with disabilities under subsection (d) of section 1079 of title 10, United States Code, provided as partial hospital care, or provided pursuant to a waiver authorized by the Secretary of Defense because of medical or psychological circumstances of the patient that are confirmed by a health professional who is not a Federal employee after a review, pursuant to rules prescribed by the Secretary, which takes into account the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care.

SEC. 8019. No more than $500,000 of the funds appropriated or made available in this Act shall be used during a single fiscal year for any single relocation of an organization, unit, activity or function of the Department of Defense into or within the National Capital Region: Provided, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the congressional defense committees that such a relocation is required in the best interest of the Government.

SEC. 8020. In addition to the funds provided elsewhere in this Act, $8,000,000 is appropriated only for incentive payments authorized by section 504 of the Indian Financing Act of 1974 (25 U.S.C. 1544): Provided, That a prime contractor or a subcontractor at any tier that makes a subcontract award to any subcontractor or supplier as defined in section 1544 of title 25, United States Code or a small business owned and controlled by an individual or individuals defined under section 4221(9) of title 25, United States Code shall be considered a contractor for the purposes of being allowed additional compensation under section 504 of the Indian Financing Act of 1974 (25 U.S.C. 1544) whenever the prime contract or subcontract amount is over $500,000 and involves the expenditure of funds appropriated by an Act making Appropriations for the Department of Defense with respect to any fiscal year: Provided further, That notwithstanding section 430 of title 41, United States Code, this section shall be applicable to any Department of Defense acquisition of supplies or services, including any contract and any subcontract at any tier for acquisition of commercial items produced or manufactured, in whole or in part by any subcontractor or supplier defined in section 1544 of title 25, United States Code or a small business owned and controlled by an individual or individuals defined under section 4221(9) of title 25, United States Code: Provided further, That, during the current fiscal year and hereafter, businesses certified as 8(a) by the Small Business Administration pursuant to section 8(a)(15) of Public Law 85–536, as amended, shall have the same status as other program participants under section 602 of Public Law 100–656, 102 Stat. 3825 (Business Opportunity Development Reform Act of 1988) for purposes of contracting with agencies of the Department of Defense.

SEC. 8021. None of the funds appropriated by this Act shall be available to perform any cost study pursuant to the provisions of OMB Circular A–976 if the study being performed exceeds a period of 24 months after initiation of such study with respect to a single function activity or 30 months after initiation of such study for a multi-function activity.

SEC. 8022. Funds appropriated by this Act for the American Forces Information Service shall not be used for any national or international political or psychological activities.

SEC. 8023. Notwithstanding any other provision of law or regulation, the Secretary of Defense may adjust wage rates for civilian employees hired for certain health care occupations as authorized for the Secretary of Veterans Affairs by section 7455 of title 38, United States Code.

SEC. 8024. During the current fiscal year, the Department of Defense is authorized to incur obligations of not to exceed $350,000,000 for purposes specified in section 2350j(c) of title 10, United States Code, in anticipation of receipt of contributions, only from the Government of Kuwait, under that section: Provided, That upon receipt, such contributions from the Government of Kuwait shall be credited to the appropriations or fund which incurred such obligations.

SEC. 8025. (a) Of the funds made available in this Act, not less than $31,109,000 shall be available for the Civil Air Patrol Corporation, of which—

(1) $24,288,000 shall be available from ''Operation and Maintenance, Air Force'' to support Civil Air Patrol Corporation operation and maintenance, readiness, counterdrug activities,

and drug demand reduction activities involving youth programs;

(2) $6,000,000 shall be available from ''Aircraft Procurement, Air Force''; and

(3) $821,000 shall be available from ''Other Procurement, Air Force'' for vehicle procurement.

(b) The Secretary of the Air Force should waive reimbursement for any funds used by the Civil Air Patrol for counter-drug activities in support of Federal, State, and local government agencies.

SEC. 8026. (a) None of the funds appropriated in this Act are available to establish a new Department of Defense (department) federally funded research and development center (FFRDC), either as a new entity, or as a separate entity administrated by an organization managing another FFRDC, or as a nonprofit membership corporation consisting of a consortium of other FFRDCs and other non-profit entities.

(b) No member of a Board of Directors, Trustees, Overseers, Advisory Group, Special Issues Panel, Visiting Committee, or any similar entity of a defense FFRDC, and no paid consultant to any defense FFRDC, except when acting in a technical advisory capacity, may be compensated for his or her services as a member of such entity, or as a paid consultant by more than one FFRDC in a fiscal year: Provided, That a member of any such entity referred to previously in this subsection shall be allowed travel expenses and per diem as authorized under the Federal Joint Travel Regulations, when engaged in the performance of membership duties.

(c) Notwithstanding any other provision of law, none of the funds available to the department from any source during fiscal year 2006 may be used by a defense FFRDC, through a fee or other payment mechanism, for construction of new buildings, for payment of cost sharing for projects funded by Government grants, for absorption of contract overruns, or for certain charitable contributions, not to include employee participation in community service and/or development.

(d) Notwithstanding any other provision of law, of the funds available to the department during fiscal year 2006, not more than 5,517 staff years of technical effort (staff years) may be funded for defense FFRDCs: Provided, That of the specific amount referred to previously in this subsection, not more than 1,050 staff years may be funded for the defense studies and analysis FFRDCs: Provided further, That this subsection shall not apply to staff years funded in the National Intelligence Program (NIP).

(e) The Secretary of Defense shall, with the submission of the department's fiscal year 2007 budget request, submit a report presenting the specific amounts of staff years of technical effort to be allocated for each defense FFRDC during that fiscal year.

(f) Notwithstanding any other provision of this Act, the total amount appropriated in this Act for FFRDCs is hereby reduced by $46,000,000.

SEC. 8027. None of the funds appropriated or made available in this Act shall be used to procure carbon, alloy or armor steel plate for use in any Government-owned facility or property under the control of the Department of Defense which were not melted and rolled in the United States or Canada: Provided, That these procurement restrictions shall apply to any and all Federal Supply Class 9515, American Society of Testing and Materials (ASTM) or American Iron and Steel Institute (AISI) specifications of carbon, alloy or armor steel plate: Provided further, That the Secretary of the military department responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: Provided further, That these restrictions shall not apply to contracts which are in being as of the date of the enactment of this Act.

SEC. 8028. For the purposes of this Act, the term ''congressional defense committees'' means the Armed Services Committee of the House of Representatives, the Armed Services Committee of the Senate, the Subcommittee on Defense of the Committee on Appropriations of the Senate, and the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives. In addition, for any matter pertaining to basic allowance for housing, facilities sustainment, restoration and modernization, environmental restoration and the Defense Health Program, ''congressional defense committees'' also means the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives.

SEC. 8029. During the current fiscal year, the Department of Defense may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other Defense-related articles, through competition between Department of Defense depot maintenance activities and private firms: Provided, That the Senior Acquisition Executive of the military department or Defense Agency concerned, with power of delegation, shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private bids: Provided further, That Office of Management and Budget Circular A-76 shall not apply to competitions conducted under this section.

SEC. 8030. (a)(1) If the Secretary of Defense, after consultation with the United States Trade Representative, determines that a foreign country which is party to an agreement described in paragraph (2) has violated the terms of the agreement by discriminating against certain types of products produced in the United States that are covered by the agreement, the Secretary of Defense shall rescind the Secretary's blanket waiver of the Buy American Act with respect to such types of products produced in that foreign country.

(2) An agreement referred to in paragraph (1) is any reciprocal defense procurement memorandum of understanding, between the United States and a foreign country pursuant to which the Secretary of Defense has prospectively waived the Buy American Act for certain products in that country.

(b) The Secretary of Defense shall submit to the Congress a report on the amount of Department of Defense purchases from foreign entities in fiscal year 2006. Such report shall separately indicate the dollar value of items for which the Buy American Act was waived pursuant to any agreement described in subsection (a)(2), the Trade Agreement Act of 1979 (19 U.S.C. 2501 et seq.), or any international agreement to which the United States is a party.

(c) For purposes of this section, the term ''Buy American Act'' means title III of the Act entitled ''An Act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes'', approved March 3, 1933 (41 U.S.C. 10a et seq.).

SEC. 8031. Appropriations contained in this Act that remain available at the end of the current fiscal year, and at the end of each fiscal year hereafter, as a result of energy cost savings realized by the Department of Defense shall remain available for obligation for the next fiscal year to the extent, and for the purposes, provided in section 2865 of title 10, United States Code.

SEC. 8032. The President shall include with each budget for a fiscal year submitted to the Congress under section 1105 of title 31, United States Code, and hereafter, materials that shall identify clearly and separately the amounts requested in the budget for appropriation for that fiscal year for salaries and expenses related to administrative activities of the Department of Defense, the military departments, and the defense agencies.

SEC. 8033. Notwithstanding any other provision of law, funds available during the current fiscal year and hereafter for ''Drug Interdiction and Counter-Drug Activities, Defense'' may be obligated for the Young Marines program.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8034. During the current fiscal year, amounts contained in the Department of Defense Overseas Military Facility Investment Recovery Account established by section 2921(c)(1) of the National Defense Authorization Act of 1991 (Public Law 10109510; 10 U.S.C. 2687 note) shall be available until expended for the payments specified by section 2921(c)(2) of that Act.

SEC. 8035. (a) IN GENERAL.—Notwithstanding any other provision of law, the Secretary of the Air Force may convey at no cost to the Air Force, without consideration, to Indian tribes located in the States of North Dakota, South Dakota, Montana, and Minnesota relocatable military housing units located at Grand Forks Air Force Base and Minot Air Force Base that are excess to the needs of the Air Force.

(b) PROCESSING OF REQUESTS.—The Secretary of the Air Force shall convey, at no cost to the Air Force, military housing units under subsection (a) in accordance with the request for such units that are submitted to the Secretary by the Operation Walking Shield Program on behalf of Indian tribes located in the States of North Dakota, South Dakota, Montana, and Minnesota.

(c) RESOLUTION OF HOUSING UNIT CONFLICTS.—The Operation Walking Shield Program shall resolve any conflicts among requests of Indian tribes for housing units under subsection (a) before submitting requests to the Secretary of the Air Force under subsection (b).

(d) INDIAN TRIBE DEFINED.—In this section, the term ''Indian tribe'' means any recognized Indian tribe included on the current list published by the Secretary of the Interior under section 104 of the Federally Recognized Indian Tribe Act of 1994 (Public Law 103 09454; 108 Stat. 4792; 25 U.S.C. 479a–1).

SEC. 8036. During the current fiscal year, appropriations which are available to the Department of Defense for operation and maintenance may be used to purchase items having an investment item unit cost of not more than $250,000.

SEC. 8037. (a) During the current fiscal year, none of the appropriations or funds available to the Department of Defense Working Capital Funds shall be used for the purchase of an investment item for the purpose of acquiring a new inventory item for sale or anticipated sale during the current fiscal year or a subsequent fiscal year to customers of the Department of Defense Working Capital Funds if such an item would not have been chargeable to the Department of Defense Business Operations Fund during fiscal year 1994 and if the purchase of such an investment item would be chargeable during the current fiscal year to appropriations made to the Department of Defense for procurement.

(b) The fiscal year 2007 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 2007 Department of Defense budget shall be prepared and submitted to the Congress on the basis that any equipment which was classified as an end item and funded in a procurement appropriation contained in this Act shall be budgeted for in a proposed fiscal year 2007 procurement appropriation and not in the supply management business area or any other area or category of the Department of Defense Working Capital Funds.

SEC. 8038. None of the funds appropriated by this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for funds

appropriated for the Reserve for Contingencies, which shall remain available until September 30, 2007: Provided, That funds appropriated, transferred, or otherwise credited to the Central Intelligence Agency Central Services Working Capital Fund during this or any prior or subsequent fiscal year shall remain available until expended: Provided further, That any funds appropriated or transferred to the Central Intelligence Agency for advanced research and development acquisition, for agent operations, and for covert action programs authorized by the President under section 503 of the National Security Act of 1947, as amended, shall remain available until September 30, 2007.

SEC. 8039. Notwithstanding any other provision of law, funds made available in this Act for the Defense Intelligence Agency may be used for the design, development, and deployment of General Defense Intelligence Program intelligence communications and intelligence information systems for the Services, the Unified and Specified Commands, and the component commands.

SEC. 8040. Of the funds appropriated to the Department of Defense under the heading ''Operation and Maintenance, Defense-Wide'', not less than $10,000,000 shall be made available only for the mitigation of environmental impacts, including training and technical assistance to tribes, related administrative support, the gathering of information, documenting of environmental damage, and developing a system for prioritization of mitigation and cost to complete estimates for mitigation, on Indian lands resulting from Department of Defense activities.

SEC. 8041. (a) None of the funds appropriated in this Act may be expended by an entity of the Department of Defense unless the entity, in expending the funds, complies with the Buy American Act. For purposes of this subsection, the term ''Buy American Act'' means title III of the Act entitled ''An Act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes'', approved March 3, 1933 (41 U.S.C. 10a et seq.).

(b) If the Secretary of Defense determines that a person has been convicted of intentionally affixing a label bearing a ''Made in America'' inscription to any product sold in or shipped to the United States that is not made in America, the Secretary shall determine, in accordance with section 2410f of title 10, United States Code, whether the person should be debarred from contracting with the Department of Defense.

(c) In the case of any equipment or products purchased with appropriations provided under this Act, it is the sense of the Congress that any entity of the Department of Defense, in expending the appropriation, purchase only American-made equipment and products, provided that American-made equipment and products are cost-competitive, quality-competitive, and available in a timely fashion.

SEC. 8042. None of the funds appropriated by this Act shall be available for a contract for studies, analysis, or consulting services entered into without competition on the basis of an unsolicited proposal unless the head of the activity responsible for the procurement determines—

(1) as a result of thorough technical evaluation, only one source is found fully qualified to perform the proposed work;

(2) the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technological promise, represents the product of original thinking, and was submitted in confidence by one source; or

(3) the purpose of the contract is to take advantage of unique and significant industrial accomplishment by a specific concern, or to insure that a new product or idea of a specific concern is given financial support: Provided, That this limitation shall not apply to contracts in an amount of less than $25,000, contracts related to improvements of equipment that is in development or production, or contracts as to which a civilian official of the Department of Defense, who has been confirmed by the Senate, determines that the award of such contract is in the interest of the national defense.

SEC. 8043. (a) Except as provided in subsection (b) and (c), none of the funds made available by this Act may be used—

(1) to establish a field operating agency; or

(2) to pay the basic pay of a member of the Armed Forces or civilian employee of the department who is transferred or reassigned from a headquarters activity if the member or employee's place of duty remains at the location of that headquarters.

(b) The Secretary of Defense or Secretary of a military department may waive the limitations in subsection (a), on a case-by-case basis, if the Secretary determines, and certifies to the Committees on Appropriations of the House of Representatives and Senate that the granting of the waiver will reduce the personnel requirements or the financial requirements of the department.

(c) This section does not apply to—

(1) field operating agencies funded within the National Intelligence Program; or

(2) an Army field operating agency established to eliminate, mitigate, or counter the effects of improvised explosive devices, and, as determined by the Secretary of the Army, other similar threats.

SEC. 8044. The Secretary of Defense, acting through the Office of Economic Adjustment of the Department of Defense, may use funds made available in this Act under the heading ''Operation and Maintenance, Defense-Wide'' to make grants and supplement other Federal funds in accordance with the guidance provided in the Joint Explanatory Statement of the Committee of Conference to accompany the conference report on the bill H.R. 2863, and the projects specified in such guidance shall be considered to be authorized by law.

(RESCISSIONS)

SEC. 8045. Of the funds appropriated in Department of Defense Appropriations Acts, the following funds are hereby rescinded from the following accounts and programs in the specified amounts:

''Missile Procurement, Army, 2004/2006'', $20,000,000;

''Missile Procurement, Army, 2005/2007'', $14,931,000;

''Other Procurement, Army, 2005/2007'', $68,637,000;

''Aircraft Procurement, Navy, 2005/2007'', $16,800,000;

''Shipbuilding and Conversion, Navy, 2005/2009'', $42,200,000;

''Other Procurement, Navy, 2005/2007'', $43,000,000;

''Procurement, Marine Corps, 2005/2007'', $4,300,000;

''Missile Procurement, Air Force, 2005/2007'', $92,000,000;

''Other Procurement, Air Force, 2005/2007'', $3,400,000;

''Research, Development, Test and Evaluation, Army, 2005/2006'', $4,300,000;

''Research, Development, Test and Evaluation, Navy, 2005/2006'', $32,755,000; and

''Research, Development, Test and Evaluation, Air Force, 2005/2006'', $63,400,000.

SEC. 8046. None of the funds available in this Act may be used to reduce the authorized positions for military (civilian) technicians of the Army National Guard, the Air National Guard, Army Reserve and Air Force Reserve for the purpose of applying any administratively imposed civilian personnel ceiling, freeze, or reduction on military (civilian) technicians, unless such reductions are a direct result of a reduction in military force structure.

SEC. 8047. None of the funds appropriated or otherwise made available in this Act may be obligated or expended for assistance to the Democratic People's Republic of North Korea unless specifically appropriated for that purpose.

SEC. 8048. Funds appropriated in this Act for operation and maintenance of the Military Departments, Combatant Commands and Defense Agencies shall be available for reimbursement of pay, allowances and other expenses which would otherwise be incurred against appropriations for the National Guard and Reserve when members of the National Guard and Reserve provide intelligence or counterintelligence support to Combatant Commands, Defense Agencies and Joint Intelligence Activities, including the activities and programs included within the National Intelligence Program, the Joint Military Intelligence Program, and the Tactical Intelligence and Related Activities aggregate: Provided, That nothing in this section authorizes deviation from established Reserve and National Guard personnel and training procedures.

SEC. 8049. During the current fiscal year, none of the funds appropriated in this Act may be used to reduce the civilian medical and medical support personnel assigned to military treatment facilities below the September 30, 2003 level: Provided, That the Service Surgeons General may waive this section by certifying to the congressional defense committees that the beneficiary population is declining in some catchment areas and civilian strength reductions may be consistent with responsible resource stewardship and capitation-based budgeting.

SEC. 8050. Up to $2,000,000 of the funds appropriated under the heading, ''Operation and Maintenance, Navy'' may be made available to contract for the installation, repair, and maintenance of an on-base and adjacent off-base wastewater/treatment facility and infrastructure critical to base operations and the public health and safety of community residents in the vicinity of the NCTAMS.

SEC. 8051. Notwithstanding any other provision of law, that not more than 35 percent of funds provided in this Act for environmental remediation may be obligated under indefinite delivery/indefinite quantity contracts with a total contract value of $130,000,000 or higher.

SEC. 8052. (a) None of the funds available to the Department of Defense for any fiscal year for drug interdiction or counter-drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law.

(b) None of the funds available to the Central Intelligence Agency for any fiscal year for drug interdiction and counter-drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law.

SEC. 8053. Up to $3,000,000 of the funds appropriated in Title II of this Act under the heading, ''Operation and Maintenance, Army'', may be made available to contract with the Army Historical Foundation, a nonprofit organization, for services required to solicit non-Federal donations to support construction and operation of the National Museum of the United States Army at Fort Belvoir, Virginia: Provided, That notwithstanding any other provision of law, the Army is authorized to receive future payments in this or the subsequent fiscal year from any nonprofit organization chartered to support the National Museum of the United States Army to reimburse amounts expended by the Army pursuant to this section: Provided further, That any reimbursements received pursuant to this section shall be merged with ''Operation and Maintenance, Army'' and shall be made available for the same purposes and for the same time period as that appropriation account.

(TRANSFER OF FUNDS)

SEC. 8054. Appropriations available under the heading ''Operation and Maintenance, Defense-Wide'' for the current fiscal year and hereafter for increasing energy and water efficiency in Federal buildings may, during their period of availability, be transferred to other appropriations or funds of the Department of Defense for projects related to increasing energy and water

efficiency, to be merged with and to be available for the same general purposes, and for the same time period, as the appropriation or fund to which transferred.

SEC. 8055. None of the funds appropriated by this Act may be used for the procurement of ball and roller bearings other than those produced by a domestic source and of domestic origin: Provided, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate, that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: Provided further, That this restriction shall not apply to the purchase of ''commercial items'', as defined by section 4(12) of the Office of Federal Procurement Policy Act, except that the restriction shall apply to ball or roller bearings purchased as end items.

SEC. 8056. None of the funds in this Act may be used to purchase any supercomputer which is not manufactured in the United States, unless the Secretary of Defense certifies to the congressional defense committees that such an acquisition must be made in order to acquire capability for national security purposes that is not available from United States manufacturers.

SEC. 8057. Notwithstanding any other provision of law, each contract awarded by the Department of Defense during the current fiscal year for construction or service performed in whole or in part in a State (as defined in section 381(d) of title 10, United States Code) which is not contiguous with another State and has an unemployment rate in excess of the national average rate of unemployment as determined by the Secretary of Labor, shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract in such State that is not contiguous with another State, individuals who are residents of such State and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills: Provided, That the Secretary of Defense may waive the requirements of this section, on a case-by-case basis, in the interest of national security.

SEC. 8058. None of the funds made available in this or any other Act may be used to pay the salary of any officer or employee of the Department of Defense who approves or implements the transfer of administrative responsibilities or budgetary resources of any program, project, or activity financed by this Act to the jurisdiction of another Federal agency not financed by this Act without the express authorization of Congress: Provided, That this limitation shall not apply to transfers of funds expressly provided for in Defense Appropriations Acts, or provisions of Acts providing supplemental appropriations for the Department of Defense.

SEC. 8059. (a) LIMITATION ON TRANSFER OF DEFENSE ARTICLES AND SERVICES.—Notwithstanding any other provision of law, none of the funds available to the Department of Defense for the current fiscal year may be obligated or expended to transfer to another nation or an international organization any defense articles or services (other than intelligence services) for use in the activities described in subsection (b) unless the congressional defense committees, the Committee on International Relations of the House of Representatives, and the Committee on Foreign Relations of the Senate are notified 15 days in advance of such transfer.

(b) COVERED ACTIVITIES.—This section applies to—

(1) any international peacekeeping or peace-enforcement operation under the authority of chapter VI or chapter VII of the United Nations Charter under the authority of a United Nations Security Council resolution; and

(2) any other international peacekeeping, peace-enforcement, or humanitarian assistance operation.

(c) REQUIRED NOTICE.—A notice under subsection (a) shall include the following:

(1) A description of the equipment, supplies, or services to be transferred.

(2) A statement of the value of the equipment, supplies, or services to be transferred.

(3) In the case of a proposed transfer of equipment or supplies—

(A) a statement of whether the inventory requirements of all elements of the Armed Forces (including the reserve components) for the type of equipment or supplies to be transferred have been met; and

(B) a statement of whether the items proposed to be transferred will have to be replaced and, if so, how the President proposes to provide funds for such replacement.

SEC. 8060. None of the funds available to the Department of Defense under this Act shall be obligated or expended to pay a contractor under a contract with the Department of Defense for costs of any amount paid by the contractor to an employee when—

(1) such costs are for a bonus or otherwise in excess of the normal salary paid by the contractor to the employee; and

(2) such bonus is part of restructuring costs associated with a business combination.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8061. During the current fiscal year, no more than $30,000,000 of appropriations made in this Act under the heading ''Operation and Maintenance, Defense-Wide'' may be transferred to appropriations available for the pay of military personnel, to be merged with, and to be available for the same time period as the appropriations to which transferred, to be used in support of such personnel in connection with support and services for eligible organizations and activities outside the Department of Defense pursuant to section 2012 of title 10, United States Code.

SEC. 8062. During the current fiscal year, in the case of an appropriation account of the Department of Defense for which the period of availability for obligation has expired or which has closed under the provisions of section 1552 of title 31, United States Code, and which has a negative unliquidated or unexpended balance, an obligation or an adjustment of an obligation may be charged to any current appropriation account for the same purpose as the expired or closed account if—

(1) the obligation would have been properly chargeable (except as to amount) to the expired or closed account before the end of the period of availability or closing of that account;

(2) the obligation is not otherwise properly chargeable to any current appropriation account of the Department of Defense; and

(3) in the case of an expired account, the obligation is not chargeable to a current appropriation of the Department of Defense under the provisions of section 1405(b)(8) of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101–510, as amended (31 U.S.C. 1551 note): Provided, That in the case of an expired account, if subsequent review or investigation discloses that there was not in fact a negative unliquidated or unexpended balance in the account, any charge to a current account under the authority of this section shall be reversed and recorded against the expired account: Provided further, That the total amount charged to a current appropriation under this section may not exceed an amount equal to 1 percent of the total appropriation for that account.

SEC. 8063. (a) Notwithstanding any other provision of law, the Chief of the National Guard Bureau may permit the use of equipment of the National Guard Distance Learning Project by any person or entity on a space-available, reimbursable basis. The Chief of the National Guard Bureau shall establish the amount of reimbursement for such use on a case-by-case basis.

(b) Amounts collected under subsection (a) shall be credited to funds available for the National Guard Distance Learning Project and be available to defray the costs associated with the use of equipment of the project under that subsection. Such funds shall be available for such purposes without fiscal year limitation.

SEC. 8064. Using funds available by this Act or any other Act, the Secretary of the Air Force, pursuant to a determination under section 2690 of title 10, United States Code, may implement cost-effective agreements for required heating facility modernization in the Kaiserslautern Military Community in the Federal Republic of Germany: Provided, That in the City of Kaiserslautern such agreements will include the use of United States anthracite as the base load energy for municipal district heat to the United States Defense installations: Provided further, That at Landstuhl Army Regional Medical Center and Ramstein Air Base, furnished heat may be obtained from private, regional or municipal services, if provisions are included for the consideration of United States coal as an energy source.

SEC. 8065. None of the funds appropriated in title IV of this Act may be used to procure end-items for delivery to military forces for operational training, operational use or inventory requirements: Provided, That this restriction does not apply to end-items used in development, prototyping, and test activities preceding and leading to acceptance for operational use: Provided further, That this restriction does not apply to programs funded within the National Intelligence Program: Provided further, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that it is in the national security interest to do so.

SEC. 8066. Notwithstanding any other provision of law, funds available to the Department of Defense shall be made available to provide transportation of medical supplies and equipment, on a nonreimbursable basis, to American Samoa, and funds available to the Department of Defense shall be made available to provide transportation of medical supplies and equipment, on a nonreimbursable basis, to the Indian Health Service when it is in conjunction with a civil-military project.

SEC. 8067. None of the funds made available in this Act may be used to approve or license the sale of the F/A–22 advanced tactical fighter to any foreign government.

SEC. 8068. (a) The Secretary of Defense may, on a case-by-case basis, waive with respect to a foreign country each limitation on the procurement of defense items from foreign sources provided in law if the Secretary determines that the application of the limitation with respect to that country would invalidate cooperative programs entered into between the Department of Defense and the foreign country, or would invalidate reciprocal trade agreements for the procurement of defense items entered into under section 2531 of title 10, United States Code, and the country does not discriminate against the same or similar defense items produced in the United States for that country.

(b) Subsection (a) applies with respect to—

(1) contracts and subcontracts entered into on or after the date of the enactment of this Act; and

(2) options for the procurement of items that are exercised after such date under contracts that are entered into before such date if the option prices are adjusted for any reason other than the application of a waiver granted under subsection (a).

(c) Subsection (a) does not apply to a limitation regarding construction of public vessels, ball and roller bearings, food, and clothing or textile materials as defined by section 11 (chapters 50–65) of the Harmonized Tariff Schedule and products classified under headings 4010,

4202, 4203, 6401 through 6406, 6505, 7019, 7218 through 7229, 7304.41 through 7304.49, 7306.40, 7502 through 7508, 8105, 8108, 8109, 8211, 8215, and 9404.

SEC. 8069. (a) PROHIBITION.—None of the funds made available by this Act may be used to support any training program involving a unit of the security forces of a foreign country if the Secretary of Defense has received credible information from the Department of State that the unit has committed a gross violation of human rights, unless all necessary corrective steps have been taken.

(b) MONITORING.—The Secretary of Defense, in consultation with the Secretary of State, shall ensure that prior to a decision to conduct any training program referred to in subsection (a), full consideration is given to all credible information available to the Department of State relating to human rights violations by foreign security forces.

(c) WAIVER.—The Secretary of Defense, after consultation with the Secretary of State, may waive the prohibition in subsection (a) if he determines that such waiver is required by extraordinary circumstances.

(d) REPORT.—Not more than 15 days after the exercise of any waiver under subsection (c), the Secretary of Defense shall submit a report to the congressional defense committees describing the extraordinary circumstances, the purpose and duration of the training program, the United States forces and the foreign security forces involved in the training program, and the information relating to human rights violations that necessitates the waiver.

SEC. 8070. None of the funds appropriated or made available in this Act to the Department of the Navy shall be used to develop, lease or procure the T–AKE class of ships unless the main propulsion diesel engines and propulsors are manufactured in the United States by a domestically operated entity: Provided, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes or there exists a significant cost or quality difference.

SEC. 8071. None of the funds appropriated or otherwise made available by this or other Department of Defense Appropriations Acts may be obligated or expended for the purpose of performing repairs or maintenance to military family housing units of the Department of Defense, including areas in such military family housing units that may be used for the purpose of conducting official Department of Defense business.

SEC. 8072. Notwithstanding any other provision of law, funds appropriated in this Act under the heading ''Research, Development, Test and Evaluation, Defense-Wide'' for any new start advanced concept technology demonstration project may only be obligated 30 days after a report, including a description of the project, the planned acquisition and transition strategy and its estimated annual and total cost, has been provided in writing to the congressional defense committees: Provided, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying to the congressional defense committees that it is in the national interest to do so.

SEC. 8073. The Secretary of Defense shall provide a classified quarterly report beginning 30 days after enactment of this Act, to the House and Senate Appropriations Committees, Subcommittees on Defense on certain matters as directed in the classified annex accompanying this Act.

SEC. 8074. During the current fiscal year, refunds attributable to the use of the Government travel card, refunds attributable to the use of the Government Purchase Card and refunds attributable to official Government travel arranged by Government Contracted Travel Management Centers may be credited to operation and maintenance, and research, development, test and evaluation accounts of the Department of Defense which are current when the refunds are received.

SEC. 8075. (a) REGISTERING FINANCIAL MANAGEMENT INFORMATION TECHNOLOGY SYSTEMS WITH DOD CHIEF INFORMATION OFFICER.—None of the funds appropriated in this Act may be used for a mission critical or mission essential financial management information technology system (including a system funded by the defense working capital fund) that is not registered with the Chief Information Officer of the Department of Defense. A system shall be considered to be registered with that officer upon the furnishing to that officer of notice of the system, together with such information concerning the system as the Secretary of Defense may prescribe. A financial management information technology system shall be considered a mission critical or mission essential information technology system as defined by the Under Secretary of Defense (Comptroller).

(b) CERTIFICATIONS AS TO COMPLIANCE WITH FINANCIAL MANAGEMENT MODERNIZATION PLAN.—

(1) During the current fiscal year, a financial management automated information system, a mixed information system supporting financial and non-financial systems, or a system improvement of more than $1,000,000 may not receive Milestone A approval, Milestone B approval, or full rate production, or their equivalent, within the Department of Defense until the Under Secretary of Defense (Comptroller) certifies, with respect to that milestone, that the system is being developed and managed in accordance with the Department's Financial Management Modernization Plan. The Under Secretary of Defense (Comptroller) may require additional certifications, as appropriate, with respect to any such system.

(2) The Chief Information Officer shall provide the congressional defense committees timely notification of certifications under paragraph (1).

(c) CERTIFICATIONS AS TO COMPLIANCE WITH CLINGER-COHEN ACT.—

(1) During the current fiscal year, a major automated information system may not receive Milestone A approval, Milestone B approval, or full rate production approval, or their equivalent, within the Department of Defense until the Chief Information Officer certifies, with respect to that milestone, that the system is being developed in accordance with the Clinger-Cohen Act of 1996 (40 U.S.C. 1401 et seq.). The Chief Information Officer may require additional certifications, as appropriate, with respect to any such system.

(2) The Chief Information Officer shall provide the congressional defense committees timely notification of certifications under paragraph (1). Each such notification shall include, at a minimum, the funding baseline and milestone schedule for each system covered by such a certification and confirmation that the following steps have been taken with respect to the system:

(A) Business process reengineering.

(B) An analysis of alternatives.

(C) An economic analysis that includes a calculation of the return on investment.

(D) Performance measures.

(E) An information assurance strategy consistent with the Department's Global Information Grid.

(d) DEFINITIONS.—For purposes of this section:

(1) The term ''Chief Information Officer'' means the senior official of the Department of Defense designated by the Secretary of Defense pursuant to section 3506 of title 44, United States Code.

(2) The term ''information technology system'' has the meaning given the term ''information technology'' in section 5002 of the Clinger-Cohen Act of 1996 (40 U.S.C. 1401).

SEC. 8076. During the current fiscal year, none of the funds available to the Department of Defense may be used to provide support to another department or agency of the United States if such department or agency is more than 90 days in arrears in making payment to the Department of Defense for goods or services previously provided to such department or agency on a reimbursable basis: Provided, That this restriction shall not apply if the department is authorized by law to provide support to such department or agency on a nonreimbursable basis, and is providing the requested support pursuant to such authority: Provided further, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that it is in the national security interest to do so.

SEC. 8077. Notwithstanding section 12310(b) of title 10, United States Code, a Reserve who is a member of the National Guard serving on full-time National Guard duty under section 502(f) of Title 32 may perform duties in support of the ground-based elements of the National Ballistic Missile Defense System.

SEC. 8078. None of the funds provided in this Act may be used to transfer to any nongovernmental entity ammunition held by the Department of Defense that has a center-fire cartridge and a United States military nomenclature designation of ''armor penetrator'', ''armor piercing (AP)'', ''armor piercing incendiary (API)'', or ''armor-piercing incendiary-tracer (API–T)'', except to an entity performing demilitarization services for the Department of Defense under a contract that requires the entity to demonstrate to the satisfaction of the Department of Defense that armor piercing projectiles are either: (1) rendered incapable of reuse by the demilitarization process; or (2) used to manufacture ammunition pursuant to a contract with the Department of Defense or the manufacture of ammunition for export pursuant to a License for Permanent Export of Unclassified Military Articles issued by the Department of State.

SEC. 8079. Notwithstanding any other provision of law, the Chief of the National Guard Bureau, or his designee, may waive payment of all or part of the consideration that otherwise would be required under section 2667 of title 10, United States Code, in the case of a lease of personal property for a period not in excess of 1 year to any organization specified in section 508(d) of title 32, United States Code, or any other youth, social, or fraternal non-profit organization as may be approved by the Chief of the National Guard Bureau, or his designee, on a case-by-case basis.

SEC. 8080. None of the funds appropriated by this Act shall be used for the support of any nonappropriated funds activity of the Department of Defense that procures malt beverages and wine with nonappropriated funds for resale (including such alcoholic beverages sold by the drink) on a military installation located in the United States unless such malt beverages and wine are procured within that State, or in the case of the District of Columbia, within the District of Columbia, in which the military installation is located: Provided, That in a case in which the military installation is located in more than one State, purchases may be made in any State in which the installation is located: Provided further, That such local procurement requirements for malt beverages and wine shall apply to all alcoholic beverages only for military installations in States which are not contiguous with another State: Provided further, That alcoholic beverages other than wine and malt beverages, in contiguous States and the District of Columbia shall be procured from the most competitive source, price and other factors considered.

SEC. 8081. Funds available to the Department of Defense for the Global Positioning System

during the current fiscal year may be used to fund civil requirements associated with the satellite and ground control segments of such system's modernization program.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8082. Of the amounts appropriated in this Act under the heading, ''Operation and Maintenance, Army'', $147,900,000 shall remain available until expended: Provided, That notwithstanding any other provision of law, the Secretary of Defense is authorized to transfer such funds to other activities of the Federal Government: Provided further, That the Secretary of Defense is authorized to enter into and carry out contracts for the acquisition of real property, construction, personal services, and operations related to projects described in further detail in the Classified Annex accompanying the Department of Defense Appropriations Act, 2006, consistent with the terms and conditions set forth therein: Provided further, That contracts entered into under the authority of this section may provide for such indemnification as the Secretary determines to be necessary: Provided further, That projects authorized by this section shall comply with applicable Federal, State, and local law to the maximum extent consistent with the national security, as determined by the Secretary of Defense.

SEC. 8083. Section 8106 of the Department of Defense Appropriations Act, 1997 (titles I through VIII of the matter under subsection 101(b) of Public Law 104–208; 110 Stat. 3009–111; 10 U.S.C. 113 note) shall continue in effect to apply to disbursements that are made by the Department of Defense in fiscal year 2006.

SEC. 8084. In addition to amounts provided elsewhere in this Act, $2,200,000 is hereby appropriated to the Department of Defense, to remain available for obligation until expended: Provided, That notwithstanding any other provision of law, these funds shall be available only for a grant to the Fisher House Foundation, Inc., only for the construction and furnishing of additional Fisher Houses to meet the needs of military family members when confronted with the illness or hospitalization of an eligible military beneficiary.

SEC. 8085. (a) The Secretary of Defense, in coordination with the Secretary of Health and Human Services, may carry out a program to distribute surplus dental and medical equipment of the Department of Defense, at no cost to the Department of Defense, to Indian Health Service facilities and to federally-qualified health centers (within the meaning of section 1905(l)(2)(B) of the Social Security Act (42 U.S.C. 1396d(l)(2)(B))).

(b) In carrying out this provision, the Secretary of Defense shall give the Indian Health Service a property disposal priority equal to the priority given to the Department of Defense and its twelve special screening programs in distribution of surplus dental and medical supplies and equipment.

SEC. 8086. Amounts appropriated in title II of this Act are hereby reduced by $265,000,000 to reflect savings attributable to efficiencies and management improvements in the funding of miscellaneous or other contracts in the military departments, as follows:

(1) From ''Operation and Maintenance, Army'', $26,000,000.

(2) From ''Operation and Maintenance, Navy'', $85,000,000.

(3) From ''Operation and Maintenance, Air Force'', $154,000,000.

SEC. 8087. The total amount appropriated or otherwise made available in this Act is hereby reduced by $100,000,000 to limit excessive growth in the procurement of advisory and assistance services, to be distributed as follows:

''Operation and Maintenance, Army'', $25,000,000.

''Operation and Maintenance, Navy'', $10,000,000.

''Operation and Maintenance, Air Force'', $30,000,000.

''Operation and Maintenance, Defense-Wide'', $35,000,000.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8088. Of the amounts appropriated in this Act under the heading ''Research, Development, Test and Evaluation, Defense-Wide'', $132,866,000 shall be made available for the Arrow missile defense program: Provided, That of this amount, $60,250,000 shall be available for the purpose of producing Arrow missile components in the United States and Arrow missile components and missiles in Israel to meet Israel's defense requirements, consistent with each nation's laws, regulations and procedures, and $10,000,000 shall be available for the purpose of the initiation of a joint feasibility study designated the Short Range Ballistic Missile Defense (SRBMD) initiative: Provided further, That funds made available under this provision for production of missiles and missile components may be transferred to appropriations available for the procurement of weapons and equipment, to be merged with and to be available for the same time period and the same purposes as the appropriation to which transferred: Provided further, That the transfer authority provided under this provision is in addition to any other transfer authority contained in this Act.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8089. Of the amounts appropriated in this Act under the heading ''Shipbuilding and Conversion, Navy'', $517,523,000 shall be available until September 30, 2006, to fund prior year shipbuilding cost increases: Provided, That upon enactment of this Act, the Secretary of the Navy shall transfer such funds to the following appropriations in the amounts specified: Provided further, That the amounts transferred shall be merged with and be available for the same purposes as the appropriations to which transferred:

To:

Under the heading, ''Shipbuilding and Conversion, Navy, 1998/2006'':

New SSN, $28,000,000.

Under the heading, ''Shipbuilding and Conversion, Navy, 1999/2006'':

LPD–17 Amphibious Transport Dock Ship Program, $95,000,000;

New SSN, $72,000,000.

Under the heading, ''Shipbuilding and Conversion, Navy, 2000/2006'':

LPD–17 Amphibious Transport Dock Ship Program, $94,800,000.

Under the heading, ''Shipbuilding and Conversion, Navy, 2001/2006'':

Carrier Replacement Program, $145,023,000;

New SSN, $82,700,000.

SEC. 8090. The Secretary of the Navy may settle, or compromise, and pay any and all admiralty claims under section 7622 of title 10, United States Code arising out of the collision involving the U.S.S. GREENEVILLE and the EHIME MARU, in any amount and without regard to the monetary limitations in subsections (a) and (b) of that section: Provided, That such payments shall be made from funds available to the Department of the Navy for operation and maintenance.

SEC. 8091. Notwithstanding any other provision of law or regulation, the Secretary of Defense may exercise the provisions of section 7403(g) of title 38, United States Code for occupations listed in section 7403(a)(2) of title 38, United States Code as well as the following:

Pharmacists, Audiologists, and Dental Hygienists.

(A) The requirements of section 7403(g)(1)(A) of title 38, United States Code shall apply.

(B) The limitations of section 7403(g)(1)(B) of title 38, United States Code shall not apply.

SEC. 8092. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year 2006 until the enactment of the Intelligence Authorization Act for fiscal year 2006.

SEC. 8093. None of the funds in this Act may be used to initiate a new start program without prior written notification to the Office of Secretary of Defense and the congressional defense committees.

SEC. 8094. The amounts appropriated in title II of this Act are hereby reduced by $250,000,000 to reflect cash balance and rate stabilization adjustments in Department of Defense Working Capital Funds, as follows:

(1) From ''Operation and Maintenance, Army'', $100,000,000.

(2) From ''Operation and Maintenance, Navy'', $50,000,000.

(3) From ''Operation and Maintenance, Air Force'', $100,000,000.

SEC. 8095. (a) In addition to the amounts provided elsewhere in this Act, the amount of $5,100,000 is hereby appropriated to the Department of Defense for ''Operation and Maintenance, Army National Guard''. Such amount shall be made available to the Secretary of the Army only to make a grant in the amount of $5,100,000 to the entity specified in subsection (b) to facilitate access by veterans to opportunities for skilled employment in the construction industry.

(b) The entity referred to in subsection (a) is the Center for Military Recruitment, Assessment and Veterans Employment, a nonprofit labor-management co-operation committee provided for by section 302(c)(9) of the Labor-Management Relations Act, 1947 (29 U.S.C. 186(c)(9)), for the purposes set forth in section 6(b) of the Labor Management Cooperation Act of 1978 (29 U.S.C. 175a note).

SEC. 8096. FINANCING AND FIELDING OF KEY ARMY CAPABILITIES.—The Department of Defense and the Department of the Army shall make future budgetary and programming plans to fully finance the Non-Line of Sight Future Force cannon and resupply vehicle program (NLOS–C) in order to field this system in fiscal year 2010, consistent with the broader plan to field the Future Combat System (FCS) in fiscal year 2010: Provided, That if the Army is precluded from fielding the FCS program by fiscal year 2010, then the Army shall develop the NLOS–C independent of the broader FCS development timeline to achieve fielding by fiscal year 2010. In addition the Army will deliver eight (8) combat operational pre-production NLOS–C systems by the end of calendar year 2008. These systems shall be in addition to those systems necessary for developmental and operational testing: Provided further, That the Army shall ensure that budgetary and programmatic plans will provide for no fewer than seven (7) Stryker Brigade Combat Teams.

SEC. 8097. Up to $2,125,000 of the funds appropriated under the heading ''Operation and Maintenance, Navy'' in this Act for the Pacific Missile Range Facility may be made available to contract for the repair, maintenance, and operation of adjacent off-base water, drainage, and flood control systems, electrical upgrade to support additional missions critical to base operations, and support for a range footprint expansion to further guard against encroachment.

SEC. 8098. In addition to the amounts appropriated or otherwise made available elsewhere in this Act, $33,350,000 is hereby appropriated to the Department of Defense, to remain available until September 30, 2006: Provided, That the Secretary of Defense shall make grants in the amounts specified as follows: $3,850,000 to the Intrepid Sea-Air-Space Foundation; $1,000,000 to the Pentagon Memorial Fund, Inc.; $4,400,000 to the Center for Applied Science and Technologies at Jordan Valley Innovation Center; $1,000,000 to the Vietnam Veterans Memorial Fund for the Teach Vietnam initiative; $500,000 to the Westchester County World Trade Center Memorial; $1,000,000 to the Women in Military Service for America Memorial Foundation;

$2,000,000 to The Presidio Trust; $500,000 to George Mason University for the Clinic for Legal Assistance to Servicemembers; $850,000 to the Fort Des Moines Memorial Park and Education Center; $1,000,000 to the American Civil War Center at Historic Tredegar; $1,500,000 to the Museum of Flight, American Heroes Collection; $1,000,000 to the National Guard Youth Foundation; $2,550,000 to the United Services Organization; $1,700,000 to the Dwight D. Eisenhower Memorial Commission; $1,000,000 to the Iraq Cultural Heritage Assistance Project; $1,350,000 to the Pacific Aviation Museum-Pearl Harbor; $1,500,000 to the Red Cross Consolidated Blood Services Facility; $150,000 to the Telluride Adaptive Sports Program; $4,000,000 to T.H.A.N.K.S USA; $1,500,000 to the Battleship Texas Foundation to Restore and Preserve the Battleship Texas; and $1,000,000 to the Pennsylvania Veterans Museum Media Armory.

SEC. 8099. Notwithstanding section 2583(a) of title 10, United States Code, but subject to the limitations of section 2583(e) of title 10, United States Code, during the current fiscal year the Secretary of the military department concerned may make a military working dog available for adoption by its former handler.

SEC. 8100. The budget of the President for fiscal year 2007 submitted to the Congress pursuant to section 1105 of title 31, United States Code shall include separate budget justification documents for costs of United States Armed Forces' participation in contingency operations for the Military Personnel accounts, the Operation and Maintenance accounts, and the Procurement accounts: Provided, That these documents shall include a description of the funding requested for each contingency operation, for each military service, to include all Active and Reserve components, and for each appropriations account: Provided further, That these documents shall include estimated costs for each element of expense or object class, a reconciliation of increases and decreases for each contingency operation, and programmatic data including, but not limited to, troop strength for each Active and Reserve component, and estimates of the major weapons systems deployed in support of each contingency: Provided further, That these documents shall include budget exhibits OP–5 and OP–32 (as defined in the Department of Defense Financial Management Regulation) for all contingency operations for the budget year and the two preceding fiscal years.

SEC. 8101. None of the funds in this Act may be used for research, development, test, evaluation, procurement or deployment of nuclear armed interceptors of a missile defense system.

SEC. 8102. Of the amounts provided in title II of this Act under the heading, ''Operation and Maintenance, Defense-Wide'', $20,000,000 is available for the Regional Defense Counter-terrorism Fellowship Program, to fund the education and training of foreign military officers, ministry of defense civilians, and other foreign security officials, to include United States military officers and civilian officials whose participation directly contributes to the education and training of these foreign students.

SEC. 8103. None of the funds appropriated or made available in this Act shall be used to reduce or disestablish the operation of the 53rd Weather Reconnaissance Squadron of the Air Force Reserve, if such action would reduce the WC–130 Weather Reconnaissance mission below the levels funded in this Act: Provided, That the Air Force shall allow the 53rd Weather Reconnaissance Squadron to perform other missions in support of national defense requirements during the non-hurricane season.

SEC. 8104. None of the funds provided in this Act shall be available for integration of foreign intelligence information unless the information has been lawfully collected and processed during the conduct of authorized foreign intelligence activities: Provided, That information pertaining to United States persons shall only be handled in accordance with protections provided in the Fourth Amendment of the United States Constitution as implemented through Executive Order No. 12333.

SEC. 8105. (a) From within amounts made available in title II of this Act, under the heading ''Operation and Maintenance, Army'', and notwithstanding any other provision of law, up to $7,000,000 shall be available only for repairs and safety improvements to the segment of Fort Irwin Road which extends from Interstate 15 northeast toward the boundary of Fort Irwin, California and the originating intersection of Irwin Road: Provided, That these funds shall remain available until expended: Provided further, That the authorized scope of work includes, but is not limited to, environmental documentation and mitigation, engineering and design, improving safety, resurfacing, widening lanes, enhancing shoulders, and replacing signs and pavement markings: Provided further, That these funds may be used for advances to the Federal Highway Administration, Department of Transportation, for the authorized scope of work.

(b) From within amounts made available in title II of this Act under the heading ''Operation and Maintenance, Marine Corps'', the Secretary of the Navy shall make a grant in the amount of $4,800,000, notwithstanding any other provision of law, to the City of Twentynine Palms, California, for the widening of off-base Adobe Road, which is used by members of the Marine Corps stationed at the Marine Corps Air Ground Task Force Training Center, Twentynine Palms, California, and their dependents, and for construction of pedestrian and bike lanes for the road, to provide for the safety of the Marines stationed at the installation.

SEC. 8106. None of the funds available to the Department of Defense may be obligated to modify command and control relationships to give Fleet Forces Command administrative and operational control of U.S. Navy forces assigned to the Pacific fleet: Provided, That the command and control relationships which existed on October 1, 2004, shall remain in force unless changes are specifically authorized in a subsequent Act.

SEC. 8107. (a) At the time members of reserve components of the Armed Forces are called or ordered to active duty under section 12302(a) of title 10, United States Code, each member shall be notified in writing of the expected period during which the member will be mobilized.

(b) The Secretary of Defense may waive the requirements of subsection (a) in any case in which the Secretary determines that it is necessary to do so to respond to a national security emergency or to meet dire operational requirements of the Armed Forces.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8108. The Secretary of Defense may transfer funds from any available Department of the Navy appropriation to any available Navy ship construction appropriation for the purpose of liquidating necessary changes resulting from inflation, market fluctuations, or rate adjustments for any ship construction program appropriated in law: Provided, That the Secretary may transfer not to exceed $100,000,000 under the authority provided by this section: Provided further, That the funding transferred shall be available for the same time period as the appropriation to which transferred: Provided further, That the Secretary may not transfer any funds until 30 days after the proposed transfer has been reported to the Committees on Appropriations of the Senate and the House of Representatives, unless sooner notified by the Committees that there is no objection to the proposed transfer: Provided further, That the transfer authority provided by this section is in addition to any other transfer authority contained elsewhere in this Act.

SEC. 8109. (a) The total amount appropriated or otherwise made available in title II of this Act is hereby reduced by $92,000,000 to limit excessive growth in the travel and transportation of persons.

(b) The Secretary of Defense shall allocate this reduction proportionately to each budget activity, activity group, subactivity group, and each program, project, and activity within each applicable appropriation account.

SEC. 8110. In addition to funds made available elsewhere in this Act, $5,500,000 is hereby appropriated and shall remain available until expended to provide assistance, by grant or otherwise (such as, but not limited to, the provision of funds for repairs, maintenance, construction, and/or for the purchase of information technology, text books, teaching resources), to public schools that have unusually high concentrations of special needs military dependents enrolled: Provided, That in selecting school systems to receive such assistance, special consideration shall be given to school systems in States that are considered overseas assignments, and all schools within these school systems shall be eligible for assistance: Provided further, That up to 2 percent of the total appropriated funds under this section shall be available to support the administration and execution of the funds or program and/or events that promote the purpose of this appropriation (e.g. payment of travel and per diem of school teachers attending conferences or a meeting that promotes the purpose of this appropriation and/or consultant fees for on-site training of teachers, staff, or Joint Venture Education Forum (JVEF) Committee members): Provided further, That up to $2,000,000 shall be available for the Department of Defense to establish a non-profit trust fund to assist in the public-private funding of public school repair and maintenance projects, or provide directly to non-profit organizations who in return will use these monies to provide assistance in the form of repair, maintenance, or renovation to public school systems that have high concentrations of special needs military dependents and are located in States that are considered overseas assignments: Provided further, That to the extent a Federal agency provides this assistance, by contract, grant, or otherwise, it may accept and expend non-Federal funds in combination with these Federal funds to provide assistance for the authorized purpose, if the non-Federal entity requests such assistance and the non-Federal funds are provided on a reimbursable basis.

SEC. 8111. Of the funds appropriated or otherwise made available in this Act, a reduction of $361,000,000 is hereby taken from Title III, Procurement, from the following accounts in the specified amounts:

''Missile Procurement, Army'', $9,000,000;

''Other Procurement, Army'', $297,000,000; and

''Procurement, Marine Corps'', $55,000,000:

Provided, That within 30 days of enactment of this Act, the Secretary of the Army and the Secretary of the Navy shall provide a report to the House Committee on Appropriations and the Senate Committee on Appropriations which describes the application of these reductions to programs, projects or activities within these accounts.

(INCLUDING TRANSFER OF FUNDS)

SEC. 8112. (a) THREE-YEAR EXTENSION.—During the current fiscal year and each of fiscal years 2007 and 2008, the Secretary of Defense may transfer not more than $20,000,000 of unobligated balances remaining in the expiring RDT&E, Army, appropriation account to a current Research, Development, Test and Evaluation, Army, appropriation account to be used only for the continuation of the Army Venture Capital Fund demonstration.

(b) EXPIRING RDT&E, ARMY, ACCOUNT.—For purposes of this section, for any fiscal year, the expiring RDT&E, Army, account is the Research, Development, Test and Evaluation, Army, appropriation account that is then in its last fiscal year of availability for obligation before the account closes under section 1552 of title 31, United States Code.

(c) ARMY VENTURE CAPITAL FUND DEMONSTRATION.—For purposes of this section, the Army Venture Capital Fund demonstration is the program for which funds were initially provided in section 8150 of the Department of Defense Appropriations Act, 2002 (division A of Public Law 107–117; 115 Stat. 2281), as extended and revised in section 8105 of Department of Defense Appropriations Act, 2003 (Public Law 107–248; 116 Stat. 1562).

(d) ADMINISTRATIVE PROVISIONS.—The provisos in section 8105 of the Department of Defense Appropriations Act, 2003 (Public Law 107–248; 116 Stat. 1562), shall apply with respect to amounts transferred under this section in the same manner as to amounts transferred under that section.

SEC. 8113. Of the funds made available in this Act, not less than $76,100,000 shall be available to maintain an attrition reserve force of 18 B–52 aircraft, of which $3,900,000 shall be available from ''Military Personnel, Air Force'', $44,300,000 shall be available from ''Operation and Maintenance, Air Force'', and $27,900,000 shall be available from ''Aircraft Procurement, Air Force'': Provided, That the Secretary of the Air Force shall maintain a total force of 94 B–52 aircraft, including 18 attrition reserve aircraft, during fiscal year 2006: Provided further, That the Secretary of Defense shall include in the Air Force budget request for fiscal year 2007 amounts sufficient to maintain a B–52 force totaling 94 aircraft.

SEC. 8114. The Secretary of the Air Force is authorized, using funds available under the heading ''Operation and Maintenance, Air Force'', to complete a phased repair project, which repairs may include upgrades and additions, to the infrastructure of the operational ranges managed by the Air Force in Alaska: Provided, That the total cost of such phased projects shall not exceed $32,000,000.

SEC. 8115. For purposes of section 612 of title 41, United States Code, any subdivision of appropriations made under the heading ''Shipbuilding and Conversion, Navy'' that is not closed at the time reimbursement is made shall be available to reimburse the Judgment Fund and shall be considered for the same purposes as any subdivision under the heading ''Shipbuilding and Conversion, Navy'' appropriations in the current fiscal year or any prior fiscal year.

(TRANSFER OF FUNDS)

SEC. 8116. Upon enactment of this Act, the Secretary of Defense shall make the following transfer of funds: Provided, That funds so transferred shall be merged with and shall be available for the same purpose and for the same time period as the appropriation to which transferred: Provided further, That the amounts shall be transferred between the following appropriations in the amounts specified:

From:

Under the heading, ''Shipbuilding and Conversion, Navy, 2003/2007'':

For outfitting, post delivery, conversions, and first destination transportation, $3,300,000;

Under the heading, ''Shipbuilding and Conversion, Navy, 2004/2008'':

For outfitting, post delivery, conversions, and first destination transportation, $6,100,000;

To:

Under the heading, ''Shipbuilding and Conversion, Navy, 2003/2007'':

SSGN, $3,300,000;

Under the heading, ''Shipbuilding and Conversion, Navy, 2004/2008'':

SSGN, $6,100,000.

SEC. 8117. (a) FINDINGS.—The Senate makes the following findings:

(1) The Department of Defense Appropriations Act, 2004 (Public Law 108–87), the Department of Defense Appropriations Act, 2005 (Public Law 108–287), and the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (Public Law 109–13) each contain a sense of the Senate provision urging the President to provide in the annual budget requests of the President for a fiscal year under section 1105(a) of title 31, United States Code, an estimate of the cost of ongoing military operations in Iraq and Afghanistan in such fiscal year.

(2) The budget for fiscal year 2006 submitted to Congress by the President on February 7, 2005, requests no funds for fiscal year 2006 for ongoing military operations in Iraq or Afghanistan.

(3) According to the Congressional Research Service, there exists historical precedent for including the cost of ongoing military operations in the annual budget requests of the President following initial funding for such operations by emergency or supplemental appropriations Acts, including—

(A) funds for Operation Noble Eagle, beginning in the budget request of President George W. Bush for fiscal year 2005;

(B) funds for operations in Kosovo, beginning in the budget request of President George W. Bush for fiscal year 2001;

(C) funds for operations in Bosnia, beginning in the budget request of President Clinton for fiscal year 1997;

(D) funds for operations in Southwest Asia, beginning in the budget request of President Clinton for fiscal year 1997;

(E) funds for operations in Vietnam, beginning in the budget request of President Johnson for fiscal year 1966; and

(F) funds for World War II, beginning in the budget request of President Roosevelt for fiscal year 1943.

(4) In section 1024(b) of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (119 Stat. 252), the Senate requested that the President submit to Congress, not later than September 1, 2005, an amendment to the budget of the President for fiscal year 2006 setting forth detailed cost estimates for ongoing military operations overseas during such fiscal year.

(5) The President has yet to submit such an amendment.

(6) In February 2005, the Congressional Budget Office estimated that fiscal year 2006 cost of ongoing military operations in Iraq and Afghanistan could total $85,000,000,000.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) any request for funds for a fiscal year after fiscal year 2006 for an ongoing military operation overseas, including operations in Afghanistan and Iraq, should be included in the annual budget of the President for such fiscal year as submitted to Congress under section 1105(a) of title 31, United States Code;

(2) the President should submit a budget request for fiscal year 2006 setting forth estimates for ongoing military operations overseas during such fiscal year; and

(3) any funds provided for a fiscal year for ongoing military operations overseas should be provided in appropriations Acts for such fiscal year through appropriations to specific accounts set forth in such appropriations Acts.

SEC. 8118. Section 351(a)(3) of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108–375; 118 Stat. 1858) is amended by striking ''July 31, 2004'' and inserting ''April 1, 2006''.

SEC. 8119. (a) None of the funds appropriated by this Act may be used to transfer research and development, acquisition, or other program authority relating to current tactical unmanned aerial vehicles (TUAVs) from the Army.

(b) The Army shall retain responsibility for and operational control of the Extended Range Multi-Purpose (ERMP) Unmanned Aerial Vehicle (UAV) in order to support the Secretary of Defense in matters relating to the employment of unmanned aerial vehicles.

SEC. 8120. (a) REPORT.—Not later than February 15, 2006, the Secretary of Defense shall submit to the congressional defense committees a report on the status of the review of, and actions taken to implement, the recommendations of the Comptroller General of the United States in the report of the Comptroller General entitled ''Military and Veterans Benefits: Enhanced Services Could Improve Transition Assistance for Reserves and National Guard'' (GAO 05–544).

(b) PARTICULAR INFORMATION.—If the Secretary has determined in the course of the review described in subsection (a) not to implement any recommendation of the Comptroller General described in that subsection, the report under that subsection shall include a justification of such determination.

SEC. 8121. (a) The Secretary of the Navy may, subject to the terms and conditions of the Secretary, donate the World War II-era marine railway located at the United States Naval Academy, Annapolis, Maryland, to the Richardson Maritime Heritage Center, Cambridge, Maryland.

(b) The marine railway donated under subsection (a) may not be used for commercial purposes.

SEC. 8122. The Secretary of Defense may present promotional materials, including a United States flag, to any member of an Active or Reserve component under the Secretary's jurisdiction who, as determined by the Secretary, participates in Operation Enduring Freedom or Operation Iraqi Freedom, along with other recognition items in conjunction with any weeklong national observation and day of national celebration, if established by Presidential proclamation, for any such members returning from such operations.

SEC. 8123. Section 8013 of the Department of Defense Appropriations Act, 1994 (Public Law 103–139; 107 Stat. 1440) is amended by striking ''the report to the President from the Defense Base Closure and Realignment Commission, July 1991'' and inserting ''the reports to the President from the Defense Base Closure and Realignment Commission, July 1991 and July 1993''.

SEC. 8124. (a) INCREASE IN RATE OF BASIC PAY.—

(1) INCREASE.—Footnote 2 to the table on Enlisted Members in section 601(b) of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108–136; 37 U.S.C. 1009 note) is amended by striking ''or Master Chief Petty Officer of the Coast Guard'' and inserting ''Master Chief Petty Officer of the Coast Guard, or Senior Enlisted Advisor to the Chairman of the Joint Chiefs of Staff''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on September 1, 2005, and shall apply with respect to months beginning on or after that date.

(b) PERSONAL MONEY ALLOWANCE.—Section 414(c) of title 37, United States Code, is amended by striking ''or the Master Chief Petty Officer of the Coast Guard'' and inserting ''the Master Chief Petty Officer of the Coast Guard, or the Senior Enlisted Advisor to the Chairman of the Joint Chiefs of Staff''.

SEC. 8125. Notwithstanding any other provision of this Act, to reflect savings from revised economic assumptions the total amount appropriated in title II of this Act is hereby reduced by $195,260,000, the total amount appropriated in title III of this Act is hereby reduced by $263,875,000, and the total amount appropriated in title IV of this Act is hereby reduced by $312,165,000: Provided, That the Secretary of Defense shall allocate this reduction proportionally to each budget activity, activity group, subactivity group, and each program, project, and activity, within each appropriation account.

SEC. 8126. SUPPORT FOR YOUTH ORGANIZATIONS. (a) SHORT TITLE.—This Act may be cited as the ''Support Our Scouts Act of 2005''.

(b) SUPPORT FOR YOUTH ORGANIZATIONS.—

(1) DEFINITIONS.—In this subsection—

(A) the term ''Federal agency'' means each department, agency, instrumentality, or other entity of the United States Government; and

(B) the term ''youth organization''—

(i) means any organization that is designated by the President as an organization that is primarily intended to—

(I) serve individuals under the age of 21 years;

(II) provide training in citizenship, leadership, physical fitness, service to community, and teamwork; and

(III) promote the development of character and ethical and moral values; and

(ii) shall include—

(I) the Boy Scouts of America;

(II) the Girl Scouts of the United States of America;

(III) the Boys Clubs of America;

(IV) the Girls Clubs of America;

(V) the Young Men's Christian Association;

(VI) the Young Women's Christian Association;

(VII) the Civil Air Patrol;

(VIII) the United States Olympic Committee;

(IX) the Special Olympics;

(X) Campfire USA;

(XI) the Young Marines;

(XII) the Naval Sea Cadets Corps;

(XIII) 4–H Clubs;

(XIV) the Police Athletic League;

(XV) Big Brothers—Big Sisters of America; and

(XVI) National Guard Youth Challenge.

(2) IN GENERAL.—

(A) SUPPORT FOR YOUTH ORGANIZATIONS.—

(i) SUPPORT.—No Federal law (including any rule, regulation, directive, instruction, or order) shall be construed to limit any Federal agency from providing any form of support for a youth organization (including the Boy Scouts of America or any group officially affiliated with the Boy Scouts of America) that would result in that Federal agency providing less support to that youth organization (or any similar organization chartered under the chapter of title 36, United States Code, relating to that youth organization) than was provided during the preceding fiscal year. This clause shall be subject to the availability of appropriations.

(ii) YOUTH ORGANIZATIONS THAT CEASE TO EXIST.—Clause (i) shall not apply to any youth organization that ceases to exist.

(iii) WAIVERS.—The head of a Federal agency may waive the application of clause (i) to any youth organization with respect to each conviction or investigation described under subclause (I) or (II) for a period of not more than 2 fiscal years if—

(I) any senior officer (including any member of the board of directors) of the youth organization is convicted of a criminal offense relating to the official duties of that officer or the youth organization is convicted of a criminal offense; or

(II) the youth organization is the subject of a criminal investigation relating to fraudulent use or waste of Federal funds.

(B) TYPES OF SUPPORT.—Support described under this paragraph shall include—

(i) holding meetings, camping events, or other activities on Federal property;

(ii) hosting any official event of such organization;

(iii) loaning equipment; and

(iv) providing personnel services and logistical support.

(c) SUPPORT FOR SCOUT JAMBOREES.—

(1) FINDINGS.—Congress makes the following findings:

(A) Section 8 of article I of the Constitution of the United States commits exclusively to Congress the powers to raise and support armies, provide and maintain a Navy, and make rules for the government and regulation of the land and naval forces.

(B) Under those powers conferred by section 8 of article I of the Constitution of the United States to provide, support, and maintain the Armed Forces, it lies within the discretion of Congress to provide opportunities to train the Armed Forces.

(C) The primary purpose of the Armed Forces is to defend our national security and prepare for combat should the need arise.

(D) One of the most critical elements in defending the Nation and preparing for combat is training in conditions that simulate the preparation, logistics, and leadership required for defense and combat.

(E) Support for youth organization events simulates the preparation, logistics, and leadership required for defending our national security and preparing for combat.

(F) For example, Boy Scouts of America's National Scout Jamboree is a unique training event for the Armed Forces, as it requires the construction, maintenance, and disassembly of a ''tent city'' capable of supporting tens of thousands of people for a week or longer. Camporees at the United States Military Academy for Girl Scouts and Boy Scouts provide similar training opportunities on a smaller scale.

(2) SUPPORT.—Section 2554 of title 10, United States Code, is amended by adding at the end the following:

''(i)(1) The Secretary of Defense shall provide at least the same level of support under this section for a national or world Boy Scout Jamboree as was provided under this section for the preceding national or world Boy Scout Jamboree.

''(2) The Secretary of Defense may waive paragraph (1), if the Secretary—

''(A) determines that providing the support subject to paragraph (1) would be detrimental to the national security of the United States; and

''(B) reports such a determination to the Congress in a timely manner, and before such support is not provided.''.

(d) EQUAL ACCESS FOR YOUTH ORGANIZATIONS.—Section 109 of the Housing and Community Development Act of 1974 (42 U.S.C. 5309) is amended—

(1) in the first sentence of subsection (b) by inserting ''or (e)'' after ''subsection (a)''; and

(2) by adding at the end the following:

''(e) EQUAL ACCESS.—

''(1) DEFINITION.—In this subsection, the term 'youth organization' means any organization described under part B of subtitle II of title 36, United States Code, that is intended to serve individuals under the age of 21 years.

''(2) IN GENERAL.—No State or unit of general local government that has a designated open forum, limited public forum, or nonpublic forum and that is a recipient of assistance under this chapter shall deny equal access or a fair opportunity to meet to, or discriminate against, any youth organization, including the Boy Scouts of America or any group officially affiliated with the Boy Scouts of America, that wishes to conduct a meeting or otherwise participate in that designated open forum, limited public forum, or nonpublic forum.''.

SEC. 8127. REGULATIONS TO CLARIFY GIFT ACCEPTANCE POLICY FOR SERVICE MEMBERS AND THEIR FAMILIES. (a) REGULATIONS.—The Secretary of Defense shall prescribe regulations to provide that, subject to such limitations as may be specified in such regulations, members of the Armed Forces described in subsection (c), and the family members of such a member, may accept gifts from non-profit organizations, private parties, and other sources outside the Department of Defense, other than foreign governments and their agents. Such regulations shall apply uniformly to the Army, Navy, Air Force, and Marine Corps, and, to the maximum extent feasible, to the Coast Guard, and shall apply uniformly to the active and reserve components.

(b) AUTHORITY.—A member of the Armed Forces described in subsection (c) may accept gifts as provided in the regulations authorized in subsection (a), notwithstanding section 7353 or title 5, United States Code.

(c) COVERED MEMBERS.—A member of the Armed Forces is described in this subsection in the case of a member who is on active duty and who on or after September 11, 2001, and while on active duty, incurred an injury or illness—

(1) as described in section 1413a(e)(2) of title 10, United States Code; or

(2) in an operation or area designated as a combat operation or a combat zone, respectively, by the Secretary of defense in accordance with the regulations prescribed under subsection (a).

(d) DEADLINE FOR REGULATIONS.—Regulations under subsection (a) shall be prescribed not later than 90 days after the date of the enactment of this Act.

(e) RETROACTIVE APPLICABILITY OF REGULATIONS.—Regulations under subsection (a) shall, to the extent provided in such regulations, also apply to the acceptance of gifts during the period beginning on September 11, 2001, and ending on the date on which such regulations go into effect.

SEC. 8128. Section 106(g) of the Alaska Natural Gas Pipeline Act (15 U.S.C. 720d) is amended by striking ''later'' and inserting ''earlier''.

SEC. 8129. The present incumbent Attending Physician at the U.S. Capitol shall be continued on active duty until ten years after the enactment of this Act.

TITLE IX

ADDITIONAL APPROPRIATIONS

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for ''Military Personnel, Army'', $4,713,245,000.

MILITARY PERSONNEL, NAVY

For an additional amount for ''Military Personnel, Navy'', $144,000,000.

MILITARY PERSONNEL, MARINE CORPS

For an additional amount for ''Military Personnel, Marine Corps'', $455,000,000.

MILITARY PERSONNEL, AIR FORCE

For an additional amount for ''Military Personnel, Air Force'', $508,000,000.

RESERVE PERSONNEL, ARMY

For an additional amount for ''Reserve Personnel, Army'', $138,755,000.

RESERVE PERSONNEL, NAVY

For an additional amount for ''Reserve Personnel, Navy'', $10,000,000.

NATIONAL GUARD PERSONNEL, ARMY

For an additional amount for ''National Guard Personnel, Army'', $234,400,000.

NATIONAL GUARD PERSONNEL, AIR FORCE

For an additional amount for ''National Guard Personnel, Air Force'', $3,200,000.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For an additional amount for ''Operation and Maintenance, Army'', $21,348,886,000.

OPERATION AND MAINTENANCE, NAVY

For an additional amount for ''Operation and Maintenance, Navy'', $1,810,500,000.

OPERATION AND MAINTENANCE, MARINE CORPS

For an additional amount for ''Operation and Maintenance, Marine Corps'', $1,833,126,000.

OPERATION AND MAINTENANCE, AIR FORCE

For an additional amount for ''Operation and Maintenance, Air Force'', $2,483,900,000.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

For an additional amount for ''Operation and Maintenance, Defense-Wide'', $805,000,000, of which up to $195,000,000, to remain available until expended, may be used for payments to reimburse Pakistan, Jordan, and other key cooperating nations, for logistical, military, and other support provided, or to be provided, to United States military operations, notwithstanding any other provision of law: Provided, That such payments may be made in such amounts as the Secretary of Defense, with the concurrence of the Secretary of State, and in consultation with the Director of the Office of

Management and Budget, may determine, in his discretion, based on documentation determined by the Secretary of Defense to adequately account for the support provided, and such determination is final and conclusive upon the accounting officers of the United States, and 15 days following notification to the appropriate congressional committees: Provided further, That the Secretary of Defense shall provide quarterly reports to the congressional defense committees on the use of funds provided in this paragraph.

OPERATION AND MAINTENANCE, ARMY RESERVE

For an additional amount for ''Operation and Maintenance, Army Reserve'', $48,200,000.

OPERATION AND MAINTENANCE, NAVY RESERVE

For an additional amount for ''Operation and Maintenance, Navy Reserve'', $6,400,000.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For an additional amount for ''Operation and Maintenance, Marine Corps Reserve'', $27,950,000.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For an additional amount for ''Operation and Maintenance, Air Force Reserve'', $5,000,000.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Army National Guard'', $183,000,000.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Air National Guard'', $7,200,000.

IRAQ FREEDOM FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Iraq Freedom Fund'', $4,658,686,000, to remain available for transfer until September 30, 2007, only to support operations in Iraq or Afghanistan and classified activities: Provided, That the Secretary of Defense may transfer the funds provided herein to appropriations for military personnel; operation and maintenance; Overseas Humanitarian, Disaster, and Civic Aid; procurement; research, development, test and evaluation; and working capital funds: Provided further, That of the amounts provided under this heading, $3,048,686,000 shall only be for classified programs, described in further detail in the classified annex accompanying this Act: Provided further, That up to $100,000,000 shall be available for the Department of Homeland Security, ''United States Coast Guard, Operating Expenses'': Provided further, That not less than $1,360,000,000 shall be available for the Joint IED Defeat Task Force: Provided further, That funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation or fund to which transferred: Provided further, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the Secretary of Defense shall, not fewer than 5 days prior to making transfers from this appropriation, notify the congressional defense committees in writing of the details of any such transfer: Provided further, That the Secretary shall submit a report no later than 30 days after the end of each fiscal quarter to the congressional defense committees summarizing the details of the transfer of funds from this appropriation.

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

For an additional amount for ''Aircraft Procurement, Army'', $232,100,000, to remain available until September 30, 2008.

MISSILE PROCUREMENT, ARMY

For an additional amount for ''Missile Procurement, Army'', $55,000,000, to remain available until September 30, 2008.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For an additional amount for ''Procurement of Weapons and Tracked Combat Vehicles, Army'', $860,190,000, to remain available until September 30, 2008.

PROCUREMENT OF AMMUNITION, ARMY

For an additional amount for ''Procurement of Ammunition, Army'', $273,000,000, to remain available until September 30, 2008.

OTHER PROCUREMENT, ARMY

For an additional amount for ''Other Procurement, Army'', $3,174,900,000, to remain available until September 30, 2008.

AIRCRAFT PROCUREMENT, NAVY

For an additional amount for ''Aircraft Procurement, Navy'', $138,837,000, to remain available until September 30, 2008.

WEAPONS PROCUREMENT, NAVY

For an additional amount for ''Weapons Procurement, Navy'', $116,900,000, to remain available until September 30, 2008.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For an additional amount for ''Procurement of Ammunition, Navy and Marine Corps'', $38,885,000, to remain available until September 30, 2008.

OTHER PROCUREMENT, NAVY

For an additional amount for ''Other Procurement, Navy'', $49,100,000, to remain available until September 30, 2008.

PROCUREMENT, MARINE CORPS

For an additional amount for ''Procurement, Marine Corps'', $1,710,145,000, to remain available until September 30, 2008.

AIRCRAFT PROCUREMENT, AIR FORCE

For an additional amount for ''Aircraft Procurement, Air Force'', $115,300,000, to remain available until September 30, 2008.

MISSILE PROCUREMENT, AIR FORCE

For an additional amount for ''Missile Procurement, Air Force'', $17,000,000, to remain available until September 30, 2008.

OTHER PROCUREMENT, AIR FORCE

For an additional amount for ''Other Procurement, Air Force'', $17,500,000, to remain available until September 30, 2008.

PROCUREMENT, DEFENSE-WIDE

For an additional amount for ''Procurement, Defense-Wide'', $182,075,000, to remain available until September 30, 2008.

NATIONAL GUARD AND RESERVE EQUIPMENT

For an additional amount for ''National Guard and Reserve Equipment'', $1,000,000,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For an additional amount for ''Research, Development, Test and Evaluation, Army'', $13,100,000, to remain available until September 30, 2007.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For an additional amount for ''Research, Development, Test and Evaluation, Air Force'', $12,500,000, to remain available until September 30, 2007.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For an additional amount for ''Research, Development, Test and Evaluation, Defense-Wide'', $25,000,000, to remain available until September 30, 2007.

REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

For an additional amount for ''Defense Working Capital Funds'', $2,516,400,000.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

For an additional amount for ''Drug Interdiction and Counter-Drug Activities, Defense'', $27,620,000.

GENERAL PROVISIONS

SEC. 9001. Appropriations provided in this title are available for obligation until September 30, 2006, unless otherwise so provided in this title.

SEC. 9002. Notwithstanding any other provision of law or of this Act, funds made available in this title are in addition to amounts provided elsewhere in this Act.

(TRANSFER OF FUNDS)

SEC. 9003. Upon his determination that such action is necessary in the national interest, the Secretary of Defense may transfer between appropriations up to $2,500,000,000 of the funds made available to the Department of Defense in this title: Provided, That the Secretary shall notify the Congress promptly of each transfer made pursuant to the authority in this section: Provided further, That the authority provided in this section is in addition to any other transfer authority available to the Department of Defense and is subject to the same terms and conditions as the authority provided in section 8005 of this Act.

SEC. 9004. Funds appropriated in this title, or made available by the transfer of funds in or pursuant to this title, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414).

SEC. 9005. None of the funds provided in this title may be used to finance programs or activities denied by Congress in fiscal years 2005 or 2006 appropriations to the Department of Defense or to initiate a procurement or research, development, test and evaluation new start program without prior written notification to the congressional defense committees.

SEC. 9006. Notwithstanding any other provision of law, of the funds made available in this title to the Department of Defense for operation and maintenance, not to exceed $500,000,000 may be used by the Secretary of Defense, with the concurrence of the Secretary of State, to train, equip and provide related assistance only to military or security forces of Iraq and Afghanistan to enhance their capability to combat terrorism and to support United States military operations in Iraq and Afghanistan: Provided, That such assistance may include the provision of equipment, supplies, services, training, and funding: Provided further, That the authority to provide assistance under this section is in addition to any other authority to provide assistance to foreign nations: Provided further, That the Secretary of Defense shall notify the congressional defense committees, the Committee on International Relations of the House of Representatives, and the Committee on Foreign Relations of the Senate not less than 15 days before providing assistance under the authority of this section.

SEC. 9007. (a) From funds made available in this title to the Department of Defense, not to exceed $500,000,000 may be used, notwithstanding any other provision of law, to fund the Commander's Emergency Response Program, for the purpose of enabling military commanders in Iraq to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the Iraqi people, and to fund a similar program to assist the people of Afghanistan.

(b) QUARTERLY REPORTS.—Not later than 15 days after the end of each fiscal year quarter

(beginning with the first quarter of fiscal year 2006), the Secretary of Defense shall submit to the congressional defense committees a report regarding the source of funds and the allocation and use of funds during that quarter that were made available pursuant to the authority provided in this section or under any other provision of law for the purposes of the programs under subsection (a).

SEC. 9008. Amounts provided in this title for operations in Iraq and Afghanistan may be used by the Department of Defense for the purchase of up to 20 heavy and light armored vehicles for force protection purposes, notwithstanding price or other limitations specified elsewhere in this Act, or any other provision of law: Provided, That the Secretary of Defense shall submit a report in writing no later than 30 days after the end of each fiscal quarter notifying the congressional defense committees of any purchase described in this section, including the cost, purposes, and quantities of vehicles purchased.

SEC. 9009. During the current fiscal year, funds available to the Department of Defense for operation and maintenance may be used, notwithstanding any other provision of law, to provide supplies, services, transportation, including airlift and sealift, and other logistical support to coalition forces supporting military and stability operations in Iraq and Afghanistan: Provided, That the Secretary of Defense shall provide quarterly reports to the congressional defense committees regarding support provided under this section.

SEC. 9010. (a) Not later than 60 days after the date of the enactment of this Act and every 90 days thereafter through the end of fiscal year 2006, the Secretary of Defense shall set forth in a report to Congress a comprehensive set of performance indicators and measures for progress toward military and political stability in Iraq.

(b) The report shall include performance standards and goals for security, economic, and security force training objectives in Iraq together with a notional timetable for achieving these goals.

(c) In specific, the report requires, at a minimum, the following:

(1) With respect to stability and security in Iraq, the following:

(A) Key measures of political stability, including the important political milestones that must be achieved over the next several years.

(B) The primary indicators of a stable security environment in Iraq, such as number of engagements per day, numbers of trained Iraqi forces, and trends relating to numbers and types of ethnic and religious-based hostile encounters.

(C) An assessment of the estimated strength of the insurgency in Iraq and the extent to which it is composed of non-Iraqi fighters.

(D) A description of all militias operating in Iraq, including the number, size, equipment strength, military effectiveness, sources of support, legal status, and efforts to disarm or reintegrate each militia.

(E) Key indicators of economic activity that should be considered the most important for determining the prospects of stability in Iraq, including—

(i) unemployment levels;

(ii) electricity, water, and oil production rates; and

(iii) hunger and poverty levels.

(F) The criteria the Administration will use to determine when it is safe to begin withdrawing United States forces from Iraq.

(2) With respect to the training and performance of security forces in Iraq, the following:

(A) The training provided Iraqi military and other Ministry of Defense forces and the equipment used by such forces.

(B) Key criteria for assessing the capabilities and readiness of the Iraqi military and other Ministry of Defense forces, goals for achieving certain capability and readiness levels (as well as for recruiting, training, and equipping these forces), and the milestones and notional timetable for achieving these goals.

(C) The operational readiness status of the Iraqi military forces, including the type, number, size, and organizational structure of Iraqi battalions that are—

(i) capable of conducting counterinsurgency operations independently;

(ii) capable of conducting counterinsurgency operations with the support of United States or coalition forces; or

(iii) not ready to conduct counterinsurgency operations.

(D) The rates of absenteeism in the Iraqi military forces and the extent to which insurgents have infiltrated such forces.

(E) The training provided Iraqi police and other Ministry of Interior forces and the equipment used by such forces.

(F) Key criteria for assessing the capabilities and readiness of the Iraqi police and other Ministry of Interior forces, goals for achieving certain capability and readiness levels (as well as for recruiting, training, and equipping), and the milestones and notional timetable for achieving these goals, including—

(i) the number of police recruits that have received classroom training and the duration of such instruction;

(ii) the number of veteran police officers who have received classroom instruction and the duration of such instruction;

(iii) the number of police candidates screened by the Iraqi Police Screening Service, the number of candidates derived from other entry procedures, and the success rates of those groups of candidates;

(iv) the number of Iraqi police forces who have received field training by international police trainers and the duration of such instruction; and

(v) attrition rates and measures of absenteeism and infiltration by insurgents.

(G) The estimated total number of Iraqi battalions needed for the Iraqi security forces to perform duties now being undertaken by coalition forces, including defending the borders of Iraq and providing adequate levels of law and order throughout Iraq.

(H) The effectiveness of the Iraqi military and police officer cadres and the chain of command.

(I) The number of United States and coalition advisors needed to support the Iraqi security forces and associated ministries.

(J) An assessment, in a classified annex if necessary, of United States military requirements, including planned force rotations, through the end of calendar year 2006.

SEC. 9011. Supervision and administration costs associated with a construction project funded with appropriations available for operation and maintenance, and executed in direct support of the Global War on Terrorism only in Iraq and Afghanistan, may be obligated at the time a construction contract is awarded: Provided, That for the purpose of this section, supervision and administration costs include all in-house Government costs.

SEC. 9012. Amounts appropriated or otherwise made available in this title are designated as making appropriations for contingency operations related to the global war on terrorism pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

TITLE X—MATTERS RELATING TO DETAINEES

SEC. 1001. SHORT TITLE.

This title may be cited as the ''Detainee Treatment Act of 2005''.

SEC. 1002. UNIFORM STANDARDS FOR THE INTERROGATION OF PERSONS UNDER THE DETENTION OF THE DEPARTMENT OF DEFENSE.

(a) IN GENERAL.—No person in the custody or under the effective control of the Department of Defense or under detention in a Department of Defense facility shall be subject to any treatment or technique of interrogation not authorized by and listed in the United States Army Field Manual on Intelligence Interrogation.

(b) APPLICABILITY.—Subsection (a) shall not apply with respect to any person in the custody or under the effective control of the Department of Defense pursuant to a criminal law or immigration law of the United States.

(c) CONSTRUCTION.—Nothing in this section shall be construed to affect the rights under the United States Constitution of any person in the custody or under the physical jurisdiction of the United States.

SEC. 1003. PROHIBITION ON CRUEL, INHUMAN, OR DEGRADING TREATMENT OR PUNISHMENT OF PERSONS UNDER CUSTODY OR CONTROL OF THE UNITED STATES GOVERNMENT.

(a) IN GENERAL.—No individual in the custody or under the physical control of the United States Government, regardless of nationality or physical location, shall be subject to cruel, inhuman, or degrading treatment or punishment.

(b) CONSTRUCTION.—Nothing in this section shall be construed to impose any geographical limitation on the applicability of the prohibition against cruel, inhuman, or degrading treatment or punishment under this section.

(c) LIMITATION ON SUPERSEDURE.—The provisions of this section shall not be superseded, except by a provision of law enacted after the date of the enactment of this Act which specifically repeals, modifies, or supersedes the provisions of this section.

(d) CRUEL, INHUMAN, OR DEGRADING TREATMENT OR PUNISHMENT DEFINED.—In this section, the term ''cruel, inhuman, or degrading treatment or punishment'' means the cruel, unusual, and inhumane treatment or punishment prohibited by the Fifth, Eighth, and Fourteenth Amendments to the Constitution of the United States, as defined in the United States Reservations, Declarations and Understandings to the United Nations Convention Against Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment done at New York, December 10, 1984.

SEC. 1004. PROTECTION OF UNITED STATES GOVERNMENT PERSONNEL ENGAGED IN AUTHORIZED INTERROGATIONS.

(a) PROTECTION OF UNITED STATES GOVERNMENT PERSONNEL.—In any civil action or criminal prosecution against an officer, employee, member of the Armed Forces, or other agent of the United States Government who is a United States person, arising out of the officer, employee, member of the Armed Forces, or other agent's engaging in specific operational practices, that involve detention and interrogation of aliens who the President or his designees have determined are believed to be engaged in or associated with international terrorist activity that poses a serious, continuing threat to the United States, its interests, or its allies, and that were officially authorized and determined to be lawful at the time that they were conducted, it shall be a defense that such officer, employee, member of the Armed Forces, or other agent did not know that the practices were unlawful and a person of ordinary sense and understanding would not know the practices were unlawful. Good faith reliance on advice of counsel should be an important factor, among others, to consider in assessing whether a person of ordinary sense and understanding would have known the practices to be unlawful. Nothing in this section shall be construed to limit or extinguish any defense or protection otherwise available to any person or entity from suit, civil or criminal liability, or damages, or to provide immunity from prosecution for any criminal offense by the proper authorities.

(b) COUNSEL.—The United States Government may provide or employ counsel, and pay counsel fees, court costs, bail, and other expenses incident to the representation of an officer, employee, member of the Armed Forces, or other agent described in subsection (a), with respect to any civil action or criminal prosecution arising

out of practices described in that subsection, under the same conditions, and to the same extent, to which such services and payments are authorized under section 1037 of title 10, United States Code.

SEC. 1005. PROCEDURES FOR STATUS REVIEW OF DETAINEES OUTSIDE THE UNITED STATES.

(a) SUBMITTAL OF PROCEDURES FOR STATUS REVIEW OF DETAINEES AT GUANTANAMO BAY, CUBA, AND IN AFGHANISTAN AND IRAQ.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committee on Armed Services and the Committee on the Judiciary of the Senate and the Committee on Armed Services and the Committee on the Judiciary of the House of Representatives a report setting forth—

(A) the procedures of the Combatant Status Review Tribunals and the Administrative Review Boards established by direction of the Secretary of Defense that are in operation at Guantanamo Bay, Cuba, for determining the status of the detainees held at Guantanamo Bay or to provide an annual review to determine the need to continue to detain an alien who is a detainee; and

(B) the procedures in operation in Afghanistan and Iraq for a determination of the status of aliens detained in the custody or under the physical control of the Department of Defense in those countries.

(2) DESIGNATED CIVILIAN OFFICIAL.—The procedures submitted to Congress pursuant to paragraph (1)(A) shall ensure that the official of the Department of Defense who is designated by the President or Secretary of Defense to be the final review authority within the Department of Defense with respect to decisions of any such tribunal or board (referred to as the ''Designated Civilian Official'') shall be a civilian officer of the Department of Defense holding an office to which appointments are required by law to be made by the President, by and with the advice and consent of the Senate.

(3) CONSIDERATION OF NEW EVIDENCE.—The procedures submitted under paragraph (1)(A) shall provide for periodic review of any new evidence that may become available relating to the enemy combatant status of a detainee.

(b) CONSIDERATION OF STATEMENTS DERIVED WITH COERCION.—

(1) ASSESSMENT.—The procedures submitted to Congress pursuant to subsection (a)(1)(A) shall ensure that a Combatant Status Review Tribunal or Administrative Review Board, or any similar or successor administrative tribunal or board, in making a determination of status or disposition of any detainee under such procedures, shall, to the extent practicable, assess—

(A) whether any statement derived from or relating to such detainee was obtained as a result of coercion; and

(B) the probative value (if any) of any such statement.

(2) APPLICABILITY.—Paragraph (1) applies with respect to any proceeding beginning on or after the date of the enactment of this Act.

(c) REPORT ON MODIFICATION OF PROCEDURES.—The Secretary of Defense shall submit to the committees specified in subsection (a)(1) a report on any modification of the procedures submitted under subsection (a). Any such report shall be submitted not later than 60 days before the date on which such modification goes into effect.

(d) ANNUAL REPORT.—

(1) REPORT REQUIRED.—The Secretary of Defense shall submit to Congress an annual report on the annual review process for aliens in the custody of the Department of Defense outside the United States. Each such report shall be submitted in unclassified form, with a classified annex, if necessary. The report shall be submitted not later than December 31 each year.

(2) ELEMENTS OF REPORT.—Each such report shall include the following with respect to the year covered by the report:

(A) The number of detainees whose status was reviewed.

(B) The procedures used at each location.

(e) JUDICIAL REVIEW OF DETENTION OF ENEMY COMBATANTS.—

(1) IN GENERAL.—Section 2241 of title 28, United States Code, is amended by adding at the end the following:

''(e) Except as provided in section 1005 of the Detainee Treatment Act of 2005, no court, justice, or judge shall have jurisdiction to hear or consider—

''(1) an application for a writ of habeas corpus filed by or on behalf of an alien detained by the Department of Defense at Guantanamo Bay, Cuba; or

''(2) any other action against the United States or its agents relating to any aspect of the detention by the Department of Defense of an alien at Guantanamo Bay, Cuba, who—

''(A) is currently in military custody; or

''(B) has been determined by the United States Court of Appeals for the District of Columbia Circuit in accordance with the procedures set forth in section 1005(e) of the Detainee Treatment Act of 2005 to have been properly detained as an enemy combatant.''.

(2) REVIEW OF DECISIONS OF COMBATANT STATUS REVIEW TRIBUNALS OF PROPRIETY OF DETENTION.—

(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), the United States Court of Appeals for the District of Columbia Circuit shall have exclusive jurisdiction to determine the validity of any final decision of a Combatant Status Review Tribunal that an alien is properly detained as an enemy combatant.

(B) LIMITATION ON CLAIMS.—The jurisdiction of the United States Court of Appeals for the District of Columbia Circuit under this paragraph shall be limited to claims brought by or on behalf of an alien—

(i) who is, at the time a request for review by such court is filed, detained by the Department of Defense at Guantanamo Bay, Cuba; and

(ii) for whom a Combatant Status Review Tribunal has been conducted, pursuant to applicable procedures specified by the Secretary of Defense.

(C) SCOPE OF REVIEW.—The jurisdiction of the United States Court of Appeals for the District of Columbia Circuit on any claims with respect to an alien under this paragraph shall be limited to the consideration of—

(i) whether the status determination of the Combatant Status Review Tribunal with regard to such alien was consistent with the standards and procedures specified by the Secretary of Defense for Combatant Status Review Tribunals (including the requirement that the conclusion of the Tribunal be supported by a preponderance of the evidence and allowing a rebuttable presumption in favor of the Government's evidence); and

(ii) to the extent the Constitution and laws of the United States are applicable, whether the use of such standards and procedures to make the determination is consistent with the Constitution and laws of the United States.

(D) TERMINATION ON RELEASE FROM CUSTODY.—The jurisdiction of the United States Court of Appeals for the District of Columbia Circuit with respect to the claims of an alien under this paragraph shall cease upon the release of such alien from the custody of the Department of Defense.

(3) REVIEW OF FINAL DECISIONS OF MILITARY COMMISSIONS.—

(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), the United States Court of Appeals for the District of Columbia Circuit shall have exclusive jurisdiction to determine the validity of any final decision rendered pursuant to Military Commission Order No. 1, dated August 31, 2005 (or any successor military order).

(B) GRANT OF REVIEW.—Review under this paragraph—

(i) with respect to a capital case or a case in which the alien was sentenced to a term of imprisonment of 10 years or more, shall be as of right; or

(ii) with respect to any other case, shall be at the discretion of the United States Court of Appeals for the District of Columbia Circuit.

(C) LIMITATION ON APPEALS.—The jurisdiction of the United States Court of Appeals for the District of Columbia Circuit under this paragraph shall be limited to an appeal brought by or on behalf of an alien—

(i) who was, at the time of the proceedings pursuant to the military order referred to in subparagraph (A), detained by the Department of Defense at Guantanamo Bay, Cuba; and

(ii) for whom a final decision has been rendered pursuant to such military order.

(D) SCOPE OF REVIEW.—The jurisdiction of the United States Court of Appeals for the District of Columbia Circuit on an appeal of a final decision with respect to an alien under this paragraph shall be limited to the consideration of—

(i) whether the final decision was consistent with the standards and procedures specified in the military order referred to in subparagraph (A); and

(ii) to the extent the Constitution and laws of the United States are applicable, whether the use of such standards and procedures to reach the final decision is consistent with the Constitution and laws of the United States.

(4) RESPONDENT.—The Secretary of Defense shall be the named respondent in any appeal to the United States Court of Appeals for the District of Columbia Circuit under this subsection.

(f) CONSTRUCTION.—Nothing in this section shall be construed to confer any constitutional right on an alien detained as an enemy combatant outside the United States.

(g) UNITED STATES DEFINED.—For purposes of this section, the term ''United States'', when used in a geographic sense, is as defined in section 101(a)(38) of the Immigration and Nationality Act and, in particular, does not include the United States Naval Station, Guantanamo Bay, Cuba.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall take effect on the date of the enactment of this Act.

(2) REVIEW OF COMBATANT STATUS TRIBUNAL AND MILITARY COMMISSION DECISIONS.—Paragraphs (2) and (3) of subsection (e) shall apply with respect to any claim whose review is governed by one of such paragraphs and that is pending on or after the date of the enactment of this Act.

SEC. 1006. TRAINING OF IRAQI FORCES REGARDING TREATMENT OF DETAINEES.

(a) REQUIRED POLICIES.—

(1) IN GENERAL.—The Secretary of Defense shall ensure that policies are prescribed regarding procedures for military and civilian personnel of the Department of Defense and contractor personnel of the Department of Defense in Iraq that are intended to ensure that members of the Armed Forces, and all persons acting on behalf of the Armed Forces or within facilities of the Armed Forces, ensure that all personnel of Iraqi military forces who are trained by Department of Defense personnel and contractor personnel of the Department of Defense receive training regarding the international obligations and laws applicable to the humane detention of detainees, including protections afforded under the Geneva Conventions and the Convention Against Torture.

(2) ACKNOWLEDGMENT OF TRAINING.—The Secretary shall ensure that, for all personnel of the Iraqi Security Forces who are provided training referred to in paragraph (1), there is documented acknowledgment of such training having been provided.

(3) DEADLINE FOR POLICIES TO BE PRESCRIBED.—The policies required by paragraph (1) shall be prescribed not later than 180 days after the date of the enactment of this Act.

(b) ARMY FIELD MANUAL.—

(1) TRANSLATION.—The Secretary of Defense shall provide for the United States Army Field

Manual on Intelligence Interrogation to be translated into arabic and any other language the Secretary determines appropriate for use by members of the Iraqi military forces.

(2) DISTRIBUTION.—The Secretary of Defense shall provide for such manual, as translated, to be provided to each unit of the Iraqi military forces trained by Department of Defense personnel or contractor personnel of the Department of Defense.

(c) TRANSMITTAL OF REGULATIONS.—Not less than 30 days after the date on which regulations, policies, and orders are first prescribed under subsection (a), the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives copies of such regulations, policies, or orders, together with a report on steps taken to the date of the report to implement this section.

(d) ANNUAL REPORT.—Not less than one year after the date of the enactment of this Act, and annually thereafter, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on the implementation of this section.

This division may be cited as the ''Department of Defense Appropriations Act, 2006''.

DIVISION B

EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS HURRICANES IN THE GULF OF MEXICO AND PANDEMIC INFLUENZA, 2006

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to address hurricanes in the Gulf of Mexico and pandemic influenza for the fiscal year ending September 30, 2006, and for other purposes, namely:

TITLE I

EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS HURRICANES IN THE GULF OF MEXICO

CHAPTER 1

DEPARTMENT OF AGRICULTURE

EXECUTIVE OPERATIONS

WORKING CAPITAL FUND

For necessary expenses of ''Working Capital Fund'' related to the consequences of Hurricane Katrina, $35,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

AGRICULTURAL RESEARCH SERVICE

BUILDINGS AND FACILITIES

For an additional amount for ''Buildings and Facilities'', $9,200,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of Hurricane Katrina: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RURAL DEVELOPMENT PROGRAMS

RURAL COMMUNITY ADVANCEMENT PROGRAM

For the cost of grants for the water, waste disposal, and wastewater facilities programs authorized under section 306(a) and 306A of the Consolidated Farm and Rural Development Act, $45,000,000: Provided, That funds made available under this paragraph shall remain available until expended to respond to damage caused by hurricanes that occurred during the 2005 calendar year: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949 to respond to damage caused by hurricanes that occurred during the 2005 calendar year to be available from the Rural Housing Insurance Fund, as follows: $1,468,696,000 for loans to section 502 borrowers, as determined by the Secretary, of which $175,593,000 shall be for direct loans and of which $1,293,103,000 shall be for unsubsidized guaranteed loans; and $34,188,000 for section 504 housing repair loans.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows, to remain available until expended: section 502 loans, $35,000,000, of which $20,000,000 shall be for direct loans, and of which $15,000,000 shall be for unsubsidized guaranteed loans; and section 504 housing repair loans, $10,000,000: Provided, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RURAL HOUSING ASSISTANCE GRANTS

For an additional amount for grants for very low-income housing repairs as authorized by 42 U.S.C. 1474 to respond to damage caused by hurricanes that occurred during the 2005 calendar year, $20,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006: Provided further, That these funds are not subject to any age limitation.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

For gross obligations for the principal amount of direct rural telecommunication loans as authorized by section 306 of the Rural Electrification Act of 1936 to respond to damage caused by hurricanes that occurred during the 2005 calendar year, $50,000,000, as determined by the Secretary.

For the cost of loan modifications to rural electric loans made or guaranteed under the Rural Electrification Act of 1936 to respond to damage caused by hurricanes that occurred during the 2005 calendar year, $8,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FOOD AND NUTRITION SERVICE COMMODITY ASSISTANCE PROGRAM

For an additional amount for ''Commodity Assistance Program'' for necessary expenses related to the consequences of Hurricane Katrina, $10,000,000, to remain available until expended, of which $6,000,000 shall be for The Emergency Food Assistance Program and $4,000,000 shall be for the Commodity Supplemental Food Program: Provided, That notwithstanding any other provisions of the Emergency Food Assistance Act of 1983 (the ''Act''), the Secretary may allocate additional foods and funds for administrative expenses from resources specifically appropriated, transferred, or reprogrammed to restore to states resources used to assist families and individuals displaced by the hurricanes of calendar year 2005 among the states without regard to sections 204 and 214 of the Act: Provided further, That such programs may operate in any area where emergency feeding organizations develop a program to provide temporary emergency nonprofit food service to families and individuals displaced by the hurricanes of calendar year 2005: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 101. EMERGENCY CONSERVATION PROGRAM. (a) IN GENERAL.—There is hereby appropriated $199,800,000, to remain available until expended, to provide assistance under the emergency conservation program established under title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.) for expenses resulting from hurricanes that occurred during the 2005 calendar year.

(b) ASSISTANCE TO NURSERY, OYSTER, AND POULTRY PRODUCERS.—In carrying out this section, the Secretary shall make payments to nursery, oyster, and poultry producers to pay for up to 90 percent of the cost of emergency measures to rehabilitate public and private oyster reefs or farmland damaged by hurricanes that occurred during the 2005 calendar year, including the cost of—

(1) cleaning up structures, such as barns and poultry houses;

(2) providing water to livestock;

(3) in the case of nursery producers, removing debris, such as nursery structures, shadehouses, and above-ground irrigation facilities;

(4) in the case of oyster producers, refurbishing oyster beds; and

(5) in the case of poultry producers, removing poultry house debris, including carcasses.

(c) POULTRY RECOVERY ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall not use more than $20,000,000 of the funds made available under this section to provide assistance to poultry growers who suffered uninsured losses to poultry houses in counties affected by hurricanes that occurred during the 2005 calendar year.

(2) LIMITATIONS.—The amount of assistance provided to a poultry grower under this subsection may not exceed the lesser of—

(A) 50 percent of the total costs associated with the reconstruction or repair of a poultry house; or

(B) $50,000 for each poultry house.

(3) LIMIT ON AMOUNT OF ASSISTANCE.—The total amount of assistance provided under this subsection, and any indemnities for losses to a poultry house paid to a poultry grower, may not exceed 90 percent of the total costs associated with the reconstruction or repair of a poultry house.

(d) ASSISTANCE TO PRIVATE NONINDUSTRIAL FOREST LANDOWNERS.—

(1) ELIGIBILITY.—To be eligible to receive a payment under this section, a private nonindustrial forest landowner shall (as determined by the Secretary)—

(A) have suffered a loss of, or damage to, at least 35 percent of forest acres on commercial forest land of the forest landowner in a county affected by hurricanes that occurred during the 2005 calendar year, or a related condition; and

(B) during the 5-year period beginning on the date of the loss—

(i) reforest the lost forest acres, in accordance with a plan approved by the Secretary that is appropriate for the forest type;

(ii) use best management practices on the forest land of the landowner, in accordance with the best management practices of the Secretary for the applicable State; and

(iii) exercise good stewardship on the forest land of the landowner, while maintaining the land in a forested state.

(2) PROGRAM.—The Secretary shall make payments under this subsection to private nonindustrial forest landowners to pay for up to 75 percent of the cost of reforestation, rehabilitation, and related measures, except that the amount of assistance provided under this subsection shall not exceed $150 per acre.

(e) ELIGIBILITY.—Failure to comply with subtitle C of title XII of the Food Security Act of 1985 (16 U.S.C. 3821 et seq.) shall not prevent an agricultural producer from receiving assistance under this section.

(f) EMERGENCY DESIGNATION.—The amount provided under this section is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 102. EMERGENCY WATERSHED PROTECTION PROGRAM. (a) IN GENERAL.—There is hereby appropriated $300,000,000, to remain available until expended, to provide assistance under the emergency watershed protection program established under section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203) to repair damages resulting from hurricanes that occurred during the 2005 calendar year.

(b) ASSISTANCE.—In carrying out this section, the Secretary shall make payments to landowners and land users to pay for up to 75 percent of the cost resulting from damage caused by hurricanes that occurred during the 2005 calendar year, or a related condition, including the cost of—

(1) cleaning up structures on private land; and

(2) reimbursing private nonindustrial forest landowners for costs associated with downed timber removal, except that the amount of assistance provided under this paragraph shall not exceed $150 per acre.

(c) Notwithstanding any other provision of law, the Secretary, acting through the Natural Resources Conservation Service, using funds made available under this section, may provide financial and technical assistance to remove and dispose of debris and animal carcasses that could adversely affect health and safety on non-Federal land in a hurricane-affected county.

(d) EMERGENCY DESIGNATION.—The amount provided under this section is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 103. Notwithstanding any other provision of law, funds appropriated under this Act to the Secretary of Agriculture may be used to reimburse accounts of the Secretary that have been used to pay costs incurred to respond to damage caused by hurricanes that occurred during the 2005 calendar year if those costs could have been paid with such appropriated funds if such costs had arisen after the date of enactment of this Act.

SEC. 104. Funds provided for hurricanes that occurred during the 2005 calendar year under the headings, ''Rural Housing Insurance Fund'' and ''Rural Housing Assistance Grants'', may be transferred between such accounts at the Secretary's discretion.

SEC. 105. (a) Notwithstanding any other provision of this title, with respect to the counties affected by hurricanes in the 2005 calendar year and for any individuals who resided in such counties at the time of the disaster the Secretary of Agriculture may, for a 6-month period that begins upon the date of the enactment of this Act—

(1) convert rental assistance under section 521 of the Housing Act of 1949 (42 U.S.C. 1490a) allocated for a property that is not decent, safe, and sanitary because of the disaster into rural housing vouchers authorized under title V of the Housing Act of 1949.

(2) guarantee loans under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h)) to—

(A) repair and rehabilitate single-family residences; and

(B) refinance any loan made to a single-family resident used to acquire or construct the single-family residence if such residence meets the requirements of subparagraphs (A), (B), and (C) of section 502(h)(4) of the Housing Act of 1949 (42 U.S.C. 1472(h)(4));

(3) waive the application of the rural area or similar limitations under any program funded through an appropriations act and administered by the Rural Development Mission Area;

(4) issue housing vouchers under section 542 of the Housing Act of 1949 (42 U.S.C. 1490r), except that—

(A) notwithstanding the first sentence of subsection (a) of section 542 of such Act, the Secretary may assist low-income families and persons whose residence has become uninhabitable or inaccessible as a result of a 2005 hurricane; and

(B) subsection (b) of such section 542 of such Act shall not apply;

(5) provide loans, loan guarantees and grants from the Renewable Energy System and Energy Efficiency Improvements Program authorized in section 9006 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106) to any rural business—

(A) with a cost share requirement not to exceed 50 percent;

(B) without regard to any limitation of the grant amount; and

(C) which may include businesses processing unsegregated solid waste and paper, as determined by the Secretary;

(6) provide grants under the Value-added Agricultural Product Market Development Grant Program and Rural Cooperative Development Grant Program without regard to any grant amount limitations or matching requirements; and

(7) provide grants under the Community Facilities Grant Program without regard to any graduated funding requirements, grant amount limitations or matching requirements.

(b) The funds made available under this section are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 106. Section 759 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2006 (Public Law 109–97) is amended to read as follows:

''SEC. 759. None of the funds appropriated or otherwise made available under this or any other Act shall be used to pay the salaries and expenses of personnel to expend more than $12,000,000 of the funds initially made available for fiscal year 2006 by section 310(a)(2) of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note).''.

SEC. 107. EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.

(a) Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by adding at the end the following:

''(k) EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.—

''(1) DEFINITIONS.—In this subsection:

''(A) MERCHANTABLE TIMBER.—The term 'merchantable timber' means timber on private nonindustrial forest land on which the average tree has a trunk diameter of at least 6 inches measured at a point no less than 4.5 feet above the ground.

''(B) PRIVATE NONINDUSTRIAL FOREST LAND.—The term 'private nonindustrial forest land' includes State school trust land.

''(2) PROGRAM.—During calendar year 2006, the Secretary shall carry out an emergency pilot program in States that the Secretary determines have suffered damage to merchantable timber in counties affected by hurricanes during the 2005 calendar year.

''(3) ELIGIBLE ACREAGE.—

''(A) IN GENERAL.—Subject to subparagraph (B) and the availability of funds under subparagraph (G), an owner or operator may enroll private nonindustrial forest land in the conservation reserve under this subsection.

''(B) DETERMINATION OF DAMAGES.—Eligibility for enrollment shall be limited to owners and operators of private nonindustrial forest land that have experienced a loss of 35 percent or more of merchantable timber in a county affected by hurricanes during the 2005 calendar year.

''(C) EXEMPTIONS.—Acreage enrolled in the conservation reserve under this subsection shall not count toward—

''(i) county acreage limitations described in section 1243(b); or

''(ii) the maximum enrollment described in subsection (d).

''(D) DUTIES OF OWNERS AND OPERATORS.—As a condition of entering into a contract under this subsection, during the term of the contract, the owner or operator of private nonindustrial forest land shall agree—

''(i) to restore the land, through site preparation and planting of similar species as existing prior to hurricane damages or to the maximum extent practicable with other native species, as determined by the Secretary; and

''(ii) to establish temporary vegetative cover the purpose of which is to prevent soil erosion on the eligible acreage, as determined by the Secretary.

''(E) DUTIES OF THE SECRETARY.—

''(i) IN GENERAL.—In return for a contract entered into by an owner or operator of private nonindustrial forest land under this subsection, the Secretary shall provide, at the option of the landowner—

''(I) notwithstanding the limitation in section 1234(f)(1), a lump sum payment; or

''(II) annual rental payments.

''(ii) CALCULATION OF LUMP SUM PAYMENT.—The lump sum payment described in clause (i)(I) shall be calculated using a net present value formula, as determined by the Secretary, based on the total amount a producer would receive over the duration of the contract.

''(iii) CALCULATION OF ANNUAL RENTAL PAYMENTS.—The annual rental payment described in clause (i)(II) shall be equal to the average rental rate for conservation reserve contracts in the county in which the land is located.

''(iv) ROLLING SIGNUP.—The Secretary shall offer a rolling signup for contracts under this subsection.

''(v) DURATION OF CONTRACTS.—A contract entered into under this subsection shall have a term of 10 years.

''(F) BALANCE OF NATURAL RESOURCES.—In determining the acceptability of contract offers under this subsection, the Secretary shall consider an equitable balance among the purposes of soil erosion prevention, water quality improvement, wildlife habitat restoration, and mitigation of economic loss.

''(G) FUNDING.—The Secretary shall use $404,100,000, to remain available until expended, of funds of the Commodity Credit Corporation to carry out this subsection.

''(H) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this subsection shall be final and conclusive.

''(I) REGULATIONS.—

''(i) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary shall promulgate such regulations as are necessary to implement this subsection.

''(ii) PROCEDURE.—The promulgation of regulations and administration of this subsection shall be made without regard to—

''(I) the notice and comment provisions of section 553 of title 5, United States Code;

''(II) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

''(III) chapter 35 of title 44, United States Code (commonly known as the 'Paperwork Reduction Act').

''(iii) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.''.

(b) EMERGENCY DESIGNATION.—The amount provided under this section is designated as an

emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 2

DEPARTMENT OF DEFENSE

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for ''Military Personnel, Army'', $29,830,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY PERSONNEL, NAVY

For an additional amount for ''Military Personnel, Navy'', $57,691,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY PERSONNEL, MARINE CORPS

For an additional amount for ''Military Personnel, Marine Corps'', $14,193,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY PERSONNEL, AIR FORCE

For an additional amount for ''Military Personnel, Air Force'', $105,034,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESERVE PERSONNEL, ARMY

For an additional amount for ''Reserve Personnel, Army'', $11,100,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESERVE PERSONNEL, NAVY

For an additional amount for ''Reserve Personnel, Navy'', $33,015,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESERVE PERSONNEL, MARINE CORPS

For an additional amount for ''Reserve Personnel, Marine Corps'', $3,028,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESERVE PERSONNEL, AIR FORCE

For an additional amount for ''Reserve Personnel, Air Force'', $2,370,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL GUARD PERSONNEL, ARMY

For an additional amount for ''National Guard Personnel, Army'', $220,556,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL GUARD PERSONNEL, AIR FORCE

For an additional amount for ''National Guard Personnel, Air Force'', $77,718,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For an additional amount for ''Operation and Maintenance, Army'', $156,166,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, NAVY

For an additional amount for ''Operation and Maintenance, Navy'', $544,690,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, MARINE CORPS

For an additional amount for ''Operation and Maintenance, Marine Corps'', $7,343,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, AIR FORCE

For an additional amount for ''Operation and Maintenance, Air Force'', $554,252,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

For an additional amount for ''Operation and Maintenance, Defense-Wide'', $29,027,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, ARMY RESERVE

For an additional amount for ''Operation and Maintenance, Army Reserve'', $16,118,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, NAVY RESERVE

For an additional amount for ''Operation and Maintenance, Navy Reserve'', $480,084,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For an additional amount for ''Operation and Maintenance, Marine Corps Reserve'', $16,331,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For an additional amount for ''Operation and Maintenance, Air Force Reserve'', $2,366,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Army National Guard'', $98,855,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Air National Guard'', $48,086,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

PROCUREMENT

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For an additional amount for ''Procurement of Weapons and Tracked Combat Vehicles, Army'', $1,600,000, to remain available until September 30, 2008, for necessary expenses related to

the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

PROCUREMENT OF AMMUNITION, ARMY

For an additional amount for ''Procurement of Ammunition, Army'', $1,000,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OTHER PROCUREMENT, ARMY

For an additional amount for ''Other Procurement, Army'', $43,390,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

AIRCRAFT PROCUREMENT, NAVY

For an additional amount for ''Aircraft Procurement, Navy'', $3,856,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For an additional amount for ''Procurement of Ammunition, Navy and Marine Corps'', $2,600,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SHIPBUILDING AND CONVERSION, NAVY

For an additional amount for ''Shipbuilding and Conversion, Navy'', $1,987,000,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005, which shall be available for transfer within this account to replace destroyed or damaged equipment, prepare and recover naval vessels under contract; and provide for cost adjustments for naval vessels for which funds have been previously appropriated: Provided, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: Provided further, That the Secretary of Defense shall, not fewer than 15 days prior to making transfers within this appropriation, notify the congressional defense committees in writing of the details of any such transfer: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OTHER PROCUREMENT, NAVY

For an additional amount for ''Other Procurement, Navy'', $76,675,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OTHER PROCUREMENT, AIR FORCE

For an additional amount for ''Other Procurement, Air Force'', $162,315,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

PROCUREMENT, DEFENSE-WIDE

For an additional amount for ''Procurement, Defense-Wide'', $12,082,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL GUARD AND RESERVE EQUIPMENT

For an additional amount for ''National Guard and Reserve Equipment'', $19,260,000, to remain available until September 30, 2008, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For an additional amount for ''Research, Development, Test and Evaluation, Navy'', $2,462,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For an additional amount for ''Research, Development, Test and Evaluation, Air Force'', $6,200,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For an additional amount for ''Research, Development, Test and Evaluation, Defense-Wide'', $32,720,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

For an additional amount for ''Defense Working Capital Funds'', $7,224,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

TRUST FUNDS

SURCHARGE COLLECTIONS, SALES OF COMMISSARY STORES, DEFENSE

For an additional amount for ''Surcharge Collections, Sales of Commissary Stores, Defense'', $44,341,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For an additional amount for ''Defense Health Program'', $201,550,000, of which $172,958,000 shall be for Operation and Maintenance, and of which $28,592,000 shall be for Procurement, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OFFICE OF THE INSPECTOR GENERAL

For an additional amount for ''Office of the Inspector General'', $310,000, to remain available until September 30, 2006, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL PROVISIONS—THIS CHAPTER

(TRANSFER OF FUNDS)

SEC. 201. Upon his determination that such action is necessary to ensure the appropriate allocation of funds provided in this chapter, the Secretary of Defense may transfer up to $500,000,000 of the funds made available to the Department of Defense in this chapter between such appropriations: Provided, That the Secretary shall notify the Congress promptly of each transfer made pursuant to this authority: Provided further, That the transfer authority provided in this section is in addition to any other transfer authority available to the Department of Defense: Provided further, That the amount made available by the transfer of the funds in or pursuant to this section is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 202. Notwithstanding section 701(b) of title 10, United States Code, the Secretary of Defense may authorize a member of the Armed Forces on active duty who performed duties in support of disaster relief operations in connection with hurricanes in the Gulf of Mexico in calendar year 2005 and who, except for this section, would lose any accumulated leave in excess of 60 days at the end of fiscal year 2005 to retain an accumulated leave total not to exceed 120 days leave. Except as provided in section 701(f) of title 10, United States Code, leave in excess of 60 days accumulated under this section is lost unless used by the member before October 1, 2007.

SEC. 203. Notwithstanding 37 U.S.C. 403(b), the Secretary of Defense may prescribe a temporary adjustment in the geographic location

rates of the basic allowance for housing in a military housing area located within an area declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) resulting from hurricanes in the Gulf of Mexico in calendar year 2005.

(1) Such temporary adjustment shall be based upon the Secretary's redetermination of housing costs in an affected area and at a rate that shall not exceed 20 percent of the current rate for an affected area.

(2) Members in an affected military housing area must certify that an increased housing cost above the current rate for an affected area has been incurred in order to be eligible for the temporary rate adjustment.

(3) No temporary adjustment may be made after September 30, 2006. No assistance provided to individual households under this heading may extend beyond January 1, 2007. Further, the Secretary is authorized to reduce or eliminate any temporary adjustment granted under paragraph (1) prior to such date as appropriate.

SEC. 204. Funds appropriated by this chapter may be obligated and expended notwithstanding section 504(a)(1) of the National Security Act of 1947 (50 U.S.C. 414(a)(1)).

SEC. 205. (a) The total amount appropriated or otherwise made available in this chapter is hereby reduced by $737,089,000.

(b) The Secretary of Defense shall allocate this reduction proportionately to each applicable appropriation account.

(c) The reduction in subsection (a) shall not apply to budget authority appropriated or otherwise made available to the Defense Health Program account.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

INVESTIGATIONS

For an additional amount for ''Investigations'' to expedite studies of flood and storm damage reduction related to the consequences of hurricanes in the Gulf of Mexico and Atlantic Ocean in 2005, $37,300,000, to remain available until expended: Provided, That using $10,000,000 of the funds provided, the Secretary shall conduct an analysis and design for comprehensive improvements or modifications to existing improvements in the coastal area of Mississippi in the interest of hurricane and storm damage reduction, prevention of saltwater intrusion, preservation of fish and wildlife, prevention of erosion, and other related water resource purposes at full Federal expense: Provided further, That the Secretary shall recommend a cost-effective project, but shall not perform an incremental benefit-cost analysis to identify the recommended project, and shall not make project recommendations based upon maximizing net national economic development benefits: Provided further, That interim recommendations for near term improvements shall be provided within 6 months of enactment of this Act with final recommendations within 24 months of enactment: Provided further, That none of the $12,000,000 provided herein for the Louisiana Hurricane Protection Study shall be available for expenditure until the State of Louisiana establishes a single state or quasi-state entity to act as local sponsor for construction, operation and maintenance of all of the hurricane, storm damage reduction and flood control projects in the greater New Orleans and southeast Louisiana area: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CONSTRUCTION

For additional amounts for ''Construction'' to rehabilitate and repair Corps projects related to the consequences of hurricanes in the Gulf of Mexico and Atlantic Ocean in 2005, $101,417,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS, ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI, AND TENNESSEE

For an additional amount for ''Flood Control, Mississippi River and Tributaries, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee'' to cover the additional costs of mat laying and other repairs to the Mississippi River channel and associated levee repairs related to the consequences of hurricanes in the Gulf of Mexico in 2005, $153,750,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OPERATION AND MAINTENANCE

For an additional amount for ''Operation and Maintenance'' to dredge navigation channels and repair other Corps projects related to the consequences of hurricanes in the Gulf of Mexico and Atlantic Ocean in 2005, $327,517,000, to remain available until expended: Provided, That $75,000,000 of this amount shall be used for authorized operation and maintenance activities along the Mississippi River-Gulf Outlet channel: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FLOOD CONTROL AND COASTAL EMERGENCIES

For an additional amount for ''Flood Control and Coastal Emergencies'', as authorized by section 5 of the Flood Control Act of August 18, 1941, as amended (33 U.S.C. 701n), for emergency response to and recovery from coastal storm damages and flooding related to the consequences of hurricanes in the Gulf of Mexico and Atlantic Ocean in 2005, $2,277,965,000, to remain available until expended: Provided, That in using the funds appropriated for construction related to Hurricane Katrina in the areas covered by the disaster declaration made by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93–288, 88 Stat. 143, as amended (42 U.S.C. 5121 et seq.), the Secretary of the Army, acting through the Chief of Engineers, is directed to restore the flood damage reduction and hurricane and storm damage reduction projects, and related works, to provide the level of protection for which they were designed, at full Federal expense: Provided further, That $75,000,000 of this amount shall be used to accelerate completion of unconstructed portions of authorized projects in the State of Mississippi along the Mississippi Gulf Coast at full Federal expense: Provided further, That $544,460,000 of this amount shall be used to accelerate completion of unconstructed portions of authorized hurricane, storm damage reduction and flood control projects in the greater New Orleans and south Louisiana area at full Federal expense: Provided further, That $70,000,000 of this amount shall be available to prepare for flood, hurricane and other natural disasters and support emergency operations, repair and other activities in response to flood and hurricane emergencies as authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL EXPENSES

For an additional amount for ''General Expenses'' for increased efforts by the Mississippi Valley Division to oversee emergency response and recovery activities related to the consequences of hurricanes in the Gulf of Mexico in 2005, $1,600,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' to repair and replace critical equipment and property damaged by hurricanes and other natural disasters, $24,100,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CONSTRUCTION

For an additional amount for ''Construction'' to rebuild and repair structures damaged by hurricanes and other natural disasters, $10,400,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

IMMIGRATION AND CUSTOMS ENFORCEMENT

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' to repair and replace critical equipment and property damaged by hurricanes and other natural disasters, $13,000,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

UNITED STATES COAST GUARD

OPERATING EXPENSES

For an additional amount for ''Operating Expenses'' for necessary expenses related to the consequences of hurricanes and other natural disasters, $132,000,000, to remain available until expended, of which up to $400,000 may be transferred to ''Environmental Compliance and Restoration'' to be used for environmental cleanup and restoration of Coast Guard facilities; and of which up to $525,000 may be transferred to ''Research, Development, Test, and Evaluation'' to be used for salvage and repair of research and development equipment and facilities: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

For an additional amount for ''Acquisition, Construction, and Improvements'' for necessary expenses related to the consequences of hurricanes and other natural disasters, $74,500,000, to remain available until expended, for major repair and reconstruction projects and for vessels currently under construction: Provided, That such amounts shall also be available for expenses to replace destroyed or damaged equipment; prepare and recover United States Coast Guard vessels under contract; reimburse for delay, loss of efficiency and disruption, and other related costs; make equitable adjustments and provisional payments to contracts for Coast Guard vessels for which funds have been previously appropriated: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

UNITED STATES SECRET SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' for equipment, vehicle replacement, and personnel relocation due to the consequences of hurricanes and other natural disasters, $3,600,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OFFICE FOR DOMESTIC PREPAREDNESS

STATE AND LOCAL PROGRAMS

For an additional amount for ''State and Local Programs'' for equipment replacement related to hurricanes and other natural disasters, $10,300,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FEDERAL EMERGENCY MANAGEMENT AGENCY

ADMINISTRATIVE AND REGIONAL OPERATIONS

For an additional amount for ''Administrative and Regional Operations'' for necessary expenses related to hurricanes and other natural disasters, $17,200,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DISASTER RELIEF

(TRANSFER OF FUNDS)

In addition, of the amounts appropriated under this heading in Public Law 109–62, $1,500,000 shall be transferred to the ''Disaster Assistance Direct Loan Program Account'' for administrative expenses to carry out the direct loan program, as authorized by section 417 of the Stafford Act: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL PROVISION—THIS CHAPTER

SEC. 401. Notwithstanding 10 U.S.C. 701(b), the Secretary of the Department of Homeland Security may authorize a member on active duty who performed duties in support of Hurricanes Katrina or Rita disaster relief operations and who, except for this section, would lose any accumulated leave in excess of 60 days at the end of fiscal year 2005, to retain an accumulated leave total not to exceed 120 days leave. Leave in excess of 60 days accumulated under this section is lost unless it is used by the member before October 1, 2007.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

UNITED STATES FISH AND WILDLIFE SERVICE

CONSTRUCTION

For an additional amount for ''Construction'' for response, cleanup, recovery, repair and reconstruction expenses related to hurricanes in the Gulf of Mexico in calendar year 2005, $30,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL PARK SERVICE

CONSTRUCTION

For an additional amount for ''Construction'' for response, cleanup, recovery, repair and reconstruction expenses related to hurricanes in the Gulf of Mexico in calendar year 2005, $19,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for ''Surveys, Investigations, and Research'', for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005 and for repayment of advances to other appropriation accounts from which funds were transferred for such purposes, $5,300,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

For an additional amount for ''Royalty and Offshore Minerals Management'', for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005 and for repayment of advances to other appropriation accounts from which funds were transferred for such purposes, $16,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

ENVIRONMENTAL PROTECTION AGENCY

LEAKING UNDERGROUND STORAGE TANK PROGRAM

For an additional amount for ''Leaking Underground Storage Tank Program'', not to exceed $85,000 per project, $8,000,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATE AND PRIVATE FORESTRY

For an additional amount for ''State and Private Forestry'', $30,000,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL FOREST SYSTEM

For an additional amount for ''National Forest System'', $20,000,000, to remain available until expended, for necessary expenses, including hazardous fuels reduction, related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CAPITAL IMPROVEMENT AND MAINTENANCE

For an additional amount for ''Capital Improvement and Maintenance'', $7,000,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 6

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND EMPLOYMENT SERVICES

For an additional amount for ''Training and Employment Services'' to award national emergency grants under section 173 of the Workforce Investment Act of 1998 related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005, $125,000,000, to remain available until June 30, 2006: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006: Provided further, That these sums may be used to replace grant funds previously obligated to the impacted areas.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Funds provided under this heading in Public Law 108–447 which have been allocated to the States of Alabama, Louisiana, and Mississippi for activities authorized by title III of the Social Security Act, as amended, shall remain available for obligation by such States through September 30, 2006, except that funds used for automation by such States shall remain available through September 30, 2008.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

SOCIAL SERVICES BLOCK GRANT

For an additional amount for ''Social Services Block Grant'', $550,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005, notwithstanding section 2003 and paragraphs (1) and (4) of section 2005(a) of the Social Security Act (42 U.S.C. 1397b and 1397d(a)): Provided, That in addition to other uses permitted by title XX of the Social Security Act, funds appropriated under this heading may be used for health services (including mental health services) and for repair, renovation and construction of health facilities (including mental health facilities): Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHILDREN AND FAMILIES SERVICES PROGRAMS

For an additional amount for ''Children and Families Services Programs'', $90,000,000, for Head Start to serve children displaced by hurricanes in the Gulf of Mexico in calendar year 2005, notwithstanding sections 640(a)(1) and 640(g)(1) of the Head Start Act, and to cover the costs of renovating those Head Start facilities which were affected by these hurricanes, to the extent reimbursements from FEMA and insurance companies do not fully cover such costs: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENT OF EDUCATION

For assisting in meeting the educational needs of individuals affected by hurricanes in the Gulf of Mexico in calendar year 2005, $1,600,000,000, to remain available through September 30, 2006, of which $750,000,000 shall be available to State educational agencies until expended to carry out section 102 of title IV, division B of this Act, $5,000,000 shall be available to carry out section 106 of title IV, division B of this Act, $645,000,000 shall be available to carry out section 107 of title IV, division B of this Act, and $200,000,000 shall be available to provide assistance under the programs authorized by subparts 3 and 4 of part A, part C of title IV, and part B of title VII of the Higher Education Act of 1965, for students attending institutions of higher education (as defined in section 102 of that

Act) that are located in an area in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act related to hurricanes in the Gulf of Mexico in calendar year 2005 and who qualify for assistance under subparts 3 and 4 of part A and part C of title IV of the Higher Education Act of 1965, to provide emergency assistance based on demonstrated need to institutions of higher education that are located in an area affected by hurricanes in the Gulf of Mexico in calendar year 2005 and were forced to close, relocate or significantly curtail their activities as a result of damage directly sustained by such hurricanes, and to provide payments to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education at which operations have been disrupted due to hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That of the $200,000,000 described in the preceding proviso, $95,000,000 shall be for the Mississippi Institutes of Higher Learning to provide assistance under such title IV programs, notwithstanding any requirements relating to matching, Federal share, reservation of funds, or maintenance of effort that would otherwise be applicable to that assistance; $95,000,000 shall be for the Louisiana Board of Regents to provide emergency assistance based on demonstrated need under part B of title VII of the Higher Education Act of 1965, which may be used for student financial assistance, faculty and staff salaries, equipment and instruments, or any purpose authorized under the Higher Education Act of 1965, to institutions of higher education that are located in an area affected by hurricanes in the Gulf of Mexico in calendar year 2005; and $10,000,000 shall be available to the Secretary of Education for such payments to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education directly affected by hurricanes in the Gulf of Mexico in calendar year 2005, in accordance with criteria as are established by the Secretary and made publicly available without regard to section 437 of the General Education Provisions Act or section 553 of title 5, United States Code: Provided further, That the amounts provided in this paragraph are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 7

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

For an additional amount for ''Military Construction, Navy and Marine Corps'', $291,219,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY CONSTRUCTION, AIR FORCE

For an additional amount for ''Military Construction, Air Force'', $52,612,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY CONSTRUCTION, DEFENSE-WIDE

For an additional amount for ''Military Construction, Defense-Wide'', $45,000,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For an additional amount for ''Military Construction, Army National Guard'', $374,300,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For an additional amount for ''Military Construction, Air National Guard'', $35,000,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MILITARY CONSTRUCTION, NAVAL RESERVE

For an additional amount for ''Military Construction, Naval Reserve'', $120,132,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FAMILY HOUSING

FAMILY HOUSING CONSTRUCTION, NAVY AND MARINE CORPS

For an additional amount for ''Family Housing Construction, Navy and Marine Corps'', $86,165,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FAMILY HOUSING OPERATION AND MAINTENANCE, NAVY AND MARINE CORPS

For an additional amount for ''Family Housing Operation and Maintenance, Navy and Marine Corps'', $48,889,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FAMILY HOUSING CONSTRUCTION, AIR FORCE

For an additional amount for ''Family Housing Construction, Air Force'', $278,000,000, to remain available until September 30, 2010, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FAMILY HOUSING OPERATION AND MAINTENANCE, AIR FORCE

For an additional amount for ''Family Housing Operation and Maintenance, Air Force'', $47,019,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

For an additional amount for ''Medical Services'', $198,265,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For an additional amount for ''General Operating Expenses'', $24,871,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL CEMETERY ADMINISTRATION

For an additional amount for ''National Cemetery Administration'', $200,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CONSTRUCTION, MAJOR PROJECTS

For an additional amount for ''Construction, Major Projects'', $367,500,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CONSTRUCTION, MINOR PROJECTS

For an additional amount for ''Construction, Minor Projects,'' $1,800,000, to remain available

until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

RELATED AGENCY

ARMED FORCES RETIREMENT HOME

For payment to the ''Armed Forces Retirement Home'' for necessary expenses related to the consequences of Hurricane Katrina, $65,800,000, to remain available until expended: Provided, That of the amount provided, $45,000,000 shall be available for the Armed Forces Retirement Home, Gulfport, Mississippi: Provided further, That of the amount provided, $20,800,000 shall be available for the Armed Forces Retirement Home, Washington, DC: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 701. The limitation of Federal contribution established under section 18236(b) of title 10 is hereby waived for projects appropriated in this chapter.

SEC. 702. For any real property expressly granted to the United States since January 1, 1980 for use as or in connection with a Navy homeport subject to a reversionary interest retained by the grantor and serving as the site of or being used by a naval station subsequently closed or realigned pursuant to the Defense Base Closure and Realignment Act of 1990 as amended, the right of the United States to any consideration or repayment for the fair market value of the real property as improved shall be released, relinquished, waived, or otherwise permanently extinguished. The Secretary shall execute such written agreements as may be needed to facilitate the reversion and transfer all right, title, and interest of the United States in any real property described in this section, including the improvements thereon, for no consideration to the reversionary interest holder as soon as practicable after the naval station is closed or realigned. This agreement shall not require the reversionary interest holder to assume any environmental liabilities of the United States or relieve the United States from any responsibilities for environmental remediation that it may have incurred as a result of federal ownership or use of the real property.

SEC. 703. (a) Notwithstanding 38 U.S.C. 2102, the Secretary of Veterans Affairs may make a grant to a veteran whose home was previously adapted with the assistance of a grant under chapter 21 of title 38, United States Code, in the event the adapted home which was being used and occupied by the veteran was destroyed or substantially damaged in the declared disaster areas as a result of hurricanes in the Gulf of Mexico in calendar year 2005, as determined by the President under the Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). The grant available to acquire a suitable housing unit with special fixtures or movable facilities made necessary by the veteran's disability, and necessary land therefor. This authority expires on September 30, 2006: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

(b) The amount of the grant authorized by this subsection may not exceed the lesser of:

(1) the reasonable cost, as determined by the Secretary of Veterans Affairs, of repairing or replacing the adapted home in excess of the available insurance coverage on the damaged or destroyed home; or

(2) the maximum grant to which the veteran would have been entitled under 38 U.S.C. 2102 (a) or (b) had the veteran not obtained the prior grant.

SEC. 704. In any case where the Secretary of Veterans Affairs determines that a veteran described in 38 U.S.C. 3108(a)(2) has been displaced as the result of hurricanes in the Gulf of Mexico in calendar year 2005, from the disaster area, as determined by the President under the Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Secretary may extend the payment of subsistence allowance authorized by such paragraph for up to an additional two months while the veteran is satisfactorily following such program of employment services. This authority expires on September 30, 2006: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 705. The annual limitation contained in 38 U.S.C. 3120(e) shall not apply in any case where the Secretary of Veterans Affairs determines that a veteran described in 38 U.S.C. 3120(b) has been displayed as the result of, or has otherwise been adversely affected in the areas covered by hurricanes in the Gulf of Mexico in calendar year 2005, as determined by the President under the Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). This authority expires on September 30, 2006: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 706. Notwithstanding 38 U.S.C. 3903(a), the Secretary of Veterans Affairs may provide or assist in providing an eligible person with a second automobile or other conveyance under the provisions of chapter 39 of title 38 United States Code, if the Secretary receives satisfactory evidence that the automobile or other conveyance previously purchased with assistance under such chapter was destroyed as a result of hurricanes in the Gulf of Mexico in calendar year 2005, and through no fault of the eligible person: Provided, That that person does not otherwise receive from a property insurer compensation for the loss. This authority expires on September 30, 2006: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 8

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for ''Salaries and Expenses, United States Attorneys'', $9,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $9,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $45,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $10,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $20,000,000, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FEDERAL PRISON SYSTEM

BUILDINGS AND FACILITIES

For an additional amount for ''Buildings and Facilities'', $11,000,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OFFICE OF JUSTICE PROGRAMS

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For an additional amount for ''State and Local Law Enforcement Assistance'', $125,000,000, for necessary expenses related to the direct or indirect consequences of hurricanes in the Gulf of Mexico in calendar year 2005, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006: Provided further, That the Attorney General shall consult with the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives on the allocation of funds prior to expenditure.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

For an additional amount for ''Operations, Research, and Facilities'', $17,200,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

For an additional amount for ''Procurement, Acquisition and Construction'', $37,400,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year

2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

EXPLORATION CAPABILITIES

For an additional amount for ''Exploration Capabilities'', $349,800,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

For an additional amount for the ''Office of Inspector General'' for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005, $5,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for the ''Disaster Loans Program Account'' authorized by section 7(b) of the Small Business Act, for necessary expenses related to hurricanes in the Gulf of Mexico in calendar year 2005 and other natural disasters, $264,500,000, to remain available until expended: Provided, That such costs, including the cost of modifying such loans shall be as defined in section 502 of the Congressional Budget Act of 1974.

In addition, for administrative expenses to carry out the direct loan program authorized by section 7(b), $176,500,000, to remain available until expended, which may be transferred to and merged with ''Salaries and Expenses'': Provided, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006: Provided further, That no funds shall be transferred to the appropriation for ''Salaries and Expenses'' for indirect administrative expenses.

GENERAL PROVISIONS—THIS CHAPTER

(INCLUDING TRANSFER OF FUNDS)

SEC. 801. Of the unobligated balances available under ''National Institute of Standards and Technology, Industrial Technology Services'' for the Hollings Manufacturing Extension Partnership Program, $4,500,000 shall be used to assist manufacturers recovering from hurricanes in the Gulf of Mexico in calendar year 2005: Provided, That only Manufacturing Extension Centers in States affected by hurricanes in the Gulf of Mexico in calendar year 2005 shall be eligible for hurricane recovery assistance funds: Provided further, That these funds shall be allocated to the Manufacturing Extension Centers in these States based on an assessment of the needs of manufacturers in the counties declared a disaster by the Federal Emergency Management Agency: Provided further, That employment and productivity shall be among the metrics used in developing the needs assessment: Provided further, That the matching provisions of 15 U.S.C. 278(k) paragraph (c) shall not apply to amounts provided by this Act or by Public Law 109–108 to Manufacturing Extension Centers serving areas affected by hurricanes in the Gulf of Mexico in calendar year 2005.

SEC. 802. The Attorney General shall transfer to the ''Narrowband Communications/Integrated Wireless Network'' account all funds made available in this Act to the Department of Justice for the purchase of portable and mobile radios and related infrastructure. Any transfer made under this section shall be subject to section 605 of Public Law 109–108.

CHAPTER 9

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

For an additional amount for ''Facilities and equipment'', $40,600,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico during calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

FEDERAL HIGHWAY ADMINISTRATION

EMERGENCY RELIEF PROGRAM

For an additional amount for ''Emergency relief program'' as authorized under 23 U.S.C. 125, $2,750,000,000, to remain available until expended, for necessary expenses related to the consequences of Hurricanes Katrina, Rita, and Wilma: Provided, That of the funds provided herein, up to $629,000,000 shall be available to repair and reconstruct the I–10 bridge spanning New Orleans and Slidell, Louisiana in accordance with current design standards as contained in 23 U.S.C. 125: Provided further, That notwithstanding 23 U.S.C. 120(e) and from funds provided herein, the Federal share for all projects for repairs or reconstruction of highways, roads, bridges, and trails to respond to damage caused by Hurricanes Katrina, Rita, and Wilma shall be 100 percent: Provided further, That notwithstanding 23 U.S.C. 125(d)(1), the Secretary of Transportation may obligate more than $100,000,000 for such projects in a State in a fiscal year, to respond to damage caused by Hurricanes Dennis, Katrina, Rita or Wilma and by the 2004–2005 winter storms in the State of California: Provided further, That any amounts in excess of those necessary for emergency expenses relating to the above hurricanes may be used for other projects authorized under 23 U.S.C. 125: Provided further, That such amounts as may be necessary but not to exceed $550,000,000 may be made available promptly from the funds provided herein to pay for other projects authorized under 23 U.S.C. 125 arising from natural disasters or catastrophic failures from external causes that occurred prior to Hurricane Wilma and that are ready to proceed to construction or are eligible for reimbursement: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

MARITIME ADMINISTRATION

OPERATIONS AND TRAINING

For an additional amount for ''Operations and training'', $7,500,000, to remain available until September 30, 2007, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico during calendar year 2005: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

TENANT-BASED RENTAL ASSISTANCE

For an additional amount for housing vouchers for households within the area declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) resulting from hurricanes in the Gulf of Mexico during calendar year 2005, $390,299,500, to remain available until September 30, 2007: Provided, That such households shall be limited to those which, prior to Hurricanes Katrina or Rita, received assistance under section 8 or 9 of the United States Housing Act of 1937 (Public Law 93–383), section 801 or 811 of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625), the AIDS Housing Opportunity Act (Public Law 101–625), or the Stewart B. McKinney Homeless Assistance Act (Public Law 100–77); or those which were homeless or in emergency shelters in the declared disaster area prior to Hurricanes Katrina or Rita: Provided further, That these funds are available for assistance, under section 8(o) of the United States Housing Act of 1937: Provided further, That in administering assistance under this heading the Secretary of Housing and Urban Development may waive requirements for income eligibility and tenant contribution under section 8 of such Act for up to 18 months: Provided further, That all households receiving housing vouchers under this heading shall be eligible to reoccupy their previous assisted housing, if and when it becomes available: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT FUND

For an additional amount for the ''Community development fund'', for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005 in States for which the President declared a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) in conjunction with Hurricanes Katrina, Rita, or Wilma, $11,500,000,000, to remain available until expended, for activities authorized under title I of the Housing and Community Development Act of 1974 (Public Law 93–383): Provided, That, no State shall receive more than 54 percent of the amount provided under this heading, Provided further, That funds provided under this heading shall be administered through an entity or entities designated by the Governor of each State: Provided further, That such funds may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency or the Army Corps of Engineers: Provided further, That funds allocated under this heading shall not adversely affect the amount of any formula assistance received by a State under this heading: Provided further, That each State may use up to five percent of its allocation for administrative costs: Provided further, That Louisiana and Mississippi may each use up to $20,000,000 (with up to $400,000 each for technical assistance) from funds made available under this heading for LISC and the Enterprise Foundation for activities authorized by section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note), as in effect immediately before June 12, 1997, and for activities authorized under section 11 of the Housing Opportunity Program Extension Act of 1996, including demolition, site clearance and remediation, and program administration: Provided further, That in administering the funds under this heading, the Secretary of Housing and Urban Development shall waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds or guarantees (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a request by the State that such waiver is required

to facilitate the use of such funds or guarantees, and a finding by the Secretary that such waiver would not be inconsistent with the overall purpose of the statute, as modified: Provided further, That the Secretary may waive the requirement that activities benefit persons of low and moderate income, except that at least 50 percent of the funds made available under this heading must benefit primarily persons of low and moderate income unless the Secretary otherwise makes a finding of compelling need: Provided further, That the Secretary shall publish in the Federal Register any waiver of any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974 no later than 5 days before the effective date of such waiver: Provided further, That every waiver made by the Secretary must be reconsidered according to the three previous provisos on the two-year anniversary of the day the Secretary published the waiver in the Federal Register: Provided further, That prior to the obligation of funds each state shall submit a plan to the Secretary detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address long-term recovery and restoration of infrastructure: Provided further, That each state will report quarterly to the Committees on Appropriations on all awards and uses of funds made available under this heading, including specifically identifying all awards of sole-source contracts and the rationale for making the award on a sole-source basis: Provided further, That the Secretary shall notify the Committees on Appropriations on any proposed allocation of any funds and any related waivers made pursuant to these provisions under this heading no later than 5 days before such waiver is made: Provided further, That the Secretary shall establish procedures to prevent recipients from receiving any duplication of benefits and report quarterly to the Committees on Appropriations with regard to all steps taken to prevent fraud and abuse of funds made available under this heading including duplication of benefits: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

ADMINISTRATIVE PROVISIONS

SEC. 901. Notwithstanding provisions of the United States Housing Act of 1937 (Public Law 93–383), in order to assist public housing agencies located within the most heavily impacted areas of Louisiana and Mississippi that are subject to a declaration by the President of a major disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) in connection with Hurricanes Katrina or Rita, the Secretary for calendar year 2006 may authorize a public housing agency to combine assistance provided under sections 9(d) and (e) of the United States Housing Act of 1937 and assistance provided under section 8(o) of such Act, for the purpose of facilitating the prompt, flexible and efficient use of funds provided under these sections of the Act to assist families who were receiving housing assistance under the Act immediately prior to Hurricanes Katrina or Rita and were displaced from their housing by the hurricanes.

SEC. 902. To the extent feasible the Secretary of Housing and Urban Development shall preserve all housing within the area declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) resulting from Hurricanes Katrina or Rita that received project-based assistance under section 8 or 9 of the United States Housing Act of 1937, section 801 or 811 of the Cranston-Gonzalez National Affordable Housing Act, the AIDS Housing Opportunity Act, or the Stewart B. McKinney Homeless Assistance Act: Provided, That the Secretary shall report to the Committees on Appropriations on the status of all such housing, including costs associated with any repair or rehabilitation, within 120 days of enactment of this Act.

THE JUDICIARY

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

For an additional amount for ''Salaries and expenses, Courts of Appeals, District Courts, and Other Judicial Services'', $18,000,000, to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico during calendar year 2005: Provided, That notwithstanding any other provision of law such sums shall be available for transfer to accounts within the Judiciary subject to approval of the Judiciary operating plan: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

INDEPENDENT AGENCY

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND

For an additional amount for ''Federal buildings fund'', $38,000,000, from the General Fund and to remain available until expended, for necessary expenses related to the consequences of hurricanes in the Gulf of Mexico during calendar year 2005: Provided, That notwithstanding 40 U.S.C. 3307, the Administrator of General Services is authorized to proceed with repairs and alterations for those facilities: Provided further, That the the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

TITLE II

EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS PANDEMIC INFLUENZA

CHAPTER 1

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

For an additional amount for the ''Office of the Secretary'', related to the detection of and response to highly pathogenic avian influenza, including research and development, $11,350,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', related to the detection of and response to highly pathogenic avian influenza, including research and development, $7,000,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION ACTIVITIES

For an additional amount for ''Research and Education Activities'', related to the detection of and response to highly pathogenic avian influenza, $1,500,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', related to the detection of and response to highly pathogenic avian influenza, $71,500,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Food and Drug Administration, Salaries and Expenses'', to prepare for and respond to an influenza pandemic, $20,000,000, to remain available until September 30, 2007: Provided, That of the total amount appropriated $18,000,000 shall be for the Center for Biologics Evaluation and Research and for related field activities in the Office of Regulatory Affairs, and $2,000,000 shall be for other activities including the Office of the Commissioner and the Office of Management: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 2

DEPARTMENT OF DEFENSE

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, DEFENSE-WIDE

For an additional amount for ''Operation and Maintenance, Defense-Wide'' for surveillance, communication equipment, and assistance to military partner nations in procuring protective equipment, $10,000,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For an additional amount for ''Defense Health Program'' for necessary expenses related to vaccine purchases, storage, expanded avian influenza surveillance programs, equipment, essential information management systems, and laboratory diagnostic equipment, $120,000,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 3

BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND HEALTH PROGRAMS FUND

For an additional amount for ''Child Survival and Health Programs Fund'' for activities related to surveillance, planning, preparedness, and response to the avian influenza virus, $75,200,000, to remain available until expended: Provided, That funds appropriated by this paragraph may be obligated and expended notwithstanding section 10 of Public Law 91–672: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

For an additional amount for ''International Disaster and Famine Assistance'' for the pre-positioning and deployment of essential supplies

and equipment for preparedness and response to the avian influenza virus, $56,330,000, to remain available until expended: Provided, That funds appropriated by this paragraph may be obligated and expended notwithstanding section 10 of Public Law 91–672: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

GENERAL PROVISION—THIS CHAPTER

SEC. 2301. Within 30 days from the date of enactment of this Act and every six months thereafter, the Administrator of the United States Agency for International Development shall submit to the Committees on Appropriations a report which identifies, for all projects funded from amounts appropriated by this Act that are administered by that agency, the following: the program objectives for each such project, the approximate timeline for achieving each of those objectives, the amounts obligated and expended for each project, and the current status of program performance with reference to identified program objectives and the timeline for achieving those objectives.

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

OFFICE OF THE SECRETARY AND EXECUTIVE MANAGEMENT

For an additional amount for ''Office of the Secretary and Executive Management'', $47,283,000, to remain available until expended, for necessary expenses to train, plan, and prepare for a potential outbreak of highly pathogenic influenza: Provided, That these funds may be transferred to other Department of Homeland Security appropriations accounts in accordance with section 503 of Public Law 109–90: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For an additional amount for ''Resource Management'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $7,398,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For an additional amount for ''Operation of the National Park System'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, $525,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for ''Surveys, Investigations, and Research'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $3,670,000, to remain available until September 30, 2007: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

For an additional amount for ''Public Health and Social Services Emergency Fund'' to prepare for and respond to an influenza pandemic, including the development and purchase of vaccines, antivirals, and necessary medical supplies, and for planning activities, $3,054,000,000, to remain available until expended: Provided, That $350,000,000 shall be for Upgrading State and Local Capacity and $50,000,000 shall be for laboratory capacity and research at the Centers for Disease Control and Prevention: Provided further, That products purchased with these funds may, at the discretion of the Secretary, be deposited in the Strategic National Stockpile: Provided further, That notwithstanding section 496(b) of the Public Health Service Act, funds may be used for the construction or renovation of privately owned facilities for the production of pandemic influenza vaccines and other biologicals, where the Secretary finds such a contract necessary to secure sufficient supplies of such vaccines or biologicals: Provided further, That the Secretary may negotiate a contract with a vendor under which a State may place an order with the vendor for antivirals; may reimburse a State for a portion of the price paid by the State pursuant to such an order; and may use amounts made available herein for such reimbursement: Provided further, That funds appropriated herein and not specifically designated under this heading may be transferred to other appropriation accounts of the Department of Health and Human Services, as determined by the Secretary to be appropriate, to be used for the purposes specified in this sentence: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

For an additional amount for ''Public Health and Social Services Emergency Fund'' for activities related to pandemic influenza, including international activities and activities in foreign countries, related to preparedness planning, enhancing the pandemic influenza regulatory science base, accelerating pandemic influenza disease surveillance, developing registries to monitor influenza vaccine distribution and use, and supporting pandemic influenza research, clinical trials and clinical trials infrastructure, $246,000,000, of which $150,000,000, to remain available until expended, shall be for the Centers for Disease Control and Prevention to carry out global and domestic disease surveillance, laboratory diagnostics, rapid response, and quarantine: Provided, That funds appropriated herein and not specifically designated under this heading may be transferred to other appropriation accounts of the Department of Health and Human Services, as determined by the Secretary to be appropriate, to be used for the purposes specified in this sentence: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 7

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

For an additional amount for ''Medical Services'' for enhanced avian influenza surveillance programs, planning functions and preparations for the pandemic and to establish real-time surveillance data exchange with the Centers for Disease Control and Prevention, $27,000,000: Provided, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

CHAPTER 8

DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Diplomatic and Consular Programs'' to support avian influenza country coordination, development of an avian influenza response plan, diplomatic outreach, and health support of United States Government employees, Peace Corps volunteers, and eligible family members stationed abroad, $16,000,000, to remain available until expended, of which $1,100,000 shall be transferred to and merged with appropriations for the Peace Corps: Provided, That funds appropriated by this paragraph may be obligated and expended notwithstanding section 15 of the State Department Basic Authorities Act of 1956: Provided further, That the amounts provided under this heading are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

For an additional amount for ''Emergencies in the Diplomatic and Consular Service'' for emergency evacuation support of United States Government personnel, Peace Corps volunteers, and dependents in regions affected by the avian influenza, $15,000,000, to remain available until expended: Provided, That funds appropriated by this paragraph may be obligated and expended notwithstanding section 15 of the State Department Basic Authorities Act of 1956: Provided further, That notwithstanding section 402 of Public Law 109–108, upon a determination by the Secretary of State that circumstances related to the avian influenza require additional funding for activities under this heading, the Secretary of State may transfer such amounts to ''Emergencies in the Diplomatic and Consular Service'' from available appropriations for the current fiscal year for the Department of State as may be necessary to respond to such circumstances: Provided further, That any transfer pursuant to the previous proviso shall be treated as a reprogramming of funds under section 605 of Public Law 109–108 and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section, except that the Committees on Appropriations shall be notified not less than 5 days in advance of any such reprogramming: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

TITLE III

RESCISSIONS AND OFFSETS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

(RESCISSION)

Of the unobligated balances available under this heading, $10,000,000 are rescinded: Provided, That funds for projects or activities identified in the Statement of Managers that accompanies House Report 109–255, pages 84 through 87, shall not be reduced due to such rescission.

RURAL UTILITIES SERVICE

DISTANCE LEARNING, TELEMEDICINE, AND BROADBAND PROGRAM

(RESCISSION)

Of the unobligated balances available under this heading, $9,900,000 are rescinded.

FOOD AND NUTRITION SERVICE

FOOD STAMP PROGRAM

(RESCISSION)

Of unobligated balances available under this heading of funds provided pursuant to section 16(h)(1)(A) of the Food Stamp Act of 1977, $11,200,000 are rescinded.

FOREIGN AGRICULTURAL SERVICE

PUBLIC LAW 480 TITLE I OCEAN FREIGHT DIFFERENTIAL GRANTS

(RESCISSION)

Of the unobligated balances available under this heading, $35,000,000 are rescinded.

CHAPTER 2

DEPARTMENT OF DEFENSE

OPERATION AND MAINTENANCE

DISPOSAL OF DEPARTMENT OF DEFENSE REAL PROPERTY

(RESCISSION)

Of the unobligated balances available under this heading, $45,000,000 are rescinded.

LEASE OF DEPARTMENT OF DEFENSE REAL PROPERTY

(RESCISSION)

Of the unobligated balances available under this heading, $30,000,000 are rescinded.

OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY

(RESCISSION)

Of the unobligated balances available under this heading, $5,000,000 are rescinded.

CHAPTER 3

EXPORT-IMPORT BANK OF THE UNITED STATES

SUBSIDY APPROPRIATION

(RESCISSION)

Of the unobligated balances available under this heading in Public Law 109–102 and Public Law 108–447, $25,000,000 are rescinded.

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES COAST GUARD

OPERATING EXPENSES

(RESCISSION OF FUNDS)

Of the funds appropriated under this heading in Public Law 109–90, $260,533,000 are rescinded.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

(RESCISSION OF FUNDS)

Of the funds appropriated under this heading in Public Law 109–62, $23,409,300,000 are rescinded.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

(RESCISSION)

Of the unobligated balances available under this heading, $500,000 are rescinded.

UNITED STATES FISH AND WILDLIFE SERVICE

LANDOWNER INCENTIVE PROGRAM

(RESCISSION)

Of the unobligated balances available under this heading, $2,000,000 are rescinded.

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND

(RESCISSION)

Of the unobligated balances available under this heading, $1,000,000 are rescinded.

CHAPTER 6

DEPARTMENT OF COMMERCE

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

INDUSTRIAL TECHNOLOGY SERVICES

(RESCISSION)

Of the unobligated balances available under this heading, $7,000,000 are rescinded.

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

(RESCISSION)

Of the unobligated balances available under this heading, $10,000,000 are rescinded.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

(RESCISSION)

Of the unobligated balances available under this heading, $20,000,000 are rescinded.

CHAPTER 7

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

(HIGHWAY TRUST FUND)

(RESCISSION)

Of the unobligated balances of funds apportioned to each State under chapter 1 of title 23, United States Code, $1,143,000,000 are rescinded: Provided, That such rescission shall not apply to the funds distributed in accordance with 23 U.S.C. 130(f), 23 U.S.C. 133(d)(1) as in effect prior to the date of enactment of Public Law 109–59, the first sentence of 23 U.S.C. 133(d)(3)(A), 23 U.S.C. 104(b)(5), or 23 U.S.C. 163 as in effect prior to the enactment of Public Law 109–59.

FEDERAL RAILROAD ADMINISTRATION

EFFICIENCY INCENTIVE GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

(RESCISSION)

Of the unobligated balances of amounts made available under this heading in Public Law 109–115, $8,300,000 are rescinded: Provided, That section 135 of title I of division A of Public Law 109–115 is repealed.

CHAPTER 8

GOVERNMENT-WIDE RESCISSIONS

SEC. 3801. (a) ACROSS-THE-BOARD RESCISSIONS.—There is hereby rescinded an amount equal to 1 percent of—

(1) the budget authority provided (or obligation limit imposed) for fiscal year 2006 for any discretionary account of this Act and in any other fiscal year 2006 appropriation Act;

(2) the budget authority provided in any advance appropriation for fiscal year 2006 for any discretionary account in any prior fiscal year appropriation Act; and

(3) the contract authority provided in fiscal year 2006 for any program subject to limitation contained in any fiscal year 2006 appropriation Act.

(b) PROPORTIONATE APPLICATION.—Any rescission made by subsection (a) shall be applied proportionately—

(1) to each discretionary account and each item of budget authority described in such subsection; and

(2) within each such account and item, to each program, project, and activity (with programs, projects, and activities as delineated in the appropriation Act or accompanying reports for the relevant fiscal year covering such account or item, or for accounts and items not included in appropriation Acts, as delineated in the most recently submitted President's budget).

(c) EXCEPTIONS.—This section shall not apply—

(1) to discretionary budget authority that has been designated pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006; or

(2) to discretionary authority appropriated or otherwise made available to the Department of Veterans Affairs.

(d) OMB REPORT.—Within 30 days after the date of the enactment of this section the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a report specifying the account and amount of each rescission made pursuant to this section.

TITLE IV.—HURRICANE EDUCATION RECOVERY ACT

Subtitle A—Elementary and Secondary Education Hurricane Relief

Sec. 101. FINDINGS; DEFINITIONS.

(a) FINDINGS.—Congress finds the following:

(1) Hurricane Katrina and Hurricane Rita have had a devastating and unprecedented impact on students who attended schools in the disaster areas.

(2) Due to the devastating effects of Hurricane Katrina and Hurricane Rita, a significant number of students have enrolled in schools outside of the area in which they resided, including a significant number of students who enrolled in non-public schools because their parents chose to enroll them in such schools.

(3) 372,000 students were displaced by Hurricane Katrina. Approximately 700 schools have been damaged or destroyed. Nine States each have more than 1,000 of such displaced students enrolled in their schools. In Texas alone, over 45,000 displaced students have enrolled in schools.

(4) In response to these extraordinary conditions, this subtitle creates a one-time only emergency grant for the 2005–2006 school year tailored to the needs and particular circumstances of students displaced by Hurricane Katrina and Hurricane Rita.

(5) The level and type of assistance provided under this subtitle, both for students attending public schools and students attending non-public schools, is made available solely because of the unprecedented nature of the crisis, the massive dislocation of students, and the short duration of the services or assistance.

(b) DEFINITIONS.—Unless otherwise specified in this subtitle, the terms used in this subtitle have the meanings given the terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

SEC. 102. IMMEDIATE AID TO RESTART SCHOOL OPERATIONS.

(a) PURPOSE.—It is the purpose of this section—

(1) to provide immediate services or assistance to local educational agencies and non-public schools in Louisiana, Mississippi, Alabama, and Texas that serve an area in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita; and

(2) to assist school administrators and personnel of such agencies or non-public schools with expenses related to the restart of operations in, the re-opening of, and the re-enrollment of students in, elementary schools and secondary schools in such areas.

(b) PAYMENTS AUTHORIZED.—From amounts appropriated to carry out this subtitle, the Secretary of Education is authorized to make payments, on such basis as the Secretary determines appropriate, taking into consideration the number of students who were enrolled, during the 2004–2005 school year, in elementary schools and secondary schools that were closed on September 12, 2005, as a result of Hurricane Katrina or on October 7, 2005, as a result of Hurricane Rita, to State educational agencies in Louisiana, Mississippi, Alabama, and Texas to enable such agencies to provide services or assistance to local educational agencies or non-public schools serving an area in which a major disaster has

been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita.

(c) ELIGIBILITY, CONSIDERATION, AND EQUITY—

ELIGIBILITY AND CONSIDERATION.—From the payment provided by the Secretary of Education under subsection (b), the State educational agency shall provide services and assistance to local educational agencies and non-public schools, consistent with the provisions of this section. In determining the amount to be provided for services or assistance under this section, the State educational agency shall consider the following:

(A) The number of school-aged children served by the local educational agency or non-public school in the academic year preceding the academic year for which the services or assistance are provided.

(B) The severity of the impact of Hurricane Katrina or Hurricane Rita on the local educational agency or non-public school and the extent of the needs of each local educational agency or non-public school in Louisiana, Mississippi, Alabama, and Texas that is in an area in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita.

(2) EQUITY.—Educational services and assistance provided for eligible non-public school students under paragraph (1) shall be eligible in comparison to the educational services and other benefits provided for public school students under this secretary, and shall be provided in a timely manner.

(d) APPLICATIONS.—Each local educational agency or non-public school desiring services or assistance under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require to ensure expedited and timely provision of services or assistance to the local educational agency or non-public school.

(e) USES OF FUNDS.—

(1) IN GENERAL.—A local educational agency or non-public school receiving services or assistance from the State educational agency under this section shall use such services or assistance for—

(A) recovery of student and personnel data, and other electronic information;

(B) replacement of school district information systems, including hardware and software;

(C) financial operations;

(D) reasonable transportation costs;

(E) rental of mobile educational units and leasing of neutral sites or spaces;

(F) initial replacement of instructional materials and equipment, including textbooks;

(G) redeveloping instructional plans, including curriculum development;

(H) initiating and maintaining education and support services; and

(I) such other activities related to the purpose of this section that are approved by the Secretary.

(2) USE WITH OTHER AVAILABLE FUNDS.—A local educational agency or non-public school receiving services or assistance under this section may use such services or assistance in coordination with other Federal, State, or local funds available for the activities described in paragraph (1).

(3) SPECIAL RULES.—

(A) PROHIBITION.—Services or assistance provided under this section shall not be used for construction or major renovation of schools.

(B) SECULAR, NEUTRAL, AND NONIDEOLOGICAL SERVICES OR ASSISTANCE.—Services or assistance provided under this section, including equipment and materials, shall be secular, neutral, and nonideological.

(f) SUPPLEMENT NOT SUPPLANT.—

(1) IN GENERAL.—Except as provided in paragraph (2), services or assistance made available under this section shall be used to supplement, not supplant, any funds made available through the Federal Emergency Management Agency or through a State.

(2) EXCEPTION.—Paragraph (1) shall not prohibit the provision of Federal assistance under this section to an eligible State educational agency, local educational agency, or non-public school that is or may be entitled to receive, from another source, benefits for the same purposes as under this section if—

(A) such State educational agency, local educational agency, or school has not received such other benefits by the time of application for Federal assistance under this section; and

(B) such State educational agency, local educational agency, or school agrees to repay all duplicative Federal assistance received to carry out the purposes of this section.

(g) DEFINITION OF NON-PUBLIC SCHOOL.—The term ''non-public school'' means a non-public elementary school or secondary school that—

(1) is accredited or licensed or otherwise operates in accordance with State law; and

(2) was in existence prior to August 22, 2005.

(h) ASSISTANCE TO NON-PUBLIC SCHOOLS.—

(1) FUNDS AVAILABILITY.—From the payment provided by the Secretary of Education under subsection (b) to a State educational agency, the State educational agency shall reserve an amount of funds, to be made available to non-public schools in the State, that is not less than an amount that bears the same relation to the payment as the number of non-public elementary schools and secondary schools in the State bears to the total number of non-public and public elementary schools and secondary schools in the State. The number of such schools shall be determined by the National Center for Education Statistics Common Core of Data for the 2003–2004 school year. Such funds shall be used for the provision of services or assistance at non-public schools, except as provided in paragraph (2).

(2) SPECIAL RULE.—If funds made available under paragraph (1) remain unobligated 120 days after the date of enactment of this Act, such funds may be used to provide services or assistance under this section to local educational agencies or non-public schools.

(3) PUBLIC CONTROL OF FUNDS.—The control of funds for the services and assistance provided to a non-public school under paragraph (1), and title to materials, equipment, and property purchased with such funds, shall be in a public agency, and a public agency shall administer such funds, materials, equipment, and property and shall provide such services (or may contract for the provision of such services with a public or private entity).

SEC. 103 HOLD HARMLESS FOR LOCAL EDUCATIONAL AGENCIES SERVING MAJOR DISASTER AREAS.

In the case of a local educational agency that serves an area in which the President has declared that a major disaster exists in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita, the amount made available for such local educational agency under each of sections 1124, 1124A, 1125, and 1125A of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333, 6334, 6335, and 6337) for fiscal year 2006 shall be not less than the amount made available for such local educational agency under each of such sections for fiscal year 2005.

SEC. 104. TEACHER AND PARAPROFESSIONAL RECIPROCITY; DELAY.

(a) TEACHER AND PARAPROFESSIONAL RECIPROCITY.—

(1) TEACHERS.—

(A) AFFECTED TEACHER.—In this subsection, the term ''affected teacher'' means a teacher who is displaced due to Hurricane Katrina or Hurricane Rita and relocates to a State that is different from the State in which such teacher resided on August 22, 2005.

(B) RECIPROCITY.—

(i) TEACHERS.—A local educational agency may consider an affected teacher hired by such agency who is not highly qualified in a core academic subject in the State in which such agency is located to be highly qualified in the same core academic subject or area, for purposes of section 1119 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319), for the 2005–2006 school year, if such teacher was highly qualified, consistent with section 9101(23) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801(23)), on or before August 22, 2005, in the State in which such teacher resided on August 22, 2005.

(ii) SPECIAL EDUCATION TEACHERS.—A local educational agency may consider an affected special education teacher hired by such agency who is not highly qualified in the State in which such agency is located to be highly qualified, for purposes of section 612(a)(14) of the Individuals with Disabilities Education Act (20 U.S.C. 1412(a)(14)), for the 2005–2006 school year, if such teacher was highly qualified, consistent with section 602(10) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(10)), on or before August 22, 2005, in the State in which such teacher resided on August 22, 2005.

(2) PARAPROFESSIONAL.—

(A) AFFECTED PARAPROFESSIONAL.—In this subsection, the term ''affected paraprofessional'' means a paraprofessional who is displaced due to Hurricane Katrina or Hurricane Rita and relocates to a State that is different from the State in which such paraprofessional resided on August 22, 2005.

(B) RECIPROCITY.—A local educational agency may consider an affected paraprofessional hired by such agency who does not satisfy the requirements of section 1119(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(c)) in the State in which such agency is located to satisfy such requirements, for purposes of such section, for the 2005–2006 school year, if such paraprofessional satisfied such requirements on or before August 22, 2005, in the State in which such paraprofessional resided on August 22, 2005.

(b) DELAY.—The Secretary of Education may delay, for a period not to exceed 1 year, applicability of the requirements of paragraphs (2) and (3) of section 1119(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(a)(2) and (3)) and section 612(a)(14)(C) of the Individuals with Disabilities Education Act (20 U.S.C. 1412(a)(14)(C)) with respect to the States of Alabama, Louisiana, Texas, and Mississippi (and local educational agencies within the jurisdiction of such States), if any such State or local educational agency demonstrates that a failure to comply with such requirements is due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of local educational agencies within the State.

SEC. 105. REGULATORY AND FINANCIAL RELIEF.

(a) WAIVER AUTHORITY.—Subject to subsections (b) and (c), in providing any grant or other assistance, directly or indirectly, to an entity in an affected State in which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita, the Secretary of Education may, as applicable, waive or modify, in order to ease fiscal burdens, any requirement relating to the following:

(1) Maintenance of effort.

(2) The use of Federal funds to supplement, not supplant, non-Federal funds.

(3) Any non-Federal share or capital contribution required to match Federal funds provided

under programs administered by the Secretary of Education.

(b) DURATION.—A waiver under this section shall be for the fiscal year 2006.

(c) LIMITATIONS.—

(1) RELATION TO IDEA.—Nothing in this section shall be construed to waive or modify any provision of the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

(2) MAINTENANCE OF EFFORT.—If the Secretary grants a waiver or modification under this section waiving or modifying a requirement relating to maintenance of effort for fiscal year 2006, the level of effort required for fiscal year 2007 shall not be reduced because of the waiver or modification.

SEC. 106. ASSISTANCE FOR HOMELESS YOUTH.

(a) IN GENERAL.—The Secretary of Education shall provide assistance to local educational agencies serving homeless children and youths displaced by Hurricane Katrina or Hurricane Rita, consistent with section 723 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11433), including identification, enrollment assistance, assessment and school placement assistance, transportation, coordination of school services, supplies, referrals for health, mental health, and other needs.

(b) EXCEPTION AND DISTRIBUTION OF FUNDS.—

(1) EXCEPTION.—For purposes of providing assistance under subsection (a), subsections (c) and (e)(1) of section 722 and subsections (b) and (c) of section 723 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(c) and (e)(1), 11433(b) and (c) shall not apply.

(2) DISBURSEMENT.—The Secretary of Education shall disburse funding provided under subsection (a) to State educational agencies based on demonstrated need, as determined by the Secretary, and such State educational agencies shall distribute funds, that are appropriated under section 109 and available to carry out this section, to local educational agencies based on demonstrated need, for the purposes of carrying out section 723 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11433).

SEC. 107. TEMPORARY EMERGENCY IMPACT AID FOR DISPLACED STUDENTS.

(a) TEMPORARY EMERGENCY IMPACT AID AUTHORIZED.—

(1) AID TO STATE EDUCATIONAL AGENCIES.—From amounts appropriated to carry out this subtitle, the Secretary of Education shall provide emergency impact aid to State educational agencies to enable the State educational agencies to make emergency impact aid payments to eligible local educational agencies and eligible BIA-funded schools to enable—

(A) such eligible local educational agencies and schools to provide for the instruction of students served by such agencies and schools; and

(B) such eligible local educational agencies to make immediate impact aid payments to accounts established on behalf of displaced students (referred to in this section as ''accounts'') who are attending eligible non-public schools located in the areas served by the eligible local educational agencies.

(2) AID TO LOCAL EDUCATIONAL AGENCIES AND BIA-FUNDED SCHOOLS.—A State educational agency shall make emergency impact aid payments to eligible local educational agencies and eligible BIA-funded schools in accordance with subsection (d).

(3) STATE EDUCATIONAL AGENCIES IN CERTAIN STATES.—In the case of the States of Louisiana and Mississippi, the State educational agency shall carry out the activities of eligible local educational agencies that are unable to carry out this section, including eligible local educational agencies in such States for which the State exercises the authorities normally exercised by such local educational agencies.

(4) NOTICE OF FUNDS AVAILABILITY.—Not later than 14 calendar days after the date of enactment of this Act, the Secretary of Education shall publish in the Federal Register a notice of the availability of funds under this section.

(b) DEFINITIONS.—In this section:

(1) DISPLACED STUDENT.—The term ''displaced student'' means a student who enrolled in an elementary school or secondary school (other than the school that the student was enrolled in, or was eligible to be enrolled in, on August 22, 2005) because such student resides or resided on August 22, 2005, in an area for which a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), related to Hurricane Katrina or Hurricane Rita.

(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—The term ''eligible local educational agency'' means a local educational agency that serves—

(A) an elementary school or secondary school (including a charter school) in which there is enrolled a displaced student; or

(B) an area in which there is located an eligible non-public school.

(3) ELIGIBLE NON-PUBLIC SCHOOL.—The term ''eligible non-public school'' means a non-public elementary school or secondary school that—

(A) is accredited or licensed or otherwise operates in accordance with State law;

(B) was in existence on August 22, 2005; and

(C) serves a displaced student on behalf of whom an application for an account has been made pursuant to subsection (c)(2)(A)(ii).

(4) ELIGIBLE BIA-FUNDED SCHOOL.—In this section, the term ''eligible BIA-funded school'' means a school funded by the Bureau of Indian Affairs in which there is enrolled a displaced student.

(c) APPLICATION.—

(1) STATE EDUCATIONAL AGENCY.—A State educational agency that desires to receive emergency impact aid under this section shall submit an application to the Secretary of Education, not later than 7 calendar days after the date by which an application under paragraph (2) must be submitted, in such manner, and accompanied by such information as the Secretary of Education may reasonably require, including—

(A) information on the total displaced student child count of the State provided by eligible local educational agencies in the State and eligible BIA-funded schools in the State under paragraph (2);

(B) a description of the process for the parent or guardian of a displaced student enrolled in a non-public school to indicate to the eligible local educational agency serving the area in which such school is located that the student is enrolled in such school;

(C) a description of the procedure to be used by an eligible local educational agency in such State to provide payments to accounts;

(D) a description of the process to be used by an eligible local educational agency in such State to obtain—

(i) attestations of attendance of eligible displaced students from eligible non-public schools, in order for the local educational agency to provide payments to accounts on behalf of eligible displaced students; and

(ii) attestations from eligible non-public schools that accounts are used only for the purposes described in subsection (e)(1);

(E) the criteria, including family income, used to determine the eligibility for and the amount of assistance under this section provided on behalf of a displaced student attending an eligible non-public school; and

(F) the student count for displaced students attending eligible non-public schools.

(2) LOCAL EDUCATIONAL AGENCIES AND BIA-FUNDED SCHOOLS.—An eligible local educational agency or eligible BIA-funded school that desires an emergency impact aid payment under this section shall submit an application to the State educational agency, not later than 14 calendar days after the date of the publication of the notice described in subsection (a)(4), in such manner, and accompanied by such information as the State educational agency may reasonably require, including documentation submitted quarterly for the 2005–2006 school year that indicates the following:

(A) In the case of an eligible local educational agency—

(i) the number of displaced students enrolled in the elementary schools and secondary schools (including charter schools and including the number of displaced students who are children with disabilities) served by such agency for such quarter;

(ii) the number of displaced students for whom the eligible local educational agency expects to provide payments to accounts under subsection (d)(3) including the number of displaced students who are children with disabilities) for such quarter who meet the following criteria:

(I) the displaced student enrolled in an eligible non-public school prior to the date of enactment of this Act;

(II) the parent or guardian of the displaced student chose to enroll the student in the eligible non-public school in which the student is enrolled; and

(III) the parent or guardian of the displaced student submitted, in a timely manner that allows the local educational agency to meet the documentation requirements under this paragraph, an application requesting that the agency make a payment to an account on behalf of the student; and

(iii) an assurance that the local educational agency will make payments to accounts within 14 calendar days of receipt of funds provided under this section.

(B) In the case of an eligible BIA-funded school, the number of displaced students, including the number of displaced students who are children with disabilities, enrolled in such school for such quarter.

(3) DETERMINATION OF NUMBER OF DISPLACED STUDENTS.—In determining the number of displaced students for a quarter under paragraph (2), an eligible local educational agency or eligible BIA-funded school shall include the number of displaced students served—

(A) in the case of a determination for the first quarterly installment, during the quarter prior to the date of enactment of this Act; and

(B) in the case of a determination for each subsequent quarterly installment, during the quarter immediately preceding the quarter for which the installment is provided.

(d) AMOUNTS OF EMERGENCY IMPACT AID.—

(1) AID TO STATE EDUCATIONAL AGENCIES.—

(A) IN GENERAL.—The amount of emergency impact aid received by a State educational agency for the 2005–2006 school year shall equal the sum of—

(i) the product of the number of displaced students (who are not children with disabilities), as determined by the eligible local educational agencies and eligible BIA-funded schools in the State under subsection (c)(2), times $6,000; and

(ii) the product of the number of displaced students who are children with disabilities, as determined by the eligible local educational agencies and eligible BIA-funded schools in the State under subsection (c)(2), times $7,500.

(B) INSUFFICIENT FUNDS.—If the amount available under this section to provide emergency impact aid under this subsection is insufficient to pay the full amount that a State educational agency is eligible to receive under this section, the Secretary of Education shall ratably reduce the amount of such emergency impact aid.

(C) RETENTION OF STATE SHARE.—In the case of State educational agency that has made a payment prior to the date of enactment of this Act to a local educational agency for the purpose of covering additional costs incurred as a result of enrolling a displaced student in a school served by the local educational agency, the State educational agency may retain a portion of the payment described in paragraph (2)(A)(ii) that bears the same relation to the total amount of the payment under such paragraph as the sum of such prior payments bears

to the total cost of attendance for all students in that local educational agency for whom the State educational agency made such prior payments, except that a local educational agency shall not adjust the level of funding provided to accounts under this section based on the State's retention of such amount.

(2) AID TO ELIGIBLE LOCAL EDUCATIONAL AGENCIES AND ELIGIBLE BIA-FUNDED SCHOOLS.—

(A) QUARTERLY INSTALLMENTS.—

(i) In general.—A State educational agency shall provide emergency impact aid payments under this section on a quarterly basis for the 2005–2006 school year by such dates as determined by the Secretary of Education. Such quarterly installment payments shall be based on the number of displaced students reported under subsection (c)(2) and in the amount determined under clause (ii).

(ii) PAYMENT AMOUNT.—Each quarterly installment payment under clause (i) shall equal 25 percent of the sum of—

(I) the number of displaced students (who are not children with disabilities) reported by the eligible local educational agency or eligible BIA-funded school for such quarter (as determined under subsection (c)(2) times $6,000; and

(II) the number of displaced students who are children with disabilities reported by the eligible local educational agency or eligible BIA-funded school for such quarter (as determined under subsection (c)(2)) times $7,500.

(iii) TIMELINE.—The Secretary of Education shall establish a timeline for quarterly reporting on the number of displaced students in order to make the appropriate disbursements in a timely manner.

(iv) INSUFFICIENT FUNDS.—If, for any quarter, the amount available under this section to make payments under this subsection is insufficient to pay the full amount that an eligible local educational agency or eligible BIA-funded school is eligible to receive under this section, the State educational agency shall ratably reduce the amount of such payments.

(B) MAXIMUM PAYMENT TO ACCOUNT.—In providing quarterly payments to an account for the 2005–2006 school year on behalf of a displaced student for each quarter that such student is enrolled in a non-public school in the area served by the agency under paragraph (3), an eligible local educational agency may provide not more than 4 quarterly payments to such account (each of which shall be paid not later than 14 calendar days after the date of receipt of each quarterly installment payment received under subparagraph (A)), and the aggregate amount of such payments shall not exceed the lesser of—

(i)(I) in the case of a displaced student who is not a child with a disability $6,000; or

(II) in the case of a displaced student who is a child with a disability, $7,500; or

(ii) the cost of tuition and fees (and transportation expenses, if any) at the non-public school for the 2005–2006 school year.

(C) LIMITATION.—A non-public school accessing funds on behalf of a displaced student under this section must waive tuition, or reimburse tuition paid, in an amount equal to the amount accessed.

(3) DISPLACED STUDENTS.—Subject to the succeeding sentence, an eligible local educational agency or eligible BIA-funded school receiving emergency impact aid payments under this section shall use the payment to provide services and assistance to elementary schools and secondary schools (including charter schools) served by such agency, or to such BIA-funded school, that enrolled a displaced student. An eligible local educational agency that receives emergency impact aid payments under this section and that serves an area in which there is located an eligible non-public school shall, at the request of the parent or guardian of a displaced student who meets the criteria described in subsection (c)(2)(A)(ii) and who enrolled in a non-public school in an area served by the agency, use such emergency impact aid payment to provide payment on a quarterly basis (but not to exceed the total amount specified in subsection (d)(2)(B) for the 2005–2006 school year) to an account on behalf of such displaced student.

(e) USE OF FUNDS.—

(1) AUTHORIZED USES.—The authorized uses of funds are the following:

(A) Paying the compensation of personnel, including teacher aides, in schools enrolling displaced students.

(B) Identifying and acquiring curricular material, including the costs of providing additional classroom supplies, and mobile educational units and leasing sites or spaces.

(C) Basic instructional services for such students, including tutoring, mentoring, or academic counseling.

(D) Reasonable transportation costs.

(E) Health and counseling services.

(F) Education and support services.

(2) VERIFICATION OF ENROLLMENT FOR NON-PUBLIC SCHOOLS.—Before providing a quarterly payment to an account, the eligible local educational agency shall verify with the parent or guardian of a displaced student that such displaced student is, or was, enrolled in the non-public school for such quarter.

(3) PROHIBITION.—Funds received under this section shall not be used for construction or major renovation of schools.

(4) PROVISION OF SPECIAL EDUCATION AND RELATED SERVICES.—

(A) IN GENERAL.—In the case of displaced student who is a child with a disability, any payment made on behalf of such student to an eligible local educational agency or any payment available in an account for such student, shall be used to pay for special education and related services consistent with the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

(B) SPECIAL RULE.—

(i) RETENTION.—Notwithstanding any other provision of this section, if an eligible local educational agency provides services to a displaced student attending an eligible non-public school under section 612(a)(10) of the Individuals with Disabilities Education Act (20 U.S.C. 1412(a)(10)), the eligible local educational agency may retain a portion of the assistance received under this section on behalf of such student to pay for such services.

(ii) DETERMINATION OF PORTION.—

(I) GUIDELINES.—Each State shall issue guidelines, not later than 14 calendar days after the date of the publication of the notice described in subsection (a)(4), that specify the portion of the assistance that an eligible local educational agency in the State may retain under this subparagraph. Each State shall apply such guidelines in a consistent manner throughout the State.

(II) DETERMINATION OF PORTION.—The portion specified in the guidelines shall be based on customary costs of providing services under such section 612(a)(10) for the local educational agency.

(C) DEFINITIONS.—In this paragraph:

(i) SPECIAL EDUCATION; RELATED SERVICES.—The terms ''special education'' and ''related services'' have the meaning given such terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(ii) INDIVIDUALIZED EDUCATION PROGRAM.—The term ''individualized education program'' has the meaning given the term in section 614(d)(2) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)(2)).

(f) RETURN OF AID.—

(1) ELIGIBLE LOCAL EDUCATIONAL AGENCY OR ELIGIBLE BIA-FUNDED SCHOOL.—An eligible local educational agency or eligible BIA-funded school that receives an emergency impact aid payment under this section shall return to the State educational agency any payment provided to the eligible local educational agency or school under this section that the eligible local educational agency or school has not obligated by the end of the 2005–2006 school year in accordance with this section.

(2) STATE EDUCATIONAL AGENCY.—A State educational agency that receives emergency impact aid under this section, shall return to the Secretary of Education—

(A) any aid provided to the agency under this section that the agency has not obligated by the end of the 2005–2006 school year in accordance with this section; and

(B) any payment funds returned to the State educational agency under paragraph (1).

(g) LIMITATION ON USE OF AID AND PAYMENTS.—Aid and payments provided under this section shall only be used for expenses incurred during the 2005–2006 school year.

(h) ADMINSTRATIVE EXPENSES.—A State educational agency that receives emergency impact aid under this section may use not more than 1 percent of such aid for administrative expenses. An eligible local educational agency or eligible BIA-funded school that receives emergency impact aid payments under this section may use not more than 2 percent of such payments for administrative expenses.

(i) SPECIAL FUNDING RULE.—In calculating funding under section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) for an eligible local educational agency that receives an emergency impact aid payment under this section, the Secretary of Education shall not count displaced students served by such agency for whom an emergency impact aid payment is received under this section, nor shall such students be counted for the purpose of calculating the total number of children in average daily attendance at the schools served by such agency as provided in section 8003(b)(3)(B)(i) of such Act (20 U.S.C. 7703(b)(3)(B)(i)).

(j) NOTICE.—Each State receiving emergency impact aid under this section shall provide, to the parent or guardian of each displaced student for whom a payment is made under this section to an account who resides in such State, notification that—

(1) such parent or guardian has the option of enrolling such student in a public school or a non-public school; and

(2) the temporary emergency impact aid for displaced students provided under this section is temporary and is only available for the 2005–2006 school year

(k) BYPASS.—For a State in which State law prohibits the State from using Federal funds to directly provide services on behalf of students attending non-public schools and provides that another entity shall provide such services, the Secretary of Education shall make such arrangements with that entity.

(l) REDIRECTION OF FUNDS.—

(1) IN GENERAL.—If a State educational agency or eligible local educational agency is unable to carry out this section, the Secretary of Education shall make such arrangements with he State as the Secretary determines appropriate to carry out this section on behalf of displaced students attending an eligible non-public school in the area served by such agency.

(20 SPECIAL RULE.—If an eligible local educational agency does not make a payment to an account within 14 calendar days of receipt of funds provided under this section, then—

(A) the eligible local educational agency shall return the funds received that quarter for such account to the State educational agency; and

(B) the State educational agency shall ensure that the proper payment to such account for such quarter is made not late than 14 calendar days after the date of the receipt of funds under subparagraph (A), before any further funds for such account are distributed to the eligible local educational agency.

(m) NONDISCRIMINATION.—

(1) PROHIBITION.—

(A) IN GENERAL.—A school that enrolls a displaced student under this section shall not discriminate against students on the basis of race, color, national origin, religion, disability, or sex.

(B) APPLICABILITY.—The prohibition of religious discrimination in subparagraph (A) shall not apply with regard to enrollment for a non-public school that is controlled by a religious organization or organized and operated on the basis of religious tenets, except that the prohibition of religious discrimination shall apply with respect to the enrollment of displaced students assisted under this section.

(2) SINGLE SEX SCHOOLS, CLASSES, OR ACTIVITIES.—

(A) IN GENERAL.—To the extent consistent with title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), the prohibition of sex discrimination in paragraph (1)(A) shall not apply to a non-public school that is controlled by a religious organization or organized and operated on the basis of religious tenets if the application of paragraph (1)(A) would not be consistent with the religious tenets of such organization.

(B) SINGLE SEX SCHOOLS, CLASSES, OR ACTIVITIES.—Notwithstanding paragraph (1)(A) and to the extent consistent with title IX of the Education Amendments of 1972, a parent or guardian may choose and a non-public school may offer a single sex school, class, or activity.

(3) GENERAL PROVISION.—Nothing in this subtitle may be construed to alter or modify the provisions of the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

(4) OPT-OUT.—A parent or guardian of a displaced student on behalf of whom a payment to an account is made under this section shall have the option to have such parent or guardian's displaced child opt out of religious worship or religious classes offered by the non-public school in which such student is enrolled and on behalf of whom a payment to an account is made under this section.

(5) RULE OF CONSTRUCTION.—The amount of any payment (or other form of support provided on behalf of a displaced student) under this section shall not be treated as income of a parent or guardian of the student for purposes of Federal tax laws or for determining eligibility for any other Federal program.

(m) TREATMENT OF STATE AID.—A State shall not take into consideration emergency impact aid payments received under this section by a local educational agency in the State in determining the eligibility of such local educational agency for State aid, or the amount of State aid, with respect to free public education of children.

SEC. 108. SEVERABILITY.

If any provision of this subtitle, an amendment made by this subtitle, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this subtitle, the amendments made by this subtitle, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 109. AUTHORIZATION OF FUNDS.

There are authorized to be appropriated such sums as may be necessary to carry out sections 102, 106, and 107.

SEC. 110. SUNSET PROVISION.

Except as provided in section 105, the provisions of this subtitle shall be effective for the period beginning on the date of enactment of this Act and ending on August 1, 2006.

Subtitle B—Higher Education Hurricane Relief

SEC. 201. SHORT TITLE.

This subtitle may be cited as the ''Higher Education Hurricane Relief Act of 2005''.

SEC. 202. GENERAL WAIVERS AND MODIFICATIONS.

(a) AUTHORITY.—Notwithstanding any other provision of law, unless enacted with specific reference to this section, the Secretary is authorized to waive or modify any statutory or regulatory provision applicable to the student financial assistance programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), or any student or institutional eligibility provisions in the Higher Education Act of 1965, as the Secretary deems necessary in connection with a Gulf hurricane disaster to ensure that—

(1) administrative requirements placed on affected students, affected individuals, affected institutions, lenders, guaranty agencies, and grantees are minimized to the extent possible without impairing the integrity of the higher education programs under the Higher Education Act of 1965, to ease the burden on such participants; or

(2) institutions of higher education, lenders, guaranty agencies, and other entities participating in the student financial assistance programs under title IV of the Higher Education Act of 1965, that serve an area affected by a Gulf hurricane disaster, may be granted temporary relief from requirements that are rendered infeasible or unreasonable due to the effects of a Gulf hurricane disaster, including due diligence requirements and reporting deadlines.

(b) AUTHORITY TO EXTEND OR WAIVE REPORTING REQUIREMENTS UNDER SECTION 131(a).—The Secretary is authorized to extend reporting deadlines or waive reporting requirements under section 131(a) of the Higher Education Act of 1965 (20 U.S.C. 1015(a)) for an affected institution.

(c) CONSTRUCTION.—Nothing in this subtitle shall be construed—

(1) to allow the Secretary to waive or modify any applicable statutory or regulatory requirements prohibiting discrimination in a program or activity, or in employment or contracting, under existing law (in existence on the date of the Secretary's action); or

(2) to authorize any refunding of any repayment of a loan.

SEC. 203. MODIFICATION OF PART A OF TITLE II GRANTS AUTHORIZED.

The Secretary is authorized to approve modifications to the requirements for Teacher Quality Enhancement Grants for States and Partnerships under part A of title II of the Higher Education Act of 1965 (20 U.S.C. 1021 et seq.), at the request of the grantee—

(1) to assist States and local educational agencies to recruit and retain highly qualified teachers in a school district located in an area affected by a Gulf hurricane disaster; and

(2) to assist institutions of higher education, located in such area to recruit and retain faculty necessary to prepare teachers and provide professional development.

SEC. 204. AUTHORIZED USES OF TRIO, GEAR–UP, PART A OR B OF TITLE III, AND OTHER GRANTS.

The Secretary is authorized to modify the required and allowable uses of funds under chapters 1 and 2 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq., 1070a–21 et seq.), under part A or B of title III (20 U.S.C. 1057 et seq., 1060 et seq.), and under any other competitive grant program, at the request of an affected institution or other grantee, with respect to affected institutions and other grantees located in an area affected by a Gulf hurricane disaster. The Secretary may not, under the authority of this section, authorize any new construction, renovation, or improvement of classrooms, libraries, laboratories, or other instructional facilities that is not authorized under the institution's grant award, as in effect on the date of enactment of this Act, under part A or B of title III of such Act.

SEC. 205. PROFESSIONAL JUDGMENT.

A financial aid administrator shall be considered to be making an adjustment in accordance with section 479A(a) of the Higher Education Act of 1965 (20 U.S.C. 1087tt(a)) if the financial aid administrator makes the adjustment with respect to the calculation of the expected student or parent contribution (or both) for an affected student, or for a student or a parent who resides or resided on August 29, 2005, or was employed on August 29, 2005, in an area affected by a Gulf hurricane disaster. The financial aid administrator shall adequately document the need for the adjustment.

SEC. 206. EXPANDING INFORMATION DISSEMINATION REGARDING ELIGIBILITY FOR PELL GRANTS.

(a) IN GENERAL.—The Secretary shall make special efforts, in conjunction with State efforts, to notify affected students and if applicable, their parents, who qualify for means-tested Federal benefit programs, of their potential eligibility for a maximum Pell Grant, and shall disseminate such informational materials as the Secretary deems appropriate.

(b) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—For the purpose of this section, the term ''means-tested Federal benefit program'' means a mandatory spending program of the Federal Government, other than a program under the Higher Education Act of 1965, in which eligibility for the program's benefits, or the amount of such benefits, or both, are determined on the basis of income or resources of the individual or family seeking the benefit, and may include such programs as the supplemental security income program under title XVI of the Social Security Act, the food stamp program under the Food Stamp Act of 1977, the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act, the temporary assistance to needy families program established under part A of title IV of the Social Security Act, and the women, infants, and children program established under section 17 of the Child Nutrition Act of 1966, and other programs identified by the Secretary.

SEC. 207. PROCEDURES.

(a) REGULATORY REQUIREMENTS INAPPLICABLE.—Sections 482(c) and 492 of the Higher Education Act of 1965 (20 U.S.C. 1089(c), 1098a), section 437 of the General Education Provisions Act (20 U.S.C. 1232), and section 553 of title 5, United States Code, shall not apply to this subtitle.

(b) NOTICE OF WAIVERS, MODIFICATIONS, OR EXTENSIONS.—Notwithstanding section 437 of the General Education Provisions Act (20 U.S.C. 1232) and section 553 of title 5, United States Code, the Secretary shall make publicly available the waivers, modifications, or extensions granted under this subtitle.

(c) CASE-BY-CASE BASIS.—The Secretary is not required to exercise any waiver or modification authority under this subtitle on a case-by-case basis.

SEC. 208. TERMINATION OF AUTHORITY.

The authority of the Secretary to issue waivers or modifications under this subtitle shall expire at the conclusion of the 2005–2006 academic year.

SEC. 209. DEFINITIONS.

For the purposes of this subtitle, the following terms have the following meanings:

(1) AFFECTED INDIVIDUAL.—The term ''affected individual'' means an individual who has applied for or received student financial assistance under title IV of the Higher Education Act of 1965, and—

(A) who is an affected student; or

(B) whose primary place of employment or residency was, as of August 29, 2005, in an area affected by a Gulf hurricane disaster.

(2) AFFECTED INSTITUTION.—

(A) IN GENERAL.—The term ''affected institution'' means an institution of higher education that—

(i) is located in an area affected by a Gulf hurricane disaster; and

(ii) has temporarily ceased operations as a consequence of a Gulf hurricane disaster, as determined by the Secretary.

(B) LENGTH OF TIME.—In determining eligibility for assistance under this subtitle, the Secretary, using consistent, objective criteria, shall determine the time period for which an institution of higher education is an affected institution.

(C) SPECIAL RULE.—An organizational unit of an affected institution that is not impacted by a Gulf hurricane disaster shall not be considered as part of such affected institution for purposes of receiving assistance under this subtitle.

(3) AFFECTED STATE.—The term ''affected State'' means the State of Alabama, Florida, Louisiana, Mississippi, or Texas

AFFECTED STUDENT.—The term ''affected student'' means an individual who was enrolled or accepted for enrollment on August 29, 2005, at an affected institution.

(5) AREA AFFECTED BY A GULF HURRICANE DISASTER.—The term ''area affected by a Gulf hurricane disaster'' means a county or parish, in an affected State, that has been designated by the Federal Emergency Management Agency for disaster assistance for individuals and households as a result of Hurricane Katrina or Hurricane Rita.

(6) CANCELLED ENROLLMENT PERIOD.—The term ''cancelled enrollment period'' means any period of enrollment at an affected institution during the academic year 2005–2006, during which students were unable to attend such institution.

(7) GULF HURRICANE DISASTER.—The term ''Gulf hurricane disaster'' means a major disaster that the President declared to exist, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and that was caused by Hurricane Katrina or Hurricane Rita.

(8) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' means—

(A) an institution covered by the definition of such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001); and

(B) an institution described in subparagraph (A) or (B) of section 102(a)(1) of such Act (20 U.S.C. 1002(a)(1)(A), (B)).

(9) QUALIFIED STUDENT LOAN.—The term ''qualified student loan'' means any loan made, insured, or guaranteed under part B, D, or E of title IV of the Higher Education Act of 1965, other than a loan under section 428B of such title or a Federal Direct Plus loan.

(10) QUALIFIED PARENT LOAN.—The term ''qualified parent loan'' means a loan made under section 428B of title IV of the Higher Education Act of 1965 or a Federal Direct Plus loan.

(11) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

Subtitle C—Education and Related Programs Hurricane Relief

SEC. 301. AGREEMENTS TO EXTEND CERTAIN DEADLINES OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT TO FACILITATE THE PROVISION OF EDUCATIONAL SERVICES TO CHILDREN WITH DISABILITIES.

(a) AUTHORITY.—The Secretary of Education may enter into an agreement described in subsection (b) with an eligible entity to extend certain deadlines under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) related to providing special education and related services, including early intervention services, to individuals adversely affected by a Gulf hurricane disaster.

(b) TERMS OF AGREEMENTS.—An agreement referred to in subsection (a) is an agreement with an eligible entity made in accordance with subsection (e) that may extend the applicable deadlines under one or more of the following sections:

(1) Section 611(e)(3)(C)(ii) of such Act, by extending up to an additional 60 days the 90 day deadline for developing a State plan for the high cost fund.

(2) Section 612(a)(15)(C) of such Act, by extending up to an additional 60 days the deadline for submission of the annual report to the Secretary of Education and the public regarding the progress of the State and of children with disabilities in the State.

(3) Section 612(a)(16)(D) of such Act, by extending up to an additional 60 days the deadline for making available reports regarding the participation in assessments and the performance on such assessments of children with disabilities.

(4) Section 614(a)(1)(C)(i)(I) of such Act, by extending up to an additional 30 days the 60 day deadline for the initial evaluation to determine whether a child is a child with a disability for purposes of the provision of special education and related services to such child.

(5) Section 616(b)(1)(A) of such Act, by extending up to an additional 60 days the deadline for finalization of the State performance plan.

(6) Section 641(e)(1)(D) of such Act, by extending up to an additional 60 days the deadline for submission to the Governor of a State and the Secretary of Education of the report on the status of early intervention programs for infants and toddlers with disabilities and their families operated within the State.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

(1) as permitting the waiver of—

(A) any applicable Federal civil rights law;

(B) any student or family privacy protections, including provisions requiring parent consent for evaluations and services;

(C) any procedural safeguards required under section 615 or section 639 of the Individuals with Disabilities Education Act; or

(D) any requirements not specified in subsection (b) of this section; or

(2) as removing the obligation of the eligible entity to provide a child with a disability or an infant or toddler with a disability and their families—

(A) a free appropriate public education under part B of the Individuals with Disabilities Education Act; or

(B) early intervention services under part C of such Act.

(d) DURATION OF AGREEMENT.—An agreement under this section shall terminate at the conclusion of the 2005–2006 academic year.

(e) REQUEST TO ENTER INTO AGREEMENT.—To enter into an agreement under this section, an eligible entity shall submit a request to the Secretary of Education at such time, in such manner, and containing such information as the Secretary may require.

SEC. 302. HEAD START AND CHILD CARE AND BLOCK GRANT/DEVELOPMENT

(a) HEAD START.—

(1) TECHNICAL ASSISTANCE, GUIDANCE, AND RESOURCES.—From the amount made available for Head Start in this Act, the Secretary of Health and Human Services shall provide training and technical assistance, guidance, and resources through the Region 4 and Region 6 offices of the Administration for Children and Families (and may provide training and technical assistance, guidance, and resources through other regional offices of the Administration, at the request of such offices that administer affected Head Start agencies and Early Head Start entities) to Head Start agencies and Early Head Start entities in areas affected by a Gulf hurricane disaster, and to affected Head Start agencies and Early Head Start entities, to assist the agencies and entities involved to address the health and counseling needs of infants, toddlers, and young children affected by a Gulf hurricane disaster. Such training and technical assistance may be provided by contract or cooperative agreement with qualified national, regional, or local providers.

(2) WAIVER.—For such period up to September 30, 2006, and to such extent as the Secretary considers appropriate, the Secretary of Health and Human Services—

(A) may waive section 640(b) of the Head Start Act for Head Start agencies located in an area affected by a Gulf hurricane disaster, and other affected Head Start agencies and Early Head Start agencies; and

(B) shall waive requirements of documentation for individuals adversely affected by a Gulf hurricane disaster who participate in a Head Start program on an Early Head Start program funded under the Head Start Act.

(b) CHILD CARE AND DEVELOPMENT BLOCK GRANT.—

(1) CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—For such period up to September 30, 2006, and to such extent as the Secretary considers to be appropriate, the Secretary of Health and Human Services may waive, for any affected State, and any State serving significant numbers of individuals adversely affected by a Gulf hurricane disaster, provisions of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.)—

(A) relating to Federal income limitations on eligibility to receive child care services for which assistance is provided under such Act;

(B) relating to work requirements applicable to eligibility to receive child care services for which assistance is provided under such Act;

(C) relating to limitations on the use of funds under section 658G of the Child Care and Development Block Grant Act of 1990;

(D) preventing children designated as evacuees for receiving priority for child care services provided under such Act, except that children residing in a State and currently receiving services should not lose such services to accommodate evacuee children; and

(E) relating to any non-Federal or capital contribution required (including copayment or other cost sharing by parents receiving child care assistance) to match Federal funds provided under programs administered by the Secretary of Health and Human Services;

(2) TECHNICAL ASSISTANCE AND GUIDANCE.—The Secretary may provide assistance to States for the purpose of providing training, technical assistance, and guidance to eligible child care providers (as defined in section 658P of the Child Care and Development Block Grant Act of 1990) who are licensed and regulated, as applicable, by the States, to enable such provides to provide child care services for children and families described in paragraph (1). Such training and technical assistance may be provided through intermediary organizations, including those with demonstrated experience in providing training and technical assistance to programs serving school-age children up to age 13, involved in restituting child care services on a broad scale in areas affected by a Gulf hurricane disaster.

SEC. 303. DEFINITIONS.

(a) IN GENERAL.—Unless otherwise specified in this subtitle, the terms used in this subtitle have the meanings given the terms in section 9101 of the Elementary and Secondary Education Act of 1965.

(b) ADDITIONAL DEFINITIONS.—For the purposes of this subtitle.

(1) AFFECTED HEAD START AGENCIES AND EARLY HEAD START AGENCIES.—The term ''affected Head Start Agencies and Early Head Start Agencies'' means a Head Start agency receiving a significant number of children from an area win which a Gulf hurricane disaster has been declared.

(2) AFFECTED STATE.—The term ''affected State'' means the State of Alabama, Florida, Louisiana, Mississippi, or Texas.

(3) AREA AFFECTED BY A GULF HURRICANE DISASTER.—The term ''area affected by a Gulf hurricane disaster'' means a county or parish, in an affected State, that has been designated by the Federal Energy Management Agency for disaster assistance for individuals and households as a result of Hurricane Katrina or Hurricane Rita.

(4) CHILD WITH A DISABILITY.—The term ''child with a disability'' has the meaning given

such term in section 602(30 of the Individuals with Disabilities Education Act.

(5) ELIGIBILE ENTITY.—The term ''eligible entity'' means—

(A) a local educational agency (as defined in section 602(19) of the Individuals with Disabilities Education Act) if such agency is located in a State or in an area of a State with respect to which the President has declared that a Gulf hurricane disaster exists;

(B) a State educational agency (as defined in section 602(32) of such Act) if such agency is located in a State with respect to which the President has declared that a Gulf hurricane disaster exists; or

(C) a State interagency coordinating council established under section 641 of such Act if such council is located in a State with respect to which the President has declared that a Gulf hurricane disaster exists.

(6) GULF HURRICANE DISASTER.—The term ''Gulf hurricane disaster'' means a major disaster that the President declared to exist, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and that was caused by Hurricane Katrina or Hurricane Rita.

(7) HIGHLY QUALIFIED.—The term ''highly qualified''—

(A) in the case of a special education teacher, has the meaning given such term in section 602 of the Individuals with Disabilities Education Act; and

(B) in the case of any other elementary, middle, or secondary school teacher, has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965.

(8) INDIVIDUAL ADVERSELY AFFECTED BY A GULF HURRICANE DISASTER.—The term ''individual adversely affected by a Gulf hurricane disaster'' means an individual who, on August 29, 2005, was living, working, or attending school in an area in which the President has declared to exist a Gulf hurricane disaster.

(9) INFANT OR TODDLER WITH A DISABILITY.—The term ''infant or toddler with a disability'' has the meaning given such term in section 632(5) of the Individuals with Disabilities Education Act.

TITLE V

GENERAL PROVISIONS AND TECHNICAL CORRECTIONS

SEC. 5001. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 5002. Except as expressly provided otherwise, any reference to ''this Act'' contained in either division A or division B shall be treated as referring only to the provisions of that division.

SEC. 5003. Effective upon the enactment of this Act, none of the funds appropriated or otherwise made available by the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107–38) shall be transferred to or from the Emergency Response Fund.

SEC. 5004. Title I of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (Public Law 109–97) is amended in the paragraph under the heading ''Cooperative State Research, Education, and Extension Service, Research and Education Activities'' (109 Stat. 2126) by inserting '', to remain available until expended'' after ''for a veterinary medicine loan repayment program pursuant to section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), $500,000''.

SEC. 5005. Section 207 of division C of Public Law 108–447 is amended by inserting '', and any effects of inflation thereon,'' after the word ''increase''.

SEC. 5006. The matter under the heading ''Water and Related Resources'' in Public Law 109–103 is amended by inserting before the period at the end the following: '': Provided further, That $10,000,000 of the funds appropriated under this heading shall be deposited in the San Gabriel Basin Restoration Fund established by section 110 of title I of appendix D of Public Law 106–554''.

SEC. 5007. The funds appropriated in Public Law 109–103 under the heading ''Bureau of Reclamation, Water and Related Resources'' for the Placer County, California Sub-Regional Wastewater Treatment Project are hereby transferred to and merged with the amount appropriated in such public law under the heading ''Corps of Engineers—Civil, Construction'', and shall be used for the construction of such project under the same terms and conditions that would have been applicable if such funds had originally been appropriated to the Corps of Engineers.

SEC. 5008. Section 118 of Public Law 109–103 is amended by striking ''106–541'' and inserting ''106–53'' in lieu thereof.

SEC. 5009. Public Law 109–103 is amended under the heading ''Corps of Engineers—Civil, Investigations'', by striking ''Provided further, That using $8,000,000'' and all that follows to the end of the paragraph, and inserting in lieu thereof, ''Provided further, That using $8,000,000 of the funds provided herein, the Secretary of the Army, acting through the Chief of Engineers, is directed to conduct a comprehensive hurricane protection analysis and design at full federal expense to develop and present a full range of flood control, coastal restoration, and hurricane protection measures exclusive of normal policy considerations for South Louisiana and the Secretary shall submit a preliminary technical report for comprehensive Category 5 protection within 6 months of enactment of this Act and a final technical report for Category 5 protection within 24 months of enactment of this Act: Provided further, That the Secretary shall consider providing protection for a storm surge equivalent to a Category 5 hurricane within the project area and may submit reports on component areas of the larger protection program for authorization as soon as practicable: Provided further, That the analysis shall be conducted in close coordination with the State of Louisiana and its appropriate agencies.''.

SEC. 5010. Funds made available under the heading ''Construction, Rehabilitation, Operation and Maintenance, Western Area Power Administration'' in Public Law 109–103 shall be available for the operation, maintenance, and purchase, through transfer, exchange, or sale, of one helicopter for replacement only.

SEC. 5011. (a) In addition to the amounts provided elsewhere in this Act, $50,000,000 is hereby appropriated to the Department of Labor, to remain available until expended, for payment to the New York State Uninsured Employers Fund for reimbursement of claims related to the September 11, 2001, terrorist attacks on the United States and for reimbursement of claims related to the first response emergency services personnel who were injured, were disabled, or died due to such terrorist attacks.

(b) In addition to the amounts provided elsewhere in this Act, $75,000,000 is hereby appropriated to the Centers for Disease Control and Prevention, to remain available until expended, for purposes related to the September 11, 2001, terrorist attacks on the United States. In expending such funds, the Director of the Centers for Disease Control and Prevention shall (1) give first priority to existing programs that administer baseline and follow-up screening, clinical examinations, or long-term medical health monitoring, analysis, or treatment for emergency services personnel or rescue and recovery personnel, as coordinated by the Mount Sinai Center for Occupational and Environmental Medicine of New York City, the New York City Fire Department's Bureau of Health Services and Counseling Services Unit, the New York City Police Foundation's Project COPE, the Police Organization Providing Peer Assistance of New York City, and the New York City Department of Health and Mental Hygiene's World Trade Center Health Registry; and (2) give secondary priority to similar programs coordinated by other entities working with the State of New York and New York City.

(c) Each amount appropriated in this section is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

SEC. 5012. The Flexibility for Displaced Workers Act (Public Law 109–72) is amended by striking ''Hurricane Katrina'' each place it appears and inserting ''hurricanes in the Gulf of Mexico in calendar year 2005''.

SEC. 5013. Section 124 of Public Law 109–114 is amended by inserting before the period at the end the following: '': Provided further, That nothing in this section precludes the Secretary of a military department, after notifying the congressional defense committees and waiting 21 days, from using funds derived under section 2601, chapter 403, chapter 603, or chapter 903 of title 10, United States Code, for the maintenance or repair of General and Flag Officer Quarters at the military service academy under the jurisdiction of that Secretary: Provided further, That each Secretary of a military department shall provide an annual report by February 15 to the congressional defense committees on the amount of funds that were derived under section 2601, chapter 403, chapter 603, or chapter 903 of title 10, United States Code in the previous year and were obligated for the construction, improvement, repair, or maintenance of any military facility or infrastructure''.

SEC. 5014. Section 128 of Public Law 109–114 is amended as follows—

(1) by inserting after ''support'' the following: ''a continuing mission or function at that installation or''; and

(2) by inserting after the last period the following: ''This section shall not apply to military construction projects, land acquisition, or family housing projects for which the project is vital to the national security or the protection of health, safety, or environmental quality: Provided, That the Secretary of Defense shall notify the congressional defense committees within seven days of a decision to carry out such a military construction project.''.

SEC. 5015. The amount provided for ''Military Construction, Army'' in Public Law 109–114 is hereby reduced by $8,100,000 for the Special Operations Free Fall Simulator at Yuma Proving Ground, Arizona.

The amount provided for ''Military Construction, Army'' in Public Law 109–114 is hereby increased by $8,100,000 for the Upgrade Wastewater Treatment Plant at Yuma Proving Ground, Arizona.

SEC. 5016. The last paragraph of Public Law 109–114 is amended by inserting ''Military Construction,'' before ''Military Quality''.

SEC. 5017. (a) Section 613 of Public Law 109–108 is amended by striking ''$500,000 shall be for a grant to Warren County, Virginia, for a community enhancement project;'' and inserting ''$250,000 shall be for a grant to Warren County, Virginia, for a community enhancement project; $250,000 shall be for a grant to The ARC of Loudoun County for land acquisition and construction;'';

(b) Section 619(a) of division B in Public Law 108–447 is amended by striking ''$50,000 shall be available for a grant for the Promesa Foundation in the Bronx, New York, to provide community growth funding;'' and inserting ''$50,000 shall be available for a grant to the Promesa Foundation to provide financial assistance to New York area families and organizations under a youth sports and recreational initiative;'';

(c) Section 621 of division B in Public Law 108–199 is amended by striking ''$200,000 shall be available for a grant for the Promesa Foundation in South Bronx, New York, to provide community growth funding;'' and inserting

''$200,000 shall be available for a grant to the Promesa Foundation to provide financial assistance to New York area families and organizations under a youth sports and recreational initiative;'';

(d) Section 625 of division B in Public Law 108–7 is amended by striking ''$200,000 shall be available for a grant for the Promesa Foundation in South Bronx, New York to provide community growth funding;'' and inserting ''$200,000 shall be available for a grant to the Promesa Foundation to provide financial assistance to New York area families and organizations under a youth sports and recreational initiative;''.

SEC. 5018. Public Law 109–108 is amended under the heading ''State and Local Law Enforcement Assistance'' in subparagraph 4 by striking ''authorized by subpart 2 of part E, of title I of the 1968 Act, notwithstanding the provisions of section 511 of said Act''.

(TRANSFER OF FUNDS)

SEC. 5019. The unobligated and unexpended balances of the amount appropriated under the heading ''United States-Canada Railroad Commission'' by chapter 9 of title II of Public Law 107–20 shall be transferred as a direct lump-sum payment to the University of Alaska.

SEC. 5020. The matter under the heading ''Federal Transit Administration, capital investment grants'' in title I of division A of Public Law 109–115 is amended by striking ''Virginia, $26,000,000'' and inserting ''Virginia, $30,000,000''; by striking ''Ohio, $24,770,000'' and inserting ''Ohio, $24,774,513''; and by striking ''Metro, Pennsylvania, $2,000,000'' and inserting ''Metro, Pennsylvania, $4,000,000''.

SEC. 5021. For purposes of compliance with section 205 of Public Law 109–115, a reduction in taxpayer service shall include, but not be limited to, any reduction in available hours of telephone taxpayer assistance on a daily, weekly and monthly basis below the levels in existence during the month of October 2005.

SEC. 5022. The referenced statement of the managers under the heading ''Community development fund'' in Public Law 108–447 is amended with respect to item number 145 by striking ''Putnam County, Missouri'' and inserting ''Sullivan County, Missouri''.

SEC. 5023. The statement of the managers correction referenced under the second paragraph of the heading ''Community development fund'' in title III of Public Law 109–115 (as in effect pursuant to H. Con. Res. 308, 109th Congress) is deemed to be amended—

(1) with respect to item number 65 by striking ''$125,000 to Esperanza Mercado Project, California for the Esperanza Community Maple-Mae Project;'' and inserting ''$125,000 to the Esperanza Community Housing Corporation, Los Angeles, California for the Mercado La Paloma project;'';

(2) with respect to item number 840 by striking ''$100,000 to Gwen's Girls, Inc. in Pittsburgh, Pennsylvania for construction of a residential facility;'' and inserting ''$100,000 to the Bloomfield-Garfield Association in Pittsburgh, Pennsylvania for acquisition and demolition;'';

(3) with respect to item number 411 by striking ''$200,000 to the City of Holyoke, Massachusetts for renovations of facility for Solutions Development Corporation;'' and inserting ''$200,000 to Solutions Development Inc. of Holyoke, Massachusetts for facility renovations;'';

(4) with respect to item number 314 by striking ''$225,000 to the City of Harvey, Illinois for demolition and redevelopment of property to aid the community;'' and inserting ''$225,000 to the Village of Riverdale, Illinois for planning, design, acquisition, and demolition;'';

(5) with respect to item number 715 by striking ''39th'' and inserting ''59th'';

(6) with respect to item number 26 by striking ''Center'' and inserting ''College'';

(7) with respect to item number 372 by striking ''Fairview, Kansas'' and inserting ''Fairway, Kansas'';

(8) with respect to item number 584 by striking ''City of Asheville, North Carolina for the renovation of the Asheville Veterans Memorial Stadium'' and inserting ''UNC Asheville Science and Multimedia Center, City of Asheville, North Carolina for the construction of a new science and multi-media building''; and

(9) with respect to item number 341 by striking ''Village of Northfield, IL'' and inserting ''Northfield Park District of Illinois''.

SEC. 5024. The referenced statement of the managers under the heading ''Community development fund'' in title II of division I of Public Law 108–447 is deemed to be amended with respect to item 571 by striking ''$575,000 to the Metropolitan Development Association in Syracuse, New York for the Essential New York Initiative'' and inserting ''$200,000 to the Monroe County Industrial Development Agency for streetscape and infrastructure improvements to the Medley Center in the Town of Irondequoit, New York; $90,000 to the City of Syracuse, New York for facilities and equipment improvements for the Syracuse Food Bank; $200,000 to the City of Syracuse, New York for renovations and infrastructure improvements to the Lofts on Willow Urban Village project; and, $85,000 to Cayuga County, New York for the CIVIC Heritage Historical Society for the construction of a history center;''.

SEC. 5025. Effective upon the enactment of this Act, none of the funds appropriated or otherwise made available by the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107–38) shall be transferred to or from the Emergency Response Fund.

This division may be cited as the ''Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006''.

DIVISION C—AMERICAN ENERGY INDEPENDENCE AND SECURITY ACT OF 2005

SEC. 1. SHORT TITLE.

This division may be cited as the ''American Energy Independence and Security Act of 2005''.

SEC. 2. DEFINITIONS.

In this division:

(1) COASTAL PLAIN.—The term ''Coastal Plain'' means that area identified as the ''1002 Coastal Plain Area'' on the map.

(2) FEDERAL AGREEMENT.—The term ''Federal Agreement'' means the Federal Agreement and Grant Right-of-Way for the Trans-Alaska Pipeline issued on January 23, 1974, in accordance with section 28 of the Mineral Leasing Act (30 U.S.C. 185) and the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1651 et seq.).

(3) FINAL STATEMENT.—The term ''Final Statement'' means the final legislative environmental impact statement on the Coastal Plain, dated April 1987, and prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

(4) MAP.—The term ''map'' means the map entitled ''Arctic National Wildlife Refuge'', dated September 2005, and prepared by the United States Geological Survey.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior (or the designee of the Secretary), acting through the Director of the Bureau of Land Management in consultation with the Director of the United States Fish and Wildlife Service and in coordination with a State coordinator appointed by the Governor of the State of Alaska.

SEC. 3. LEASING PROGRAM FOR LAND WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—

(1) AUTHORIZATION.—Congress authorizes the exploration, leasing, development, production, and economically feasible and prudent transportation of oil and gas in and from the Coastal Plain.

(2) ACTIONS.—The Secretary shall take such actions as are necessary—

(A) to establish and implement, in accordance with this division, a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain while taking into consideration the interests and concerns of residents of the Coastal Plain, which is the homeland of the Kaktovikmiut Inupiat; and

(B) to administer this division through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(i) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment; and

(ii) require the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this division in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) is repealed.

(2) CONFORMING AMENDMENT.—The table of contents contained in section 1 of that Act (16 U.S.C. 3101 note) is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.)—

(A) the oil and gas pre-leasing and leasing program, and activities authorized by this section in the Coastal Plain, shall be considered to be compatible with the purposes for which the Arctic National Wildlife Refuge was established; and

(B) no further findings or decisions shall be required to implement that program and those activities.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The Final Statement shall be considered to satisfy the requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) that apply with respect to pre-leasing activities, including exploration programs and actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this division before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—

(A) IN GENERAL.—Before conducting the first lease sale under this division, the Secretary shall prepare an environmental impact statement in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the actions authorized by this division that are not referred to in paragraph (2).

(B) IDENTIFICATION AND ANALYSIS.—Notwithstanding any other provision of law, in carrying out this paragraph, the Secretary shall not be required—

(i) to identify nonleasing alternative courses of action; or

(ii) to analyze the environmental effects of those courses of action.

(C) IDENTIFICATION OF PREFERRED ACTION.—Not later than 18 months after the date of enactment of this Act, the Secretary shall—

(i) identify only a preferred action and a single leasing alternative for the first lease sale authorized under this division; and

(ii) analyze the environmental effects and potential mitigation measures for those 2 alternatives.

(D) PUBLIC COMMENTS.—In carrying out this paragraph, the Secretary shall consider only public comments that are filed not later than 20 days after the date of publication of a draft environmental impact statement.

(E) EFFECT OF COMPLIANCE.—Notwithstanding any other provision of law, compliance with this paragraph shall be considered to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this division.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this division expands or limits any State or local regulatory authority.

(e) SPECIAL AREAS.—

(1) DESIGNATION.—

(A) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the North Slope Borough, Alaska, and the City of Kaktovik, Alaska, may designate not more than 45,000 acres of the Coastal Plain as a special area if the Secretary determines that the special area would be of such unique character and interest as to require special management and regulatory protection.

(B) SADLEROCHIT SPRING AREA.—The Secretary shall designate as a special area in accordance with subparagraph (A) the Sadlerochit Spring area, comprising approximately 4,000 acres as depicted on the map.

(2) MANAGEMENT.—The Secretary shall manage each special area designated under this subsection in a manner that—

(A) respects and protects the Native people of the area; and

(B) preserves the unique and diverse character of the area, including fish, wildlife, subsistence resources, and cultural values of the area.

(3) EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.—

(A) IN GENERAL.—The Secretary may exclude any special area designated under this subsection from leasing.

(B) NO SURFACE OCCUPANCY.—If the Secretary leases all or a portion of a special area for the purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the land comprising the special area.

(4) DIRECTIONAL DRILLING.—Notwithstanding any other provision of this subsection, the Secretary may lease all or a portion of a special area under terms that permit the use of horizontal drilling technology from sites on leases located outside the special area.

(f) LIMITATION ON CLOSED AREAS.—The Secretary may not close land within the Coastal Plain to oil and gas leasing or to exploration, development, or production except in accordance with this division.

(g) REGULATIONS.—

(1) IN GENERAL.—Not later than 15 months after the date of enactment of this Act, in consultation with appropriate agencies of the State of Alaska, the North Slope Borough, Alaska, and the City of Kaktovik, Alaska, the Secretary shall issue such regulations as are necessary to carry out this division, including rules and regulations relating to protection of the fish and wildlife, fish and wildlife habitat, and subsistence resources of the Coastal Plain.

(2) REVISION OF REGULATIONS.—The Secretary may periodically review and, as appropriate, revise the rules and regulations issued under paragraph (1) to reflect any significant scientific or engineering data that come to the attention of the Secretary.

SEC. 4. LEASE SALES.

(a) IN GENERAL.—Land may be leased pursuant to this division to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after that nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) LEASE SALE BIDS.—Bidding for leases under this division shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—For the first lease sale under this division, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary shall—

(1) not later than 22 months after the date of enactment of this Act, conduct the first lease sale under this division;

(2) not later than September 30, 2010, conduct a second lease sale under this division; and

(3) conduct additional sales at appropriate intervals if sufficient interest in exploration or development exists to warrant the conduct of the additional sales.

SEC. 5. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—Upon payment by a lessee of such bonus as may be accepted by the Secretary, the Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 4 a lease for any land on the Coastal Plain.

(b) SUBSEQUENT TRANSFERS.—

(1) IN GENERAL.—No lease issued under this division may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary.

(2) CONDITION FOR APPROVAL.—Before granting any approval described in paragraph (1), the Secretary shall consult with and give due consideration to the opinion of the Attorney General.

SEC. 6. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this division shall—

(1) provide for the payment of a royalty of not less than 12½ percent of the amount or value of the production removed or sold from the lease, as determined by the Secretary in accordance with regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, such portions of the Coastal Plain to exploratory drilling activities as are necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that each lessee of land within the Coastal Plain shall be fully responsible and liable for the reclamation of land within the Coastal Plain and any other Federal land that is adversely affected in connection with exploration, development, production, or transportation activities within the Coastal Plain conducted by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, that reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for land required to be reclaimed under this division shall be, to the maximum extent practicable—

(A) a condition capable of supporting the uses that the land was capable of supporting prior to any exploration, development, or production activities; or

(B) upon application by the lessee, to a higher or better standard, as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment as required under section 3(a)(2);

(7) provide that each lessee, and each agent and contractor of a lessee, use their best efforts to provide a fair share of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State of Alaska, as determined by the level of obligation previously agreed to in the Federal Agreement; and

(8) contain such other provisions as the Secretary determines to be necessary to ensure compliance with this division and regulations issued under this division.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this division, and in recognizing the proprietary interest of the Federal Government in labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this division (including the special concerns of the parties to those leases), shall require that each lessee, and each agent and contractor of a lessee, under this division negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 7. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—In accordance with section 3, the Secretary shall administer this division through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, or other provisions that—

(1) ensure, to the maximum extent practicable, that oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, fish and wildlife habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum surface acreage covered in connection with the leasing program by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall require, with respect to any proposed drilling and related activities on the Coastal Plain, that—

(1) a site-specific environmental analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, fish and wildlife habitat, subsistence resources, subsistence uses, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the maximum extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan occur after consultation with—

(A) each agency having jurisdiction over matters mitigated by the plan;

(B) the State of Alaska;

(C) North Slope Borough, Alaska; and

(D) the City of Kaktovik, Alaska.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leasing program authorized by this division, the Secretary shall prepare and issue regulations, lease terms, conditions, restrictions, prohibitions, stipulations, or other measures designed to ensure, to the maximum extent practicable, that the activities carried out on the Coastal Plain under this division are conducted in a manner consistent with the purposes and environmental requirements of this division.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this division shall require—

(1) compliance with all applicable provisions of Federal and State environmental law (including regulations);

(2) implementation of and compliance with—

(A) standards that are at least as effective as the safety and environmental mitigation measures, as described in items 1 through 29 on pages 167 through 169 of the Final Statement, on the Coastal Plain;

(B) seasonal limitations on exploration, development, and related activities, as necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration;

(C) design safety and construction standards for all pipelines and any access and service roads that minimize, to the maximum extent practicable, adverse effects on—

(i) the passage of migratory species (such as caribou); and

(ii) the flow of surface water by requiring the use of culverts, bridges, or other structural devices;

(D) prohibitions on general public access to, and use of, all pipeline access and service roads;

(E) stringent reclamation and rehabilitation requirements in accordance with this division for the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment on completion of oil and gas production operations, except in a case in which the Secretary determines that those facilities, structures, or equipment—

(i) would assist in the management of the Arctic National Wildlife Refuge; and

(ii) are donated to the United States for that purpose;

(F) appropriate prohibitions or restrictions on—

(i) access by all modes of transportation;

(ii) sand and gravel extraction; and

(iii) use of explosives;

(G) reasonable stipulations for protection of cultural and archaeological resources;

(H) measures to protect groundwater and surface water, including—

(i) avoidance, to the maximum extent practicable, of springs, streams, and river systems;

(ii) the protection of natural surface drainage patterns and wetland and riparian habitats; and

(iii) the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling; and

(I) research, monitoring, and reporting requirements;

(3) that exploration activities (except surface geological studies) be limited to the period between approximately November 1 and May 1 of each year and be supported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods (except that those exploration activities may be permitted at other times if the Secretary determines that the exploration will have no significant adverse effect on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment of the Coastal Plain);

(4) consolidation of facility siting;

(5) avoidance or reduction of air traffic-related disturbance to fish and wildlife;

(6) treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including, in accordance with applicable Federal and State environmental laws (including regulations)—

(A) preparation of an annual waste management report;

(B) development and implementation of a hazardous materials tracking system; and

(C) prohibition on the use of chlorinated solvents;

(7) fuel storage and oil spill contingency planning;

(8) conduct of periodic field crew environmental briefings;

(9) avoidance of significant adverse effects on subsistence hunting, fishing, and trapping;

(10) compliance with applicable air and water quality standards;

(11) appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited; and

(12) development and implementation of such other protective environmental requirements, restrictions, terms, or conditions as the Secretary, after consultation with the State of Alaska, North Slope Borough, Alaska, and the City of Kaktovik, Alaska, determines to be necessary.

(e) CONSIDERATIONS.—In preparing and issuing regulations, lease terms, conditions, restrictions, prohibitions, or stipulations under this section, the Secretary shall take into consideration—

(1) the stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement;

(2) the environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 through 37.33 of title 50, Code of Federal Regulations (or successor regulations); and

(3) the land use stipulations for exploratory drilling on the KIC–ASRC private land described in Appendix 2 of the agreement between Arctic Slope Regional Corporation and the United States dated August 9, 1983.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—After providing for public notice and comment, the Secretary shall prepare and periodically update a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of oil and gas resources from the Coastal Plain.

(2) OBJECTIVES.—The objectives of the plan shall be—

(A) the avoidance of unnecessary duplication of facilities and activities;

(B) the encouragement of consolidation of common facilities and activities;

(C) the location or confinement of facilities and activities to areas that will minimize impact on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment;

(D) the use of existing facilities, to the maximum extent practicable; and

(E) the enhancement of compatibility between wildlife values and development activities.

(g) ACCESS TO PUBLIC LAND.—The Secretary shall—

(1) manage public land in the Coastal Plain in accordance with subsections (a) and (b) of section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public land in the Coastal Plain for traditional uses.

SEC. 8. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINTS.—

(1) DEADLINE.—A complaint seeking judicial review of a provision of this division or an action of the Secretary under this division shall be filed—

(A) except as provided in subparagraph (B), during the 90-day period beginning on the date on which the action being challenged was carried out; or

(B) in the case of a complaint based solely on grounds arising after the 90-day period described in subparagraph (A), by not later than 90 days after the date on which the complainant knew or reasonably should have known about the grounds for the complaint.

(2) VENUE.—A complaint seeking judicial review of a provision of this division or an action of the Secretary under this division shall be filed in the United States Court of Appeals for the District of Columbia.

(3) SCOPE.—

(A) IN GENERAL.—Judicial review of a decision of the Secretary under this division (including an environmental analysis of such a lease sale) shall be—

(i) limited to a review of whether the decision is in accordance with this division; and

(ii) based on the administrative record of the decision.

(B) PRESUMPTIONS.—Any identification by the Secretary of a preferred course of action relating to a lease sale, and any analysis by the Secretary of environmental effects, under this division shall be presumed to be correct unless proven otherwise by clear and convincing evidence.

(b) LIMITATION ON OTHER REVIEW.—Any action of the Secretary that is subject to judicial review under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 9. RIGHTS-OF-WAY AND EASEMENTS ACROSS COASTAL PLAIN.

For purposes of section 1102(4)(A) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3162(4)(A)), any rights-of-way or easements across the Coastal Plain for the exploration, development, production, or transportation of oil and gas shall be considered to be established incident to the management of the Coastal Plain under this section.

SEC. 10. CONVEYANCE.

Notwithstanding section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), to remove any cloud on title to land, and to clarify land ownership patterns in the Coastal Plain, the Secretary shall—

(1) to the extent necessary to fulfill the entitlement of the Kaktovik Inupiat Corporation under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611, 1613), as determined by the Secretary, convey to that Corporation the surface estate of the land described in paragraph (1) of Public Land Order 6959, in accordance with the terms and conditions of the agreement between the Secretary, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation, dated January 22, 1993; and

(2) convey to the Arctic Slope Regional Corporation the remaining subsurface estate to which that Corporation is entitled under the agreement between that corporation and the United States, dated August 9, 1983.

SEC. 11. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—As a condition on the receipt of funds under section 1(a) of division D, the State of Alaska shall establish in the treasury of the State, and administer in accordance with this section, a fund to be known as the ''Coastal Plain Local Government Impact Aid Assistance Fund'' (referred to in this section as the ''Fund'').

(2) DEPOSITS.—Subject to paragraph (1), the Secretary of the Treasury shall deposit into the Fund, in accordance with section 1(a)(2) of division D, $35,000,000 each year from adjusted bonus, rental, and royalty revenues from oil and gas leasing and operations under this division.

(3) INVESTMENT.—The Governor of the State of Alaska (referred to in this section as the ''Governor'') shall invest amounts in the Fund in interest-bearing securities of the United States or the State of Alaska.

(b) ASSISTANCE.—The Governor, in cooperation with the Mayor of the North Slope Borough, shall use amounts in the Fund to provide assistance to North Slope Borough, Alaska, the City of Kaktovik, Alaska, and any other borough, municipal subdivision, village, or other community in the State of Alaska that is directly impacted by exploration for, or the production of, oil or gas on the Coastal Plain under this division, or any Alaska Native Regional Corporation acting on behalf of the villages and communities within its region whose lands lie along the right of way of the Trans Alaska Pipeline System, as determined by the Governor.

(c) APPLICATION.—

(1) IN GENERAL.—To receive assistance under subsection (b), a community or Regional Corporation described in that subsection shall submit to the Governor, or to the Mayor of the North Slope Borough, an application in such time, in such manner, and containing such information as the Governor may require.

(2) ACTION BY NORTH SLOPE BOROUGH.—The Mayor of the North Slope Borough shall submit to the Governor each application received under paragraph (1) as soon as practicable after the date on which the application is received.

(3) ASSISTANCE OF GOVERNOR.—The Governor shall assist communities in submitting applications under this subsection, to the maximum extent practicable.

(d) USE OF FUNDS.—A community or Regional Corporation that receives funds under subsection (b) may use the funds—

(1) to plan for mitigation, implement a mitigation plan, or maintain a mitigation project to address the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational, and subsistence resources of the community;

(2) to develop, carry out, and maintain—

(A) a project to provide new or expanded public facilities; or

(B) services to address the needs and problems associated with the effects described in paragraph (1), including firefighting, police, water and waste treatment, first responder, and other medical services;

(3) to compensate residents of the Coastal Plain for significant damage to environmental, social, cultural, recreational, or subsistence resources; and

(4) in the City of Kaktovik, Alaska—

(A) to develop a mechanism for providing members of the Kaktovikmiut Inupiat community an opportunity to—

(i) monitor development on the Coastal Plain; and

(ii) provide information and recommendations to the Governor based on traditional aboriginal knowledge of the natural resources, flora, fauna, and ecological processes of the Coastal Plain; and

(B) to establish a local coordination office, to be managed by the Mayor of the North Slope Borough, in coordination with the City of Kaktovik, Alaska—

(i) to coordinate with and advise developers on local conditions and the history of areas affected by development;

(ii) to provide to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate annual reports on the status of the coordination between developers and communities affected by development;

(iii) to collect from residents of the Coastal Plain information regarding the impacts of development on fish, wildlife, habitats, subsistence resources, and the environment of the Coastal Plain; and

(iv) to ensure that the information collected under clause (iii) is submitted to—

(I) developers; and

(II) any appropriate Federal agency.

SEC. 12. PROHIBITION ON EXPORTS.

An oil or gas lease issued under this division shall prohibit the exportation of oil or gas produced under the lease.

SEC. 13. LEGISLATIVE PROCEDURE.

Effective immediately, the Presiding Officer shall apply all of the precedents of the Senate under Rule XXVIII in effect at the beginning of the 109th Congress.

SEC. 14. SEVERABILITY.

If any provision of this division or division D, or the application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of this division and division D and the application of such provisions to any person or circumstance shall not be affected thereby.

DIVISION D—DISTRIBUTION OF REVENUES AND DISASTER ASSISTANCE

SEC. 1. FEDERAL AND STATE DISTRIBUTION OF REVENUES.

(a) RECEIPTS.—Subject to section 11(a)(1) of division C and notwithstanding any other provision of law—

(1) 50 percent of the amount of adjusted bonus, rental, and royalty receipts from Federal oil and gas leasing and operations authorized under division C shall be deposited in the Treasury as miscellaneous receipts, in accordance with subsection (b), of which 5 percent shall be appropriated to the Department of Health and Human Services to make payments under title XXVI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8621); and

(2) 50 percent of the amount of adjusted bonus, rental, and royalty receipts derived from Federal oil and gas leasing and operations authorized under division C shall be paid to the State of Alaska, of which $35,000,000 per year shall be deposited by the Secretary of the Treasury into the fund created under section 11(a)(1) of division C.

(b) GULF COAST RECOVERY AND DISASTER PREVENTION AND ASSISTANCE FUND.—

(1) IN GENERAL.—There is established in the Treasury of the United States a revolving fund, to be known as the ''Gulf Coast Recovery and Disaster Prevention and Assistance Fund'' (referred to in this section as the ''Gulf Fund''), consisting of—

(A) such amounts as are appropriated to the Gulf Fund under paragraph (2); and

(B) any interest earned on investment of amounts in the Gulf Fund under paragraph (5).

(2) TRANSFERS TO GULF FUND.—

(A) BONUS BIDS, RENTALS, AND ROYALTY REVENUES.—From amounts collected from oil and gas leasing and operations under this section and received in the Treasury, there are appropriated to the Gulf Fund an amount equal to the sum of—

(i) 80 percent of the amount of adjusted bonus bids and rentals described in subsection (a)(1); and

(ii) 20 percent of royalty revenues described in subsection (a)(1).

(B) DIGITAL TRANSITION AND PUBLIC SAFETY FUND.—Amounts deposited in the Digital Transition and Public Safety Fund that exceed $10,000,000,000, up to a total of $2,000,000,000, are appropriated to the Gulf Fund to be made available, without further appropriation, as provided in this section.

(3) EXPENDITURES FROM GULF FUND.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of the Treasury shall transfer from the Gulf Fund direct lump sum payments to State and local governments that were directly affected by Hurricane Katrina, Rita, or Wilma.

(B) ALLOCATION OF PAYMENTS.—Payments described in subparagraph (A) shall be allocated—

(i) 50 percent to the State of Louisiana for hurricane and flood protection and control, coastal restoration projects, levies, and the construction and improvement of emergency evacuation routes in south Louisiana;

(ii) 25 percent to the State of Mississippi, of which 10 percent shall be provided to Hancock County, 10 percent shall be provided to Harrison County, 10 percent shall be provided to Jackson County, and 30 percent shall be allocated to municipalities within those counties based on the proportion of the population of each municipality to the total population of all such municipalities, to—

(I) restore coastal estuaries and fisheries habitats;

(II) restore or expand barrier islands to provide coastal hurricane protection;

(III) restore or construct coastal shoreline and flood protection structures;

(IV) repair and upgrade water and wastewater systems;

(V) restore and expand hurricane evacuation transportation routes and services;

(VI) restore storm-damaged public buildings and facilities, including waterfront facilities, not otherwise paid for by the Federal Government; and

(VII) pay or reimburse the costs of storm debris removal not otherwise paid by the Federal Government.

(iii) 10 percent to the State of Texas for hurricane relief and recovery efforts, including—

(I) storm debris removal costs not otherwise paid by the Federal Government;

(II) low-income housing needs;

(III) the cost of providing uncompensated medical care to hurricane victims; and

(IV) education-related expenses, including expenses for K–12 and higher education;

(iv) 10 percent to the State of Alabama for recovery and restoration activities; and

(v) 5 percent to the State of Florida for restoration and recovery activities.

(4) LOAN AUTHORITY.—The Secretary of the Treasury may borrow from the Treasury such sums as may be necessary to carry out this subsection, but shall reimburse the Treasury immediately when funds are deposited into the Gulf Fund.

(5) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the Gulf Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(B) INTEREST-BEARING OBLIGATIONS.—Investments may be made only in interest-bearing obligations of the United States.

(C) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under clause (i), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(D) SALE OF OBLIGATIONS.—Any obligation acquired by the Gulf Fund may be sold by the Secretary of the Treasury at the market price.

(E) CREDITS TO GULF FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Gulf Fund shall be credited to and form a part of the Gulf Fund.

SEC. 2. LOW-INCOME HOME ENERGY ASSISTANCE.

(a) IN GENERAL.—Subject to subsection (b), there is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $2,000,000,000 to the Administration for Children and Families, to remain available until expended, for making payments under title XXVI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8621 et seq.).

(b) REQUIREMENT.—Notwithstanding section 2602(e) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8621(e)), of funds appropriated under subsection (a), $1,500,000,000 shall be used for the unanticipated home energy assistance needs of 1 or more States, as authorized by section 2604(e) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8623(e)).

(c) EMERGENCY DESIGNATION.—The amounts made available by the transfer of funds in or pursuant to this section are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

SEC. 3. ASSISTANCE FROM DIGITAL TRANSITION AND PUBLIC SAFETY FUND.

(a) IN GENERAL.—Subject to subsection (f), in addition to any amounts otherwise provided in this or any other Act, amounts from the Digital Transition and Public Safety Fund in excess of $12,000,000,000 are appropriated, to remain available until expended, to be made available by the Secretary of the Treasury, without further appropriation, to carry out this section.

(b) AGRICULTURAL ASSISTANCE.—Notwithstanding any other provision of law, of the amount made available under subsection (a), $900,000,000 shall be made available to the Secretary of Agriculture to increase enrollment in conservation programs, including—

(1) the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.);

(2) the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of that Act (16 U.S.C. 3837 et seq.);

(3) the conservation security program established under subchapter A of chapter 2 of subtitle D of title XII of that Act (16 U.S.C. 3838 et seq.);

(4) the grassland reserve program established under subchapter C of chapter 2 of subtitle D of title XII of that Act (16 U.S.C. 3838n et seq.); and

(5) the environmental quality incentives program established under chapter 4 of subtitle D of title XII of that Act (16 U.S.C. 3839aa et seq.).

(c) OTHER CONSERVATION PROGRAMS.—Of the amounts made available under subsection (a), $100,000,000 shall be used to carry out other conservation programs, including—

(1) $50,000,000 shall be used for expenses necessary to carry out the North American Wetlands Conservation Act (16 U.S.C. 4401 et seq.); and

(2) $50,000,000 shall be provided to the National Fish and Wildlife Service to acquire permanent conservation easements from willing sellers for the National Wildlife Refuge System to protect critical grassland and wetland habitats.

(d) PREPARATION FOR A NATURAL DISASTER OR TERRORIST ATTACK.—

(1) IN GENERAL.—Of the amount made available under subsection (a), $2,000,000,000 shall be used for State and local government preparation for a natural disaster or terrorist attack, of which—

(A) $1,000,000,000 shall be used to carry out paragraph (2); and

(B) $1,000,000,000 shall be used to carry out paragraph (3).

(2) INTEROPERABLE COMMUNICATIONS EQUIPMENT.—

(A) IN GENERAL.—The amount made available under paragraph (1)(A) shall be provided to the Department of Homeland Security, Office for Domestic Preparedness, State and Local Programs, to make grants to State and local governments for interoperable communications equipment, of which—

(i) at least 75 percent shall be allocated based on risk and threat, as determined by the Secretary of Homeland Security; and

(ii) the remainder shall be allocated equally to all States for compatible emergency communications equipment (which may include equipment) with satellite capability operable in the event that towers, central offices, or other critical infrastructure such as power facilities are destroyed or disrupted.

(B) PLAN.—No funds may be obligated under this paragraph until the grantee has in place an interoperable communications implementation plan certified by the Department of Homeland Security.

(C) STANDARDS OR GUIDELINES.—Any communications equipment acquired under this paragraph shall meet standards or guidelines established by the Department of Homeland Security Office of Interoperable Communications.

(D) SALARIES AND EXPENSES.—Of the amount made available under this paragraph, not more than 3 percent may be used by the Secretary of Homeland Security for salaries and administrative expenses.

(3) PREPARATION FOR TERRORIST ATTACKS, PANDEMIC EVENTS, OR NATURAL DISASTERS.—

(A) IN GENERAL.—The amount made available under paragraph (1)(B) shall be provided to the Department of Homeland Security, Office for Domestic Preparedness, State and Local Programs, to make grants to prepare for a terrorist attack, pandemic event, or natural disaster, including—

(i) developing evacuation plans and plans to accept and provide for evacuees from other jurisdictions;

(ii) providing training for the implementation of, and exercises under, those plans;

(iii) acquisition of equipment and medical supplies; and

(iv) related costs.

(B) ALLOCATION.—Funds provided under this paragraph shall be allocated based on risk and threat, as determined by the Secretary of Homeland Security, except that no State shall receive less than 0.55 percent and no territory shall receive no less than 0.15 of the total amount provided under this paragraph.

(C) AVAILABILITY OF APPLICATIONS.—Not later than 60 days after the date of enactment of this Act, the Secretary of Homeland Security shall make applications for grants under this paragraph available to States.

(D) SUBMISSION OF APPLICATIONS.—To be eligible for a grant under this paragraph, a State shall submit an application for the grant within 90 days after the announcement of grant availability.

(E) ACTION ON APPLICATIONS.—The Office for Domestic Preparedness shall act on an application within 90 days after receipt of the application.

(F) LOCAL GOVERNMENTS.—Not less than 80 percent of any grant under this paragraph to a State shall be made available by the State to local governments within 60 days after the receipt of funds.

(G) SALARIES AND EXPENSES.—Of the amount made available under this paragraph, not more than 3 percent may be used by the Secretary of Homeland Security for salaries and administrative expenses.

(e) BORDER SECURITY; DEPARTMENT OF HOMELAND SECURITY.—

(1) OFFICE OF THE CHIEF INFORMATION OFFICER.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $80,000,000 to the Department of Homeland Security, Office of the Chief Information Officer, to replace and upgrade law enforcement communications, $80,000,000, to remain available until expended.

(2) CUSTOMS AND BORDER PROTECTION.—

(A) SALARIES AND EXPENSES.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $30,000,000 for ''Customs and Border Protection'', ''Salaries and Expenses'', to replace border patrol vehicles.

(B) AIR AND MARINE INTERDICTION, OPERATIONS, MAINTENANCE, AND PROCUREMENT.—

(i) IN GENERAL.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $862,000,000 for ''Air and Marine Interdiction, Operations, Maintenance, and Procurement'' to replace air assets facilities, to remain available until expended, of which—

(I) $490,000,000 shall be used to replace air assets, including $40,000,000 for helicopter replacement; and

(II) $372,000,000 shall be used to construct and renovate air facilities.

(ii) PLAN.—None of the funds made available under this subparagraph may be obligated until the Committees on Appropriations of the Senate and the House of Representatives receive and approve an expenditure plan for the funds and for the complete recapitalization of Customs and Border Protection air assets and facilities.

(C) CONSTRUCTION.—

(i) IN GENERAL.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $120,000,000 for ''Construction'', to remain available until expended, of which—

(I) $30,000,000 shall be used for Tucson, Arizona sector tactical infrastructure; and

(II) $20,000,000 shall be used for the San Diego, California sector fence.

(ii) PLAN.—None of the funds made available under this subparagraph may be obligated until the Committees on Appropriations of the Senate and the House of Representatives receive and approve an expenditure plan for the funds.

(3) IMMIGRATION AND CUSTOMS ENFORCEMENT.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $30,000,000 for ''Salaries and Expenses'' to replace detention and removal vehicles.

(4) FEDERAL LAW ENFORCEMENT TRAINING CENTER.—There is appropriated, out of any funds in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2006, an additional $17,900,000 for ''Acquisition, Construction, Improvements, and Related Expenses'' for construction of the language training facility referenced in the Master Plan and for information technology infrastructure improvements, to remain available until expended.

(5) EMERGENCY DESIGNATION.—The amounts provided under this subsection are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

(6) OFFSETTING RECEIPTS.—If any amount remains in the Digital Transition and Public Safety Fund after implementation of this section, $1,139,000,000 of the amount shall be deposited in the Treasury as offsetting receipts.

(f) INSUFFICIENT FUNDS.—If the amount of funds made available under subsection (a) is not sufficient to carry out subsections (b) through (d), each amount of funds otherwise made available under subsections (b) through (d) shall be reduced on a pro rata basis.

DIVISION E—PUBLIC READINESS AND EMERGENCY PREPAREDNESS ACT

SEC. 1. SHORT TITLE.

This division may be cited as the ''Public Readiness and Emergency Preparedness Act''.

SEC. 2. TARGETED LIABILITY PROTECTIONS FOR PANDEMIC AND EPIDEMIC PRODUCTS AND SECURITY COUNTERMEASURES.

Part B of title III of the Public Health Service Act (42 U.S.C. 243 et seq.) is amended by inserting after section 319F–2 the following section:

''SEC. 319F-3. TARGETED LIABILITY PROTECTIONS FOR PANDEMIC AND EPIDEMIC PRODUCTS AND SECURITY COUNTERMEASURES.

''(a) LIABILITY PROTECTIONS.—

''(1) IN GENERAL.—Subject to the other provisions of this section, a covered person shall be immune from suit and liability under Federal and State law with respect to all claims for loss caused by, arising out of, relating to, or resulting from the administration to or the use by an individual of a covered countermeasure if a declaration under subsection (b) has been issued with respect to such countermeasure.

''(2) SCOPE OF CLAIMS FOR LOSS.—

''(A) LOSS.—For purposes of this section, the term 'loss' means any type of loss, including—

''(i) death;

''(ii) physical, mental, or emotional injury, illness, disability, or condition;

''(iii) fear of physical, mental, or emotional injury, illness, disability, or condition, including any need for medical monitoring; and

''(iv) loss of or damage to property, including business interruption loss.

Each of clauses (i) through (iv) applies without regard to the date of the occurrence, presentation, or discovery of the loss described in the clause.

''(B) SCOPE.—The immunity under paragraph (1) applies to any claim for loss that has a causal relationship with the administration to or use by an individual of a covered countermeasure, including a causal relationship with the design, development, clinical testing or investigation, manufacture, labeling, distribution, formulation, packaging, marketing, promotion, sale, purchase, donation, dispensing, prescribing, administration, licensing, or use of such countermeasure.

''(3) CERTAIN CONDITIONS.—Subject to the other provisions of this section, immunity under paragraph (1) with respect to a covered countermeasure applies only if—

''(A) the countermeasure was administered or used during the effective period of the declaration that was issued under subsection (b) with respect to the countermeasure;

''(B) the countermeasure was administered or used for the category or categories of diseases, health conditions, or threats to health specified in the declaration; and

''(C) in addition, in the case of a covered person who is a program planner or qualified person with respect to the administration or use of the countermeasure, the countermeasure was administered to or used by an individual who—

''(i) was in a population specified by the declaration; and

''(ii) was at the time of administration physically present in a geographic area specified by the declaration or had a connection to such area specified in the declaration.

''(4) APPLICABILITY OF CERTAIN CONDITIONS.—With respect to immunity under paragraph (1) and subject to the other provisions of this section:

''(A) In the case of a covered person who is a manufacturer or distributor of the covered countermeasure involved, the immunity applies without regard to whether such countermeasure was administered to or used by an individual in accordance with the conditions described in paragraph (3)(C).

''(B) In the case of a covered person who is a program planner or qualified person with respect to the administration or use of the covered countermeasure, the scope of immunity includes circumstances in which the countermeasure was administered to or used by an individual in circumstances in which the covered person reasonably could have believed that the countermeasure was administered or used in accordance with the conditions described in paragraph (3)(C).

''(5) EFFECT OF DISTRIBUTION METHOD.—The provisions of this section apply to a covered countermeasure regardless of whether such countermeasure is obtained by donation, commercial sale, or any other means of distribution, except to the extent that, under paragraph (2)(E) of subsection (b), the declaration under such subsection provides that subsection (a) applies only to covered countermeasures obtained through a particular means of distribution.

''(6) REBUTTABLE PRESUMPTION.—For purposes of paragraph (1), there shall be a rebuttable presumption that any administration or use, during the effective period of the emergency declaration by the Secretary under subsection (b), of a covered countermeasure shall have been for the category or categories of diseases, health conditions, or threats to health with respect to which such declaration was issued.

''(b) DECLARATION BY SECRETARY.—

''(1) AUTHORITY TO ISSUE DECLARATION.—Subject to paragraph (2), if the Secretary makes a determination that a disease or other health condition or other threat to health constitutes a public health emergency, or that there is a credible risk that the disease, condition, or threat may in the future constitute such an emergency, the Secretary may make a declaration, through publication in the Federal Register, recommending, under conditions as the Secretary may specify, the manufacture, testing, development, distribution, administration, or use of one or more covered countermeasures, and stating that subsection (a) is in effect with respect to the activities so recommended.

''(2) CONTENTS.—In issuing a declaration under paragraph (1), the Secretary shall identify, for each covered countermeasure specified in the declaration—

''(A) the category or categories of diseases, health conditions, or threats to health for which the Secretary recommends the administration or use of the countermeasure;

''(B) the period or periods during which, including as modified by paragraph (3), subsection (a) is in effect, which period or periods may be designated by dates, or by milestones or other description of events, including factors specified in paragraph (6);

''(C) the population or populations of individuals for which subsection (a) is in effect with respect to the administration or use of the countermeasure (which may be a specification that such subsection applies without geographic limitation to all individuals);

''(D) the geographic area or areas for which subsection (a) is in effect with respect to the administration or use of the countermeasure (which may be a specification that such subsection applies without geographic limitation), including, with respect to individuals in the populations identified under subparagraph (C), a specification, as determined appropriate by the Secretary, of whether the declaration applies only to individuals physically present in such areas or whether in addition the declaration applies to individuals who have a connection to such areas, which connection is described in the declaration; and

''(E) whether subsection (a) is effective only to a particular means of distribution as provided in subsection (a)(5) for obtaining the countermeasure, and if so, the particular means to which such subsection is effective.

''(3) EFFECTIVE PERIOD OF DECLARATION.—

''(A) FLEXIBILITY OF PERIOD.—The Secretary may, in describing periods under paragraph (2)(B), have different periods for different covered persons to address different logistical, practical or other differences in responsibilities.

''(B) ADDITIONAL TIME TO BE SPECIFIED.—In each declaration under paragraph (1), the Secretary, after consulting, to the extent the Secretary deems appropriate, with the manufacturer of the covered countermeasure, shall also specify a date that is after the ending date specified under paragraph (2)(B) and that allows what the Secretary determines is—

''(i) a reasonable period for the manufacturer to arrange for disposition of the covered countermeasure, including the return of such product to the manufacturer; and

''(ii) a reasonable period for covered persons to take such other actions as may be appropriate to limit administration or use of the covered countermeasure.

''(C) ADDITIONAL PERIOD FOR CERTAIN STRATEGIC NATIONAL STOCKPILE COUNTERMEASURES.—With respect to a covered countermeasure that is in the stockpile under section 319F-2, if such countermeasure was the subject of a declaration under paragraph (1) at the time that it was obtained for the stockpile, the effective period of such declaration shall include a period when the countermeasure is administered or used pursuant to a distribution or release from the stockpile.

''(4) AMENDMENTS TO DECLARATION.—The Secretary may through publication in the Federal Register amend any portion of a declaration under paragraph (1). Such an amendment shall not retroactively limit the applicability of subsection (a) with respect to the administration or use of the covered countermeasure involved.

''(5) CERTAIN DISCLOSURES.—In publishing a declaration under paragraph (1) in the Federal Register, the Secretary is not required to disclose any matter described in section 552(b) of title 5, United States Code.

''(6) FACTORS TO BE CONSIDERED.—In deciding whether and under what circumstances or conditions to issue a declaration under paragraph (1) with respect to a covered countermeasure, the Secretary shall consider the desirability of encouraging the design, development, clinical testing or investigation, manufacture, labeling, distribution, formulation, packaging, marketing, promotion, sale, purchase, donation, dispensing, prescribing, administration, licensing, and use of such countermeasure.

''(7) JUDICIAL REVIEW.—No court of the United States, or of any State, shall have subject matter jurisdiction to review, whether by mandamus or otherwise, any action by the Secretary under this subsection.

''(8) PREEMPTION OF STATE LAW.—During the effective period of a declaration under subsection (b), or at any time with respect to conduct undertaken in accordance with such declaration, no State or political subdivision of a State may establish, enforce, or continue in effect with respect to a covered countermeasure any provision of law or legal requirement that—

''(A) is different from, or is in conflict with, any requirement applicable under this section; and

''(B) relates to the design, development, clinical testing or investigation, formulation, manufacture, distribution, sale, donation, purchase, marketing, promotion, packaging, labeling, licensing, use, any other aspect of safety or efficacy, or the prescribing, dispensing, or administration by qualified persons of the covered countermeasure, or to any matter included in a requirement applicable to the covered countermeasure under this section or any other provision of this Act, or under the Federal Food, Drug, and Cosmetic Act.

''(9) REPORT TO CONGRESS.—Within 30 days after making a declaration under paragraph (1), the Secretary shall submit to the appropriate committees of the Congress a report that provides an explanation of the reasons for issuing the declaration and the reasons underlying the determinations of the Secretary with respect to paragraph (2). Within 30 days after making an amendment under paragraph (4), the Secretary shall submit to such committees a report that provides the reasons underlying the determination of the Secretary to make the amendment.

''(c) DEFINITION OF WILLFUL MISCONDUCT.—

''(1) DEFINITION.—

''(A) IN GENERAL.—Except as the meaning of such term is further restricted pursuant to paragraph (2), the term 'willful misconduct' shall, for purposes of subsection (d), denote an act or omission that is taken—

''(i) intentionally to achieve a wrongful purpose;

''(ii) knowingly without legal or factual justification; and

''(iii) in disregard of a known or obvious risk that is so great as to make it highly probable that the harm will outweigh the benefit.

''(B) RULE OF CONSTRUCTION.—The criterion stated in subparagraph (A) shall be construed as establishing a standard for liability that is more stringent than a standard of negligence in any form or recklessness.

''(2) AUTHORITY TO PROMULGATE REGULATORY DEFINITION.—

''(A) IN GENERAL.—The Secretary, in consultation with the Attorney General, shall promulgate regulations, which may be promulgated through interim final rules, that further restrict the scope of actions or omissions by a covered person that may qualify as 'willful misconduct' for purposes of subsection (d).

''(B) FACTORS TO BE CONSIDERED.—In promulgating the regulations under this paragraph, the Secretary, in consultation with the Attorney General, shall consider the need to define the scope of permissible civil actions under subsection (d) in a way that will not adversely affect the public health.

''(C) TEMPORAL SCOPE OF REGULATIONS.—The regulations under this paragraph may specify the temporal effect that they shall be given for purposes of subsection (d).

''(D) INITIAL RULEMAKING.—Within 180 days after the enactment of the Public Readiness and Emergency Preparedness Act, the Secretary, in consultation with the Attorney General, shall commence and complete an initial rulemaking process under this paragraph.

''(3) PROOF OF WILLFUL MISCONDUCT.—In an action under subsection (d), the plaintiff shall have the burden of proving by clear and convincing evidence willful misconduct by each covered person sued and that such willful misconduct caused death or serious physical injury.

''(4) DEFENSE FOR ACTS OR OMISSIONS TAKEN PURSUANT TO SECRETARY'S DECLARATION.—Notwithstanding any other provision of law, a program planner or qualified person shall not have engaged in 'willful misconduct' as a matter of law where such program planner or qualified person acted consistent with applicable directions, guidelines, or recommendations by the Secretary regarding the administration or use of a covered countermeasure that is specified in the declaration under subsection (b), provided either the Secretary, or a State or local health authority, was provided with notice of information regarding serious physical injury or death from the administration or use of a covered countermeasure that is material to the plaintiff's alleged loss within 7 days of the actual discovery of such information by such program planner or qualified person.

''(5) EXCLUSION FOR REGULATED ACTIVITY OF MANUFACTURER OR DISTRIBUTOR.—

''(A) IN GENERAL.—If an act or omission by a manufacturer or distributor with respect to a covered countermeasure, which act or omission is alleged under subsection (e)(3)(A) to constitute willful misconduct, is subject to regulation by this Act or by the Federal Food, Drug, and Cosmetic Act, such act or omission shall not constitute 'willful misconduct' for purposes of subsection (d) if—

''(i) neither the Secretary nor the Attorney General has initiated an enforcement action with respect to such act or omission; or

''(ii) such an enforcement action has been initiated and the action has been terminated or finally resolved without a covered remedy.

Any action or proceeding under subsection (d) shall be stayed during the pendency of such an enforcement action.

''(B) DEFINITIONS.—For purposes of this paragraph, the following terms have the following meanings:

''(i) ENFORCEMENT ACTION.—The term 'enforcement action' means a criminal prosecution, an action seeking an injunction, a seizure action, a civil monetary proceeding based on willful misconduct, a mandatory recall of a product because voluntary recall was refused, a proceeding to compel repair or replacement of a product, a termination of an exemption under section 505(i) or 520(g) of the Federal Food, Drug, and Cosmetic Act, a debarment proceeding, an investigator disqualification proceeding where an investigator is an employee or agent of the manufacturer, a revocation, based on willful misconduct, of an authorization under section 564 of such Act, or a suspension or withdrawal, based on willful misconduct, of an approval or clearance under chapter V of such Act or of a licensure under section 351 of this Act.

''(ii) COVERED REMEDY.—The term 'covered remedy' means an outcome—

''(I) that is a criminal conviction, an injunction, or a condemnation, a civil monetary payment, a product recall, a repair or replacement of a product, a termination of an exemption under section 505(i) or 520(g) of the Federal Food, Drug, and Cosmetic Act, a debarment, an investigator disqualification, a revocation of an authorization under section 564 of such Act, or a suspension or withdrawal of an approval or clearance under chapter 5 of such Act or of a licensure under section 351 of this Act; and

''(II) that results from a final determination by a court or from a final agency action.

''(iii) FINAL.—The terms 'final' and 'finally'—

''(I) with respect to a court determination, or to a final resolution of an enforcement action that is a court determination, mean a judgment from which an appeal of right cannot be taken or a voluntary or stipulated dismissal; and

''(II) with respect to an agency action, or to a final resolution of an enforcement action that is an agency action, mean an order that is not subject to further review within the agency and that has not been reversed, vacated, enjoined, or otherwise nullified by a final court determination or a voluntary or stipulated dismissal.

''(C) RULES OF CONSTRUCTION.—

''(i) IN GENERAL.—Nothing in this paragraph shall be construed—

''(I) to affect the interpretation of any provision of the Federal Food, Drug, and Cosmetic Act, of this Act, or of any other applicable statute or regulation; or

''(II) to impair, delay, alter, or affect the authority, including the enforcement discretion, of the United States, of the Secretary, of the Attorney General, or of any other official with respect to any administrative or court proceeding under this Act, under the Federal Food, Drug, and Cosmetic Act, under title 18 of the United States Code, or under any other applicable statute or regulation.

''(ii) MANDATORY RECALLS.—A mandatory recall called for in the declaration is not a Food and Drug Administration enforcement action.

''(d) EXCEPTION TO IMMUNITY OF COVERED PERSONS.—

''(1) IN GENERAL.—Subject to subsection (f), the sole exception to the immunity from suit and liability of covered persons set forth in subsection (a) shall be for an exclusive Federal cause of action against a covered person for death or serious physical injury proximately caused by willful misconduct, as defined pursuant to subsection (c), by such covered person. For purposes of section 2679(b)(2)(B) of title 28, United States Code, such a cause of action is not an action brought for violation of a statute of the United States under which an action against an individual is otherwise authorized.

''(2) PERSONS WHO CAN SUE.—An action under this subsection may be brought for wrongful death or serious physical injury by any person who suffers such injury or by any representative of such a person.

''(e) PROCEDURES FOR SUIT.—

''(1) EXCLUSIVE FEDERAL JURISDICTION.—Any action under subsection (d) shall be filed and maintained only in the United States District Court for the District of Columbia.

''(2) GOVERNING LAW.—The substantive law for decision in an action under subsection (d) shall be derived from the law, including choice of law principles, of the State in which the alleged willful misconduct occurred, unless such law is inconsistent with or preempted by Federal law, including provisions of this section.

''(3) PLEADING WITH PARTICULARITY.—In an action under subsection (d), the complaint shall plead with particularity each element of the plaintiff's claim, including—

''(A) each act or omission, by each covered person sued, that is alleged to constitute willful misconduct relating to the covered countermeasure administered to or used by the person on whose behalf the complaint was filed;

''(B) facts supporting the allegation that such alleged willful misconduct proximately caused the injury claimed; and

''(C) facts supporting the allegation that the person on whose behalf the complaint was filed suffered death or serious physical injury.

''(4) VERIFICATION, CERTIFICATION, AND MEDICAL RECORDS.—

''(A) IN GENERAL.—In an action under subsection (d), the plaintiff shall verify the complaint in the manner stated in subparagraph (B) and shall file with the complaint the materials described in subparagraph (C). A complaint that does not substantially comply with subparagraphs (B) and (C) shall not be accepted for filing and shall not stop the running of the statute of limitations.

''(B) VERIFICATION REQUIREMENT.—

''(i) IN GENERAL.—The complaint shall include a verification, made by affidavit of the plaintiff under oath, stating that the pleading is true to the knowledge of the deponent, except as to matters specifically identified as being alleged on information and belief, and that as to those matters the plaintiff believes it to be true.

''(ii) IDENTIFICATION OF MATTERS ALLEGED UPON INFORMATION AND BELIEF.—Any matter that is not specifically identified as being alleged upon the information and belief of the plaintiff, shall be regarded for all purposes, including a criminal prosecution, as having been made upon the knowledge of the plaintiff.

''(C) MATERIALS REQUIRED.—In an action under subsection (d), the plaintiff shall file with the complaint—

''(i) an affidavit, by a physician who did not treat the person on whose behalf the complaint was filed, certifying, and explaining the basis for such physician's belief, that such person suffered the serious physical injury or death alleged in the complaint and that such injury or death was proximately caused by the administration or use of a covered countermeasure; and

''(ii) certified medical records documenting such injury or death and such proximate causal connection.

''(5) THREE-JUDGE COURT.—Any action under subsection (d) shall be assigned initially to a panel of three judges. Such panel shall have jurisdiction over such action for purposes of considering motions to dismiss, motions for summary judgment, and matters related thereto. If such panel has denied such motions, or if the time for filing such motions has expired, such panel shall refer the action to the chief judge for assignment for further proceedings, including any trial. Section 1253 of title 28, United States Code, and paragraph (3) of subsection (b) of section 2284 of title 28, United States Code, shall not apply to actions under subsection (d).

''(6) CIVIL DISCOVERY.—

''(A) TIMING.—In an action under subsection (d), no discovery shall be allowed—

''(i) before each covered person sued has had a reasonable opportunity to file a motion to dismiss;

''(ii) in the event such a motion is filed, before the court has ruled on such motion; and

''(iii) in the event a covered person files an interlocutory appeal from the denial of such a motion, before the court of appeals has ruled on such appeal.

''(B) STANDARD.—Notwithstanding any other provision of law, the court in an action under subsection (d) shall permit discovery only with respect to matters directly related to material issues contested in such action, and the court shall compel a response to a discovery request (including a request for admission, an interrogatory, a request for production of documents, or any other form of discovery request) under Rule 37, Federal Rules of Civil Procedure, only if the court finds that the requesting party needs the information sought to prove or defend as to a material issue contested in such action and that the likely benefits of a response to such request equal or exceed the burden or cost for the responding party of providing such response.

''(7) REDUCTION IN AWARD OF DAMAGES FOR COLLATERAL SOURCE BENEFITS.—

''(A) IN GENERAL.—In an action under subsection (d), the amount of an award of damages that would otherwise be made to a plaintiff shall be reduced by the amount of collateral source benefits to such plaintiff.

''(B) PROVIDER OF COLLATERAL SOURCE BENEFITS NOT TO HAVE LIEN OR SUBROGATION.—No provider of collateral source benefits shall recover any amount against the plaintiff or receive any lien or credit against the plaintiff's recovery or be equitably or legally subrogated to the right of the plaintiff in an action under subsection (d).

''(C) COLLATERAL SOURCE BENEFIT DEFINED.—For purposes of this paragraph, the term 'collateral source benefit' means any amount paid or to be paid in the future to or on behalf of the plaintiff, or any service, product, or other benefit provided or to be provided in the future to or on behalf of the plaintiff, as a result of the injury or wrongful death, pursuant to—

''(i) any State or Federal health, sickness, income-disability, accident, or workers' compensation law;

''(ii) any health, sickness, income-disability, or accident insurance that provides health benefits or income-disability coverage;

''(iii) any contract or agreement of any group, organization, partnership, or corporation to provide, pay for, or reimburse the cost of medical, hospital, dental, or income disability benefits; or

''(iv) any other publicly or privately funded program.

''(8) NONECONOMIC DAMAGES.—In an action under subsection (d), any noneconomic damages may be awarded only in an amount directly proportional to the percentage of responsibility of a defendant for the harm to the plaintiff. For purposes of this paragraph, the term 'noneconomic damages' means damages for losses for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium, hedonic damages, injury to reputation, and any other nonpecuniary losses.

''(9) RULE 11 SANCTIONS.—Whenever a district court of the United States determines that there has been a violation of Rule 11 of the Federal Rules of Civil Procedure in an action under subsection (d), the court shall impose upon the attorney, law firm, or parties that have violated Rule 11 or are responsible for the violation, an appropriate sanction, which may include an order to pay the other party or parties for the reasonable expenses incurred as a direct result of the filing of the pleading, motion, or other paper that is the subject of the violation, including a reasonable attorney's fee. Such sanction shall be sufficient to deter repetition of such conduct or comparable conduct by others similarly situated, and to compensate the party or parties injured by such conduct.

''(10) INTERLOCUTORY APPEAL.—The United States Court of Appeals for the District of Columbia Circuit shall have jurisdiction of an interlocutory appeal by a covered person taken within 30 days of an order denying a motion to dismiss or a motion for summary judgment based on an assertion of the immunity from suit conferred by subsection (a) or based on an assertion of the exclusion under subsection (c)(5).

''(f) ACTIONS BY AND AGAINST THE UNITED STATES.—Nothing in this section shall be construed to abrogate or limit any right, remedy, or authority that the United States or any agency thereof may possess under any other provision of law or to waive sovereign immunity or to abrogate or limit any defense or protection available to the United States or its agencies, instrumentalities, officers, or employees under any other law, including any provision of chapter 171 of title 28, United States Code (relating to tort claims procedure).

''(g) SEVERABILITY.—If any provision of this section, or the application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of this section and the application of such remainder to any person or circumstance shall not be affected thereby.

''(h) RULE OF CONSTRUCTION CONCERNING NATIONAL VACCINE INJURY COMPENSATION PROGRAM.—Nothing in this section, or any amendment made by the Public Readiness and Emergency Preparedness Act, shall be construed to affect the National Vaccine Injury Compensation Program under title XXI of this Act.

''(i) DEFINITIONS.—In this section:

''(1) COVERED COUNTERMEASURE.—The term 'covered countermeasure' means—

''(A) a qualified pandemic or epidemic product (as defined in paragraph (7));

''(B) a security countermeasure (as defined in section 319F-2(c)(1)(B)); or

''(C) a drug (as such term is defined in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)(1)), biological product (as such term is defined by section 351(i) of this Act), or device (as such term is defined by section 201(h) of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 321(h)) that is authorized for emergency use in accordance with section 564 of the Federal Food, Drug, and Cosmetic Act.

''(2) COVERED PERSON.—The term 'covered person', when used with respect to the administration or use of a covered countermeasure, means—

''(A) the United States; or

''(B) a person or entity that is—

''(i) a manufacturer of such countermeasure;

''(ii) a distributor of such countermeasure;

''(iii) a program planner of such countermeasure;

''(iv) a qualified person who prescribed, administered, or dispensed such countermeasure; or

''(v) an official, agent, or employee of a person or entity described in clause (i), (ii), (iii), or (iv).

''(3) DISTRIBUTOR.—The term 'distributor' means a person or entity engaged in the distribution of drugs, biologics, or devices, including but not limited to manufacturers; repackers; common carriers; contract carriers; air carriers; own-label distributors; private-label distributors; jobbers; brokers; warehouses, and wholesale drug warehouses; independent wholesale drug traders; and retail pharmacies.

''(4) MANUFACTURER.—The term 'manufacturer' includes—

''(A) a contractor or subcontractor of a manufacturer;

''(B) a supplier or licenser of any product, intellectual property, service, research tool, or component or other article used in the design, development, clinical testing, investigation, or manufacturing of a covered countermeasure; and

''(C) any or all of the parents, subsidiaries, affiliates, successors, and assigns of a manufacturer.

''(5) PERSON.—The term 'person' includes an individual, partnership, corporation, association, entity, or public or private corporation, including a Federal, State, or local government agency or department.

''(6) PROGRAM PLANNER.—The term 'program planner' means a State or local government, including an Indian tribe, a person employed by the State or local government, or other person who supervised or administered a program with respect to the administration, dispensing, distribution, provision, or use of a security countermeasure or a qualified pandemic or epidemic product, including a person who has established requirements, provided policy guidance, or supplied technical or scientific advice or assistance or provides a facility to administer or use a covered countermeasure in accordance with a declaration under subsection (b).

''(7) QUALIFIED PANDEMIC OR EPIDEMIC PRODUCT.—The term 'qualified pandemic or epidemic product' means a drug (as such term is defined in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)(1)), biological product (as such term is defined by section 351(i) of this Act), or device (as such term is defined by section 201(h) of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 321(h)) that is—

''(A)(i) a product manufactured, used, designed, developed, modified, licensed, or procured—

''(I) to diagnose, mitigate, prevent, treat, or cure a pandemic or epidemic; or

''(II) to limit the harm such pandemic or epidemic might otherwise cause; or

''(ii) a product manufactured, used, designed, developed, modified, licensed, or procured to diagnose, mitigate, prevent, treat, or cure a serious or life-threatening disease or condition caused by a product described in clause (i); and

''(B)(i) approved or cleared under chapter V of the Federal Food, Drug, and Cosmetic Act or licensed under section 351 of this Act;

''(ii) the object of research for possible use as described by subparagraph (A) and is the subject of an exemption under section 505(i) or 520(g) of the Federal Food, Drug, and Cosmetic Act; or

''(iii) authorized for emergency use in accordance with section 564 of the Federal Food, Drug, and Cosmetic Act.

''(8) QUALIFIED PERSON.—The term 'qualified person', when used with respect to the administration or use of a covered countermeasure, means—

''(A) a licensed health professional or other individual who is authorized to prescribe, administer, or dispense such countermeasures under the law of the State in which the countermeasure was prescribed, administered, or dispensed; or

''(B) a person within a category of persons so identified in a declaration by the Secretary under subsection (b).

''(9) SECURITY COUNTERMEASURE.—The term 'security countermeasure' has the meaning given such term in section 319F–2(c)(1)(B).

''(10) SERIOUS PHYSICAL INJURY.—The term 'serious physical injury' means an injury that—

''(A) is life threatening;

''(B) results in permanent impairment of a body function or permanent damage to a body structure; or

''(C) necessitates medical or surgical intervention to preclude permanent impairment of a body function or permanent damage to a body structure.''.

SEC. 3. COVERED COUNTERMEASURE PROCESS.

Part B of title III of the Public Health Service Act is further amended by inserting after section 319F–3 (as added by section 2) the following new section:

''SEC. 319F–4. COVERED COUNTERMEASURE PROCESS.

''(a) ESTABLISHMENT OF FUND.—Upon the issuance by the Secretary of a declaration under section 319F–3(b), there is hereby established in the Treasury an emergency fund designated as the 'Covered Countermeasure Process Fund' for purposes of providing timely, uniform, and adequate compensation to eligible individuals for covered injuries directly caused by the administration or use of a covered countermeasure pursuant to such declaration, which Fund shall consist of such amounts as emergency appropriations under section 402 of H. Con. Res. 95 of the 109th Congress, this emergency designation shall remain in effect through October 1, 2006.

''(b) PAYMENT OF COMPENSATION.—

''(1) IN GENERAL.—If the Secretary issues a declaration under 319F–3(b), the Secretary shall, after amounts have by law been provided for the Fund under subsection (a), provide compensation to an eligible individual for a covered injury directly caused by the administration or use of a covered countermeasure pursuant to such declaration.

''(2) ELEMENTS OF COMPENSATION.—The compensation that shall be provided pursuant to paragraph (1) shall have the same elements, and be in the same amount, as is prescribed by sections 264, 265, and 266 in the case of certain individuals injured as a result of administration of certain countermeasures against smallpox, except that section 266(a)(2)(B) shall not apply.

''(3) RULE OF CONSTRUCTION.—Neither reasonable and necessary medical benefits nor lifetime total benefits for lost employment income due to permanent and total disability shall be limited by section 266.

''(4) DETERMINATION OF ELIGIBILITY AND COMPENSATION.—Except as provided in this section, the procedures for determining, and for reviewing a determination of, whether an individual is an eligible individual, whether such individual has sustained a covered injury, whether compensation may be available under this section, and the amount of such compensation shall be those stated in section 262 (other than in subsection (d)(2) of such section), in regulations issued pursuant to that section, and in such additional or alternate regulations as the Secretary may promulgate for purposes of this section. In making determinations under this section, other than those described in paragraph

(5)(A) as to the direct causation of a covered injury, the Secretary may only make such determination based on compelling, reliable, valid, medical, and scientific evidence.

''(5) COVERED COUNTERMEASURE INJURY TABLE.—

''(A) IN GENERAL.—The Secretary shall by regulation establish a table identifying covered injuries that shall be presumed to be directly caused by the administration or use of a covered countermeasure and the time period in which the first symptom or manifestation of onset of each such adverse effect must manifest in order for such presumption to apply. The Secretary may only identify such covered injuries, for purpose of inclusion on the table, where the Secretary determines, based on compelling, reliable, valid, medical, and scientific evidence that administration or use of the covered countermeasure directly caused such covered injury.

''(B) AMENDMENTS.—The provisions of section 263 (other than a provision of subsection (a)(2) of such section that relates to accidental vaccinia inoculation) shall apply to the table established under this section.

''(C) JUDICIAL REVIEW.—No court of the United States, or of any State, shall have subject matter jurisdiction to review, whether by mandamus or otherwise, any action by the Secretary under this paragraph.

''(6) MEANINGS OF TERMS.—In applying sections 262, 263, 264, 265, and 266 for purposes of this section—

''(A) the terms 'vaccine' and 'smallpox vaccine' shall be deemed to mean a covered countermeasure;

''(B) the terms 'smallpox vaccine injury table' and 'table established under section 263' shall be deemed to refer to the table established under paragraph (4); and

''(C) other terms used in those sections shall have the meanings given to such terms by this section.

''(c) VOLUNTARY PROGRAM.—The Secretary shall ensure that a State, local, or Department of Health and Human Services plan to administer or use a covered countermeasure is consistent with any declaration under 319F–3 and any applicable guidelines of the Centers for Disease Control and Prevention and that potential participants are educated with respect to contraindications, the voluntary nature of the program, and the availability of potential benefits and compensation under this part.

''(d) EXHAUSTION; EXCLUSIVITY; ELECTION.—

''(1) EXHAUSTION.—Subject to paragraph (5), a covered individual may not bring a civil action under section 319F–3(d) against a covered person (as such term is defined in section 319F–3(i)(2)) unless such individual has exhausted such remedies as are available under subsection (a), except that if amounts have not by law been provided for the Fund under subsection (a), or if the Secretary fails to make a final determination on a request for benefits or compensation filed in accordance with the requirements of this section within 240 days after such request was filed, the individual may seek any remedy that may be available under section 319F–3(d).

''(2) TOLLING OF STATUTE OF LIMITATIONS.—The time limit for filing a civil action under section 319F–3(d) for an injury or death shall be tolled during the pendency of a claim for compensation under subsection (a).

''(3) RULE OF CONSTRUCTION.—This section shall not be construed as superseding or otherwise affecting the application of a requirement, under chapter 171 of title 28, United States Code, to exhaust administrative remedies.

''(4) EXCLUSIVITY.—The remedy provided by subsection (a) shall be exclusive of any other civil action or proceeding for any claim or suit this section encompasses, except for a proceeding under section 319F–3.

''(5) ELECTION.—If under subsection (a) the Secretary determines that a covered individual qualifies for compensation, the individual has an election to accept the compensation or to bring an action under section 319F–3(d). If such individual elects to accept the compensation, the individual may not bring such an action.

''(e) DEFINITIONS.—For purposes of this section, the following terms shall have the following meanings:

''(1) COVERED COUNTERMEASURE.—The term 'covered countermeasure' has the meaning given such term in section 319F–3.

''(2) COVERED INDIVIDUAL.—The term 'covered individual', with respect to administration or use of a covered countermeasure pursuant to a declaration, means an individual—

''(A) who is in a population specified in such declaration, and with respect to whom the administration or use of the covered countermeasure satisfies the other specifications of such declaration; or

''(B) who uses the covered countermeasure, or to whom the covered countermeasure is administered, in a good faith belief that the individual is in the category described by subparagraph (A).

''(3) COVERED INJURY.—The term 'covered injury' means serious physical injury or death.

''(4) DECLARATION.—The term 'declaration' means a declaration under section 319F–3(b).

''(5) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who is determined, in accordance with subsection (b), to be a covered individual who sustains a covered injury.''.

This Act may be cited as the ''Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006''.

And the Senate agree to the same.

BILL YOUNG,
DAVID HOBSON,
HENRY BONILLA,
R. P. FRELINGHUYSEN,
TODD TIAHRT,
ROGER F. WICKER,
JACK KINGSTON,
KAY GRANGER,
JAMES T. WALSH,
ROBERT B. ADERHOLT,
JERRY LEWIS,
JOHN P. MURTHA
(Except for Division C as to ANWR),
NORMAN D. DICKS
(Except for 1% cut in Division B and Division C),
MARTIN OLAV SABO
(Except for Division C and Division B as to 1% cut and avian flu section),
PETER J. VISCLOSKY
(Except for Division B and Division C as to 1% cut, avian flu section),
JAMES P. MORAN
(Except for ANWR provision and Division B and Division C as to 1% cut and avian flu),
MARCY KAPTUR
(Except for 1% cut),
CHET EDWARDS,
DAVID R. OBEY
(Except for Division C, Division B as to 1% cut and avian flu),
Managers on the Part of the House.

TED STEVENS,
THAD COCHRAN,
ARLEN SPECTER,
PETE V. DOMENICI,
KIT BOND,
MITCH MCCONNELL,
RICHARD C. SHELBY,
JUDD GREGG,
KAY BAILEY HUTCHISON,
CONRAD BURNS,
DANIEL K. INOUYE,
ROBERT C. BYRD
(Except ANWR and across the board cut and avian flu vaccine liability and compensation provisions),
BYRON L. DORGAN
(Except on ANWR and 1% cut and avian flu vaccine liability and compensation provisions),
DIANNE FEINSTEIN
(Except ANWR and 1% cut and avian flu vaccine liability and compensation provisions),
BARBARA A. MIKULSKI
(Except ANWR and 1% ATB cut and avian flu vaccine liability and compensation provisions),
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT

DIVISION A

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2006

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2863), making appropriations for the Department of Defense for the fiscal year ending September 30, 2006, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The conference agreement on the Department of Defense Appropriations Act, 2006, incorporates some of the provisions of the House and Senate versions of the bill as well as some matters under the jurisdiction of the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the House Committee on Appropriations that were addressed in the House in H.R. 2528. The language and allocations set forth in House Report 109–119 and Senate Report 109–141, and the relevant language and allocations set forth in House Report 109–95, should be complied with unless specifically addressed in the accompanying conference report and statement of managers to the contrary.

The Senate amendment deleted the entire House bill after the enacting clause and inserted new language. The conference agreement includes revised language.

DEFINITION OF PROGRAM PROJECT, AND ACTIVITY

The conferees agree that for the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119) and by the Budget Enforcement Act of 1990 (Public Law 101–508), the term program, project, and activity for appropriations contained in this Act shall be defined as the most specific level of budget items identified in the Department of Defense Appropriations Act, 2006, the accompanying House and Senate Committee reports, the conference report and accompanying joint explanatory statement of the managers of the Committee of Conference, the related classified annexes and reports, and the P–1 and R–1 budget justification documents as subsequently modified by Congressional action. The following exception to

the above definition shall apply: for the Military Personnel and the Operation and Maintenance accounts, the term ''program, project, and activity'' is defined as the appropriations accounts contained in the Department of Defense Appropriations Act.

At the time the President submits his budget for fiscal year 2007, the conferees direct the Department of Defense to transmit to the congressional defense committees budget justification documents to be known as the ''M–1'' and ''O–1'' which shall identify, at the budget activity, activity group, and subactivity group level, the amounts requested by the President to be appropriated to the Department of Defense for military personnel and operation and maintenance in any budget request, or amended budget request, for fiscal year 2007.

CLASSIFIED ANNEX

Adjustments to classified programs are addressed in the classified annex accompanying this report.

TITLE I--MILITARY PERSONNEL

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
30805 RECAPITULATION				
30850 MILITARY PERSONNEL, ARMY	28,400,687	28,303,287	28,099,587	28,191,287
30900 MILITARY PERSONNEL, NAVY	23,032,101	23,010,601	22,671,875	22,788,101
30950 MILITARY PERSONNEL, MARINE CORPS	9,024,984	9,018,884	8,894,984	8,968,884
31000 MILITARY PERSONNEL, AIR FORCE	23,494,950	23,323,150	22,908,750	23,199,850
31050 RESERVE PERSONNEL, ARMY	3,249,269	3,172,669	3,052,269	3,172,669
31100 RESERVE PERSONNEL, NAVY	1,774,399	1,677,399	1,617,299	1,686,099
31150 RESERVE PERSONNEL, MARINE CORPS	521,201	513,001	491,601	513,001
31200 RESERVE PERSONNEL, AIR FORCE	1,314,846	1,296,646	1,263,046	1,296,646
31250 NATIONAL GUARD PERSONNEL, ARMY	5,122,794	4,813,394	4,555,794	4,912,794
31300 NATIONAL GUARD PERSONNEL, AIR FORCE	2,300,032	2,276,532	2,125,632	2,267,732
31350 GRAND TOTAL, MILITARY PERSONNEL	98,235,263	97,405,563	95,680,837	96,997,063

REPROGRAMMING AND REPORTING GUIDANCE FOR BASIC ALLOWANCE FOR HOUSING

The conferees direct the Department of Defense to provide budget execution data for Basic Allowance for Housing funding to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies and the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate. Such budget execution data shall be provided through the DD-COMP(M) 1002 accounting form and delivered no later than forty-five days past the close of each quarter for the fiscal year. The Reserve Component accounts do not provide budget line item data for Basic Allowance for Housing; therefore, the Department is directed to provide comparable DD-COMP(M) 1002 detail when submitting quarterly execution data.

The conferees further direct the Department to distinctly identify Basic Allowance for Housing funding on all prior approval reprogramming requests (Form 1415) submitted to the Congress. All prior approval reprogramming requests affecting Basic Allowance for Housing funding should be submitted to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies and Subcommittee on Defense of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate.

COMPOSITE PAY RATES

For a number of years, the Government Accountability Office (GAO) has used the Department of Defense's draft composite pay rates in its military personnel strength analysis to estimate the financial impact of work year variances on the Services' military personnel budget requests. Although this information has been important to the congressional defense committees in their budget analysis, the conferees believe that GAO's estimates would be more accurate if their estimates used the Services' DoD approved composite rates. Therefore, the conferees believe that DoD should review, approve, and publish the Services' budget year composite pay rates not later than 60 days after the President's budget request is submitted to the Congress.

Active End Strength

[Fiscal year 2006]

	Budget	Conference	Conference vs. Budget
Army	482,400	482,400	—
Navy	352,700	352,700	—
Marine Corps	175,000	175,000	—
Air Force	357,400	357,400	—
Total, Active Personnel	1,367,500	1,367,500	—

MILITARY PERSONNEL, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
50 MILITARY PERSONNEL, ARMY				
100 ACTIVITY 1: PAY AND ALLOWANCES OF OFFICER				
150 BASIC PAY	4,616,228	4,616,228	4,616,228	4,616,228
200 RETIRED PAY ACCRUAL	1,223,300	1,223,300	1,223,300	1,223,300
300 BASIC ALLOWANCE FOR HOUSING	1,271,542	1,271,542	1,271,542	1,271,542
350 BASIC ALLOWANCE FOR SUBSISTENCE	177,968	177,968	177,968	177,968
400 INCENTIVE PAYS	98,295	98,295	98,295	98,295
450 SPECIAL PAYS	220,791	220,791	220,791	220,791
500 ALLOWANCES	149,084	149,084	149,084	149,084
550 SEPARATION PAY	61,999	61,999	61,999	61,999
600 SOCIAL SECURITY TAX	350,042	350,042	350,042	350,042
700 TOTAL, BUDGET ACTIVITY 1	8,169,249	8,169,249	8,169,249	8,169,249
750 ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERS				
800 BASIC PAY	10,035,315	10,035,315	10,035,315	10,035,315
850 RETIRED PAY ACCRUAL	2,659,358	2,659,358	2,659,358	2,659,358
950 BASIC ALLOWANCE FOR HOUSING	2,673,850	2,673,850	2,673,850	2,673,850
1000 INCENTIVE PAYS	85,802	85,802	85,802	85,802
1050 SPECIAL PAYS	493,176	493,176	493,176	493,176
1100 ALLOWANCES	689,395	689,395	689,395	689,395
1150 SEPARATION PAY	294,164	294,164	294,164	294,164
1250 SOCIAL SECURITY TAX	759,022	759,022	759,022	759,022
1350 TOTAL, BUDGET ACTIVITY 2	17,690,082	17,690,082	17,690,082	17,690,082
1400 ACTIVITY 3: PAY AND ALLOW OF CADETS				
1450 ACADEMY CADETS	54,331	54,331	54,331	54,331
1500 ACTIVITY 4: SUBSISTENCE OF ENLISTED PERS				
1550 BASIC ALLOWANCE FOR SUBSISTENCE	827,257	827,257	827,257	827,257
1600 SUBSISTENCE-IN-KIND	561,600	561,600	561,600	561,600
1650 FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	3,244	3,244	3,244	3,244
1750 TOTAL, BUDGET ACTIVITY 4	1,392,101	1,392,101	1,392,101	1,392,101

	(In thousands of dollars) Budget	House	Senate	Conference
1800 ACTIVITY 5: PERMANENT CHANGE OF STATION				
1850 ACCESSION TRAVEL	210,533	210,533	210,533	210,533
1900 TRAINING TRAVEL	54,855	54,855	54,855	54,855
1950 OPERATIONAL TRAVEL	198,988	198,988	198,988	198,988
2000 ROTATIONAL TRAVEL	410,789	410,789	410,789	410,789
2050 SEPARATION TRAVEL	173,045	173,045	173,045	173,045
2100 TRAVEL OF ORGANIZED UNITS	3,561	3,561	3,561	3,561
2150 NON-TEMPORARY STORAGE	34,883	34,883	34,883	34,883
2200 TEMPORARY LODGING EXPENSE	24,354	24,354	24,354	24,354
2300 TOTAL, BUDGET ACTIVITY 5	1,111,008	1,111,008	1,111,008	1,111,008
2350 ACTIVITY 6: OTHER MILITARY PERS COSTS				
2400 APPREHENSION OF MILITARY DESERTERS	1,416	1,416	1,416	1,416
2450 INTEREST ON UNIFORMED SERVICES SAVINGS	203	203	203	203
2500 DEATH GRATUITIES	7,080	7,080	7,080	7,080
2550 UNEMPLOYMENT BENEFITS	146,549	146,549	146,549	146,549
2600 SURVIVOR BENEFITS	3,724	3,724	3,724	3,724
2650 EDUCATION BENEFITS	4,268	4,268	4,268	4,268
2700 ADOPTION EXPENSES	452	452	452	452
2800 TRANSPORTATION SUBSIDY	4,365	4,365	4,365	4,365
2850 PARTIAL DISLOCATION ALLOWANCE	2,500	2,500	2,500	2,500
2860 RESERVE OFFICERS TRAINING CORPS (ROTC)	82,933	82,933	82,933	82,933
2870 JUNIOR ROTC	28,600	28,600	28,600	28,600
2950 TOTAL, BUDGET ACTIVITY 6	282,090	282,090	282,090	282,090
3000 LESS REIMBURSABLES	-298,174	-298,174	-298,174	-298,174
3200 UNOBLIGATED BALANCES	---	-97,400	-301,100	-209,400
6300 TOTAL, MILITARY PERSONNEL, ARMY	28,400,687	28,303,287	28,099,587	28,191,287

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustment to the budget activities is as follows:

[In thousands of dollars]

Undistributed:	
3200 Unobligated Balances	−209,400

MILITARY PERSONNEL, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
6350 MILITARY PERSONNEL, NAVY				
6400 ACTIVITY 1: PAY AND ALLOWANCES OF OFFICER				
6450 BASIC PAY	3,234,081	3,234,081	3,234,081	3,234,081
6500 RETIRED PAY ACCRUAL	857,031	857,031	857,031	857,031
6600 BASIC ALLOWANCE FOR HOUSING	963,929	963,929	963,929	963,929
6650 BASIC ALLOWANCE FOR SUBSISTENCE	121,720	121,720	121,720	121,720
6700 INCENTIVE PAYS	219,122	219,122	219,122	219,122
6750 SPECIAL PAYS	288,224	288,224	288,224	288,224
6800 ALLOWANCES	93,792	93,792	93,792	93,792
6850 SEPARATION PAY	98,879	98,879	98,879	98,879
6900 SOCIAL SECURITY TAX	244,979	244,979	244,979	244,979
7000 TOTAL, BUDGET ACTIVITY 1	6,121,757	6,121,757	6,121,757	6,121,757
7050 ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERS				
7100 BASIC PAY	8,068,225	8,068,225	8,068,225	8,068,225
7150 RETIRED PAY ACCRUAL	2,138,078	2,138,078	2,138,078	2,138,078
7250 BASIC ALLOWANCE FOR HOUSING	2,628,976	2,628,976	2,628,976	2,628,976
7300 INCENTIVE PAYS	108,878	108,878	108,878	108,878
7350 SPECIAL PAYS	938,343	938,343	938,343	938,343
7400 ALLOWANCES	507,735	507,735	507,735	507,735
7450 SEPARATION PAY	285,891	285,891	285,891	285,891
7550 SOCIAL SECURITY TAX	612,220	612,220	612,220	612,220
7650 TOTAL, BUDGET ACTIVITY 2	15,288,346	15,288,346	15,288,346	15,288,346
7700 ACTIVITY 3: PAY AND ALLOW OF MIDSHIPMEN				
7750 MIDSHIPMEN	56,108	56,108	56,108	56,108
7800 ACTIVITY 4: SUBSISTENCE OF ENLISTED PERS				
7850 BASIC ALLOWANCE FOR SUBSISTENCE	663,385	663,385	663,385	663,385
7900 SUBSISTENCE-IN-KIND	366,523	366,523	366,523	366,523
7950 FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	500	500	500	500
8050 TOTAL, BUDGET ACTIVITY 4	1,030,408	1,030,408	1,030,408	1,030,408

	(In thousands of dollars) Budget	House	Senate	Conference
8100 ACTIVITY 5: PERMANENT CHANGE OF STATION				
8150 ACCESSION TRAVEL	67,016	67,016	67,016	67,016
8200 TRAINING TRAVEL	72,913	72,913	72,913	72,913
8250 OPERATIONAL TRAVEL	186,317	186,317	186,317	186,317
8300 ROTATIONAL TRAVEL	281,104	281,104	281,104	281,104
8350 SEPARATION TRAVEL	104,252	104,252	104,252	104,252
8400 TRAVEL OF ORGANIZED UNITS	19,160	19,160	19,160	19,160
8450 NON-TEMPORARY STORAGE	6,350	6,350	6,350	6,350
8500 TEMPORARY LODGING EXPENSE	7,699	7,699	7,699	7,699
8550 OTHER	7,686	7,686	7,686	7,686
8650 TOTAL, BUDGET ACTIVITY 5	752,497	752,497	752,497	752,497
8700 ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
8750 APPREHENSION OF MILITARY DESERTERS	825	825	825	825
8800 INTEREST ON UNIFORMED SERVICES SAVINGS	209	209	209	209
8850 DEATH GRATUITIES	3,236	3,236	3,236	3,236
8900 UNEMPLOYMENT BENEFITS	66,358	66,358	66,358	66,358
8950 SURVIVOR BENEFITS	1,139	1,139	1,139	1,139
9000 EDUCATION BENEFITS	1,799	1,799	1,799	1,799
9050 ADOPTION EXPENSES	446	446	446	446
9150 TRANSPORTATION SUBSIDY	3,951	3,951	3,951	3,951
9200 OTHER	2,461	2,461	2,461	2,461
9210 RESERVE OFFICERS TRAINING CORPS (ROTC)	20,704	20,704	20,704	20,704
9220 JUNIOR R.O.T.C	13,094	13,094	13,094	13,094
9300 TOTAL, BUDGET ACTIVITY 6	114,222	114,222	114,222	114,222
9350 LESS REIMBURSABLES	-331,237	-331,237	-331,237	-331,237
9550 UNOBLIGATED BALANCES	---	-21,500	-256,000	-192,000
9630 NAVY FORCE SHAPING TOOLS	---	---	-104,226	-52,000
11350 TOTAL, MILITARY PERSONNEL, NAVY	23,032,101	23,010,601	22,671,875	22,788,101

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:		
9550	Unobligated Balances	−192,000
9630	Navy Force Shaping Tools	−52,000

MILITARY PERSONNEL, MARINE CORPS

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

	(In thousands of dollars) Budget	House	Senate	Conference
11400 MILITARY PERSONNEL, MARINE CORPS				
11450 ACTIVITY 1: PAY AND ALLOWANCES OF OFFICER				
11500 BASIC PAY	1,103,052	1,103,052	1,103,052	1,103,052
11550 RETIRED PAY ACCRUAL	293,152	293,152	293,152	293,152
11650 BASIC ALLOWANCE FOR HOUSING	305,952	305,952	305,952	305,952
11700 BASIC ALLOWANCE FOR SUBSISTENCE	42,877	42,877	42,877	42,877
11750 INCENTIVE PAYS	48,147	48,147	48,147	48,147
11800 SPECIAL PAYS	4,508	4,508	4,508	4,508
11850 ALLOWANCES	23,318	23,318	23,318	23,318
11900 SEPARATION PAY	14,646	14,646	14,646	14,646
11950 SOCIAL SECURITY TAX	83,587	83,587	83,587	83,587
12050 TOTAL, BUDGET ACTIVITY 1	1,919,239	1,919,239	1,919,239	1,919,239
12100 ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERS				
12150 BASIC PAY	3,647,008	3,647,008	3,647,008	3,647,008
12200 RETIRED PAY ACCRUAL	962,920	962,920	962,920	962,920
12300 BASIC ALLOWANCE FOR HOUSING	873,119	873,119	873,119	873,119
12350 INCENTIVE PAYS	8,360	8,360	8,360	8,360
12400 SPECIAL PAYS	123,583	123,583	123,583	123,583
12450 ALLOWANCES	208,149	208,149	208,149	208,149
12500 SEPARATION PAY	73,647	73,647	73,647	73,647
12600 SOCIAL SECURITY TAX	278,431	278,431	278,431	278,431
12700 TOTAL, BUDGET ACTIVITY 2	6,175,217	6,175,217	6,175,217	6,175,217
12750 ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL				
12800 BASIC ALLOWANCE FOR SUBSISTENCE	308,554	308,554	308,554	308,554
12850 SUBSISTENCE-IN-KIND	247,944	247,944	247,944	247,944
12900 FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	750	750	750	750
13000 TOTAL, BUDGET ACTIVITY 4	557,248	557,248	557,248	557,248

	(In thousands of dollars) Budget	House	Senate	Conference
13050 ACTIVITY 5: PERMANENT CHANGE OF STATION				
13100 ACCESSION TRAVEL	44,475	44,475	44,475	44,475
13150 TRAINING TRAVEL	9,834	9,834	9,834	9,834
13200 OPERATIONAL TRAVEL	89,565	89,565	89,565	89,565
13250 ROTATIONAL TRAVEL	126,094	126,094	126,094	126,094
13300 SEPARATION TRAVEL	49,739	49,739	49,739	49,739
13350 TRAVEL OF ORGANIZED UNITS	1,722	1,722	1,722	1,722
13400 NON-TEMPORARY STORAGE	5,241	5,241	5,241	5,241
13450 TEMPORARY LODGING EXPENSE	12,593	12,593	12,593	12,593
13500 OTHER	2,438	2,438	2,438	2,438
13600 TOTAL, BUDGET ACTIVITY 5	341,701	341,701	341,701	341,701
13650 ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS				
13700 APPREHENSION OF MILITARY DESERTERS	1,638	1,638	1,638	1,638
13750 INTEREST ON UNIFORMED SERVICES SAVINGS	16	16	16	16
13800 DEATH GRATUITIES	2,100	2,100	2,100	2,100
13850 UNEMPLOYMENT BENEFITS	51,970	51,970	51,970	51,970
13900 SURVIVOR BENEFITS	721	721	721	721
13950 EDUCATION BENEFITS	1,039	1,039	1,039	1,039
14000 ADOPTION EXPENSES	259	259	259	259
14100 TRANSPORTATION SUBSIDY	1,155	1,155	1,155	1,155
14150 OTHER	668	668	668	668
14160 JUNIOR R.O.T.C.	5,302	5,302	5,302	5,302
14250 TOTAL, BUDGET ACTIVITY 6	64,868	64,868	64,868	64,868
14300 LESS REIMBURSABLES	-33,289	-33,289	-33,289	-33,289
14315 UNOBLIGATED BALANCES	---	-6,100	-130,000	-56,100
16250 TOTAL, MILITARY PERSONNEL, MARINE CORPS	9,024,984	9,018,884	8,894,984	8,968,884

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustment to the budget activities is as follows:

[In thousands of dollars]

Undistributed:	
14315 Unobligated Balances	−56,100

MILITARY PERSONNEL, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
16300 MILITARY PERSONNEL, AIR FORCE				
16350 ACTIVITY 1: PAY AND ALLOWANCES OF OFFICER				
16400 BASIC PAY	4,491,448	4,491,448	4,491,448	4,491,448
16450 RETIRED PAY ACCRUAL	1,184,999	1,184,999	1,184,999	1,184,999
16550 BASIC ALLOWANCE FOR HOUSING	1,160,175	1,160,175	1,160,175	1,160,175
16600 BASIC ALLOWANCE FOR SUBSISTENCE	168,228	168,228	168,228	168,228
16650 INCENTIVE PAYS	325,495	325,495	325,495	325,495
16700 SPECIAL PAYS	255,805	255,805	255,805	255,805
16750 ALLOWANCES	133,442	133,442	133,442	133,442
16800 SEPARATION PAY	61,488	61,488	61,488	61,488
16850 SOCIAL SECURITY TAX	340,588	340,588	340,588	340,588
16950 TOTAL, BUDGET ACTIVITY 1	8,121,668	8,121,668	8,121,668	8,121,668
17000 ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERS				
17050 BASIC PAY	7,800,171	7,800,171	7,800,171	7,800,171
17100 RETIRED PAY ACCRUAL	2,046,105	2,046,105	2,046,105	2,046,105
17200 BASIC ALLOWANCE FOR HOUSING	2,079,938	2,079,938	2,079,938	2,079,938
17250 INCENTIVE PAYS	34,496	34,496	34,496	34,496
17300 SPECIAL PAYS	277,381	277,381	277,381	277,381
17350 ALLOWANCES	636,193	636,193	636,193	636,193
17450 SEPARATION PAY	145,474	145,474	145,474	145,474
17500 SOCIAL SECURITY TAX	596,713	596,713	596,713	596,713
17600 TOTAL, BUDGET ACTIVITY 2	13,616,471	13,616,471	13,616,471	13,616,471
17650 ACTIVITY 3: PAY AND ALLOWANCES OF CADETS				
17700 ACADEMY CADETS	55,056	55,056	55,056	55,056
17750 ACTIVITY 4: SUBSISTENCE OF ENLISTED PERS				
17800 BASIC ALLOWANCE FOR SUBSISTENCE	785,720	785,720	785,720	785,720
17850 SUBSISTENCE-IN-KIND	135,216	135,216	135,216	135,216
17900 FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,254	1,254	1,254	1,254
18000 TOTAL, BUDGET ACTIVITY 4	922,190	922,190	922,190	922,190

	(In thousands of dollars) Budget	House	Senate	Conference
18050 ACTIVITY 5: PERMANENT CHANGE OF STATION				
18100 ACCESSION TRAVEL	78,682	78,682	78,682	78,682
18150 TRAINING TRAVEL	95,149	95,149	95,149	95,149
18200 OPERATIONAL TRAVEL	149,826	149,826	149,826	149,826
18250 ROTATIONAL TRAVEL	492,620	492,620	492,620	492,620
18300 SEPARATION TRAVEL	146,340	146,340	146,340	146,340
18350 TRAVEL OF ORGANIZED UNITS	7,406	7,406	7,406	7,406
18400 NON-TEMPORARY STORAGE	27,188	27,188	27,188	27,188
18450 TEMPORARY LODGING EXPENSE	34,844	34,844	34,844	34,844
18550 TOTAL, BUDGET ACTIVITY 5	1,032,055	1,032,055	1,032,055	1,032,055
18600 ACTIVITY 6: OTHER MILITARY PERS COSTS				
18650 APPREHENSION OF MILITARY DESERTERS	100	100	100	100
18700 INTEREST ON UNIFORMED SERVICES SAVINGS	671	671	671	671
18750 DEATH GRATUITIES	2,969	2,969	2,969	2,969
18800 UNEMPLOYMENT BENEFITS	49,711	49,711	49,711	49,711
18850 SURVIVOR BENEFITS	1,546	1,546	1,546	1,546
18900 EDUCATION BENEFITS	3,317	3,317	3,317	3,317
18950 ADOPTION EXPENSES	582	582	582	582
19050 TRANSPORTATION SUBSIDY	3,815	3,815	3,815	3,815
19100 OTHER	4,781	4,781	4,781	4,781
19110 RESERVE OFFICERS TRAINING CORPS (ROTC)	38,728	38,728	38,728	38,728
19120 JUNIOR ROTC	21,630	21,630	21,630	21,630
19200 TOTAL, BUDGET ACTIVITY 6	127,850	127,850	127,850	127,850
19250 LESS REIMBURSABLES	-380,340	-380,340	-380,340	-380,340
19620 UNOBLIGATED BALANCES	---	-171,800	-590,100	-297,900
19625 B-52 ATTRITION RESERVE	---	---	3,900	2,800
22550 TOTAL, MILITARY PERSONNEL, AIR FORCE	23,494,950	23,323,150	22,908,750	23,199,850

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:	
19620 Unobligated Balances	−297,900
19625 B–52 Attrition Reserve	2,800

NATIONAL GUARD AND RESERVE FORCES

The conferees agree to provide $13,848,941,000 in Reserve personnel appropriations, and $15,112,612,000 in Reserve operation and maintenance appropriations. These funds support a Selected Reserve end strength of 848,500 as shown below.

SELECTED RESERVE END STRENGTH

[Fiscal Year 2006]

	Budget	Conference	Conference vs. Budget
Selected Reserve:			
Army Reserve	205,000	205,000	—
Navy Reserve	73,100	73,100	—
Marine Corps Reserve	39,600	39,600	—
Air Force Reserve	74,000	74,000	—
Army National Guard	350,000	350,000	—
Air National Guard	106,800	106,800	—
Total	848,500	848,500	—

SELECTED RESERVE END STRENGTH—Continued

[Fiscal Year 2006]

	Budget	Conference	Conference vs. Budget
AGR/TARS:			
Army Reserve	15,270	15,270	—
Navy Reserve	13,392	13,392	—
Marine Corps Reserve	2,261	2,261	—
Air Force Reserve	2,290	2,290	—
Army National Guard	27,345	27,396	+51
Air National Guard	13,089	13,123	+34
Total	73,647	73,732	+85
Technicians:			
Army Reserve	8,344	8,344	—
Air Force Reserve	9,942	9,942	—
Army National Guard	27,163	27,163	—
Air National Guard	23,321	23,321	—
Total	68,770	68,770	—

RESERVE COMPONENTS BUDGET STRUCTURE CHANGE

The conferees agree to a one year test of a consolidated budget structure for the Reserve components' military personnel appropriations. This test will evaluate the budget structure presented in the President's budget request reflecting a single budget activity for execution purposes in fiscal year 2006. The test will conclude with the closure of fiscal year 2006. The conferees direct the Department of Defense to submit its fiscal year 2007 budget request using the two budget activity structure, and the final structure will be addressed in the fiscal year 2007 defense appropriations act. The conferees understand the reasoning behind the Department of Defense's request to provide additional financial management flexibility for the Reserve components to execute their respective appropriations. Given this, the congressional defense committees still require visibility over the movement of funds within the accounts of the Services' appropriations. Therefore, the conferees direct the Department of Defense to provide a semi-annual report to the congressional defense committees showing transfers within the Reserve component military personnel appropriations. The report format will provide separate explanations for all transfers in and out of each appropriation line item that equal, exceed, or cumulate to $5,000,000. Reports will be due 30 days following the end of the second quarter and the fiscal year. The conferees expect the Department of Defense to work with the congressional defense committees on the details of the report format.

RESERVE PERSONNEL, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
22600 RESERVE PERSONNEL, ARMY				
22650 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
22700 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,021,013	1,021,013	1,021,013	1,021,013
22750 PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	48,989	48,989	48,989	48,989
22800 PAY GROUP F TRAINING (RECRUITS)	181,631	181,631	181,631	181,631
22850 PAY GROUP P TRAINING (PIPELINE RECRUITS)	842	842	842	842
22910 MOBILIZATION TRAINING or RETIRE HEALTH ACCRUAL	19,031	---	19,031	19,031
22920 SCHOOL TRAINING	179,008	---	179,008	179,008
22930 SPECIAL TRAINING	159,606	---	159,606	159,606
22940 ADMINISTRATION AND SUPPORT	1,477,861	---	1,477,861	1,477,861
22950 EDUCATION BENEFITS	108,594	---	108,594	108,594
22970 HEALTH PROFESSION SCHOLARSHIP	34,219	---	34,219	34,219
22990 OTHER PROGRAMS	18,475	---	18,475	18,475
23050 TOTAL, BUDGET ACTIVITY 1	3,249,269	1,252,475	3,249,269	3,249,269
23100 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
23150 MOBILIZATION TRAINING or RETIRE HEALTH ACCRUAL	---	19,031	---	---
23200 SCHOOL TRAINING	---	179,008	---	---
23250 SPECIAL TRAINING	---	159,606	---	---
23300 ADMINISTRATION AND SUPPORT	---	1,477,861	---	---
23350 EDUCATION BENEFITS	---	108,594	---	---
23450 HEALTH PROFESSION SCHOLARSHIP	---	34,219	---	---
23550 OTHER PROGRAMS	---	18,475	---	---
23650 TOTAL, BUDGET ACTIVITY 2	---	1,996,794	---	---
23800 UNOBLIGATED BALANCES	---	-19,800	-140,200	-19,800
23810 RESERVES COST AVOIDANCE	---	-56,800	-56,800	-56,800
24000 TOTAL RESERVE PERSONNEL, ARMY	3,249,269	3,172,669	3,052,269	3,172,669

[In thousands of dollars]

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:		
Undistributed:		
23800	Unobligated Balances	19,800
23810	Reserves Cost Avoidance	56,800

RESERVE PERSONNEL, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
24050 RESERVE PERSONNEL, NAVY				
24100 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
24150 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	611,919	611,919	611,919	611,919
24200 PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	4,806	4,806	4,806	4,806
24250 PAY GROUP F TRAINING (RECRUITS)	2,964	2,964	2,964	2,964
24310 MOBILIZATION TRAINING	6,971	---	6,971	6,971
24320 SCHOOL TRAINING	34,451	---	34,451	34,451
24330 SPECIAL TRAINING	71,023	---	71,023	71,023
24340 ADMINISTRATION AND SUPPORT	981,196	---	981,196	981,196
24350 EDUCATION BENEFITS	25,177	---	25,177	25,177
24370 HEALTH PROFESSION SCHOLARSHIP	35,892	---	35,892	35,892
24450 TOTAL, BUDGET ACTIVITY 1	1,774,399	619,689	1,774,399	1,774,399
24500 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
24550 MOBILIZATION TRAINING	---	6,971	---	---
24600 SCHOOL TRAINING	---	34,451	---	---
24650 SPECIAL TRAINING	---	71,023	---	---
24700 ADMINISTRATION AND SUPPORT	---	981,196	---	---
24750 EDUCATION BENEFITS	---	25,177	---	---
24850 HEALTH PROFESSION SCHOLARSHIP	---	35,892	---	---
25050 TOTAL, BUDGET ACTIVITY 2	---	1,154,710	---	---
25300 UNOBLIGATED BALANCES	---	-52,300	-112,400	-52,300
25370 RESERVES COST AVOIDANCE	---	-44,700	-44,700	-36,000
25450 TOTAL, RESERVE PERSONNEL, NAVY	1,774,399	1,677,399	1,617,299	1,686,099

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:		
25300	Unobligated Balances	−52,300
25370	Reserves Cost Avoidance	−36,000

RESERVE PERSONNEL, MARINE CORPS

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

	(In thousands of dollars) Budget	House	Senate	Conference
25500 RESERVE PERSONNEL, MARINE CORPS				
25550 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
25600 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	144,822	144,822	144,822	144,822
25650 PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	23,758	23,758	23,758	23,758
25700 PAY GROUP F TRAINING (RECRUITS)	88,140	88,140	88,140	88,140
25750 PAY GROUP P TRAINING (PIPELINE RECRUITS)	64	64	64	64
25810 MOBILIZATION TRAINING	2,622	---	2,622	2,622
25820 SCHOOL TRAINING	12,053	---	12,053	12,053
25830 SPECIAL TRAINING	43,962	---	43,962	43,962
25840 ADMINISTRATION AND SUPPORT	161,851	---	161,851	161,851
25850 PLATOON LEADER CLASS	12,707	---	12,707	12,707
25860 EDUCATION BENEFITS	31,222	---	31,222	31,222
25950 TOTAL, BUDGET ACTIVITY 1	521,201	256,784	521,201	521,201
26000 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
26050 MOBILIZATION TRAINING	---	2,622	---	---
26100 SCHOOL TRAINING	---	12,053	---	---
26150 SPECIAL TRAINING	---	43,962	---	---
26200 ADMINISTRATION AND SUPPORT	---	161,851	---	---
26240 PLATOON LEADER CLASS	---	12,707	---	---
26250 EDUCATION BENEFITS	---	31,222	---	---
26500 TOTAL, BUDGET ACTIVITY 2	---	264,417	---	---
26600 UNOBLIGATED BALANCES	---	-1,600	-23,000	-1,600
26650 RESERVES COST AVOIDANCE	---	-6,600	-6,600	-6,600
26750 TOTAL, RESERVE PERSONNEL, MARINE CORPS	521,201	513,001	491,601	513,001

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:		
26600	Unobligated Balances	−1,600
26650	Reserves Cost Avoidance	−6,600

RESERVE PERSONNEL, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
26800 RESERVE PERSONNEL, AIR FORCE				
26850 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
26900 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	596,669	596,669	596,669	596,669
26950 PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	112,039	112,039	112,039	112,039
27000 PAY GROUP F TRAINING (RECRUITS)	47,771	47,771	47,771	47,771
27050 PAY GROUP P TRAINING (PIPELINE RECRUITS)	97	97	97	97
27110 MOBILIZATION TRAINING	1,800	---	1,800	1,800
27120 SCHOOL TRAINING	107,605	---	107,605	107,605
27130 SPECIAL TRAINING	124,534	---	124,534	124,534
27140 ADMINISTRATION AND SUPPORT	213,247	---	213,247	213,247
27150 EDUCATION BENEFITS	56,438	---	56,438	56,438
27170 HEALTH PROFESSION SCHOLARSHIP	28,963	---	28,963	28,963
27190 OTHER PROGRAMS	25,683	---	25,683	25,683
27200 TOTAL, BUDGET ACTIVITY 1	1,314,846	756,576	1,314,846	1,314,846
27250 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
27300 MOBILIZATION TRAINING	---	1,800	---	---
27350 SCHOOL TRAINING	---	107,605	---	---
27400 SPECIAL TRAINING	---	124,534	---	---
27450 ADMINISTRATION AND SUPPORT	---	213,247	---	---
27500 EDUCATION BENEFITS	---	56,438	---	---
27600 HEALTH PROFESSION SCHOLARSHIP	---	28,963	---	---
27700 OTHER PROGRAMS	---	25,683	---	---
27800 TOTAL, BUDGET ACTIVITY 2	---	558,270	---	---
27900 UNOBLIGATED BALANCES	---	-18,200	-47,100	-18,200
27910 RESERVES COST AVOIDANCE	---	-4,700	-4,700	-4,700
27930 932ND AIRLIFT WING PERSONNEL	---	4,700	---	4,700
28150 TOTAL, RESERVE PERSONNEL, AIR FORCE	1,314,846	1,296,646	1,263,046	1,296,646

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:	
27900 Unobligated Balances	−18,200
27910 Reserves Cost Avoidance	−4,700
27930 932nd Airlift Wing Personnel	4,700

NATIONAL GUARD PERSONNEL, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
28200 NATIONAL GUARD PERSONNEL, ARMY				
28250 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
28300 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,602,858	1,602,858	1,602,858	1,602,858
28350 PAY GROUP F TRAINING (RECRUITS)	315,333	315,333	315,333	315,333
28400 PAY GROUP P TRAINING (PIPELINE RECRUITS)	30,767	30,767	30,767	30,767
28500 SCHOOL TRAINING	300,499	---	300,499	300,499
28510 SPECIAL TRAINING	211,114	---	211,114	211,114
28520 ADMINISTRATION AND SUPPORT	2,436,257	---	2,436,257	2,436,257
28530 EDUCATION BENEFITS	225,966	---	225,966	225,966
28600 TOTAL, BUDGET ACTIVITY 1	5,122,794	1,948,958	5,122,794	5,122,794
28650 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
28700 SCHOOL TRAINING	---	300,499	---	---
28750 SPECIAL TRAINING	---	211,114	---	---
28800 ADMINISTRATION AND SUPPORT	---	2,436,257	---	---
28850 EDUCATION BENEFITS	---	225,966	---	---
29050 TOTAL, BUDGET ACTIVITY 2	---	3,173,836	---	---
29350 UNOBLIGATED BALANCES	---	-11,600	-271,400	-11,600
29410 RESERVES COST AVOIDANCE	---	-297,800	-297,800	-200,000
29435 LEWIS AND CLARK BICENTENNIAL ACTIVITIES	---	---	2,200	1,600
29500 TOTAL, NATIONAL GUARD PERSONNEL, ARMY	5,122,794	4,813,394	4,555,794	4,912,794

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Undistributed:	
29350 Unobligated Balances	−11,600
29410 Reserves Cost Avoidance	−200,000
29435 Lewis and Clark Bicentennial Activities	1,600

LEWIS AND CLARK BICENTENNIAL COMMEMORATION SUPPORT

Funds designated for the Lewis and Clark Bicentennial Commemoration in the National Guard Personnel, Army and the Operation and Maintenance, Army National Guard appropriations are to provide ceremonial, educational, safety, security, and logistics support to include support for up to ten students from each state and territory selected to participate in the Youth Rendezvous.

NATIONAL GUARD PERSONNEL, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
29550 NATIONAL GUARD PERSONNEL, AIR FORCE				
29600 ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT				
29650 PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	877,728	877,728	877,828	877,828
29700 PAY GROUP F TRAINING (RECRUITS)	65,630	65,630	65,630	65,630
29750 PAY GROUP P TRAINING (PIPELINE RECRUITS)	457	457	457	457
29810 SCHOOL TRAINING	155,452	---	155,452	155,452
29820 SPECIAL TRAINING	90,829	---	90,829	90,829
29830 ADMINISTRATION AND SUPPORT	1,035,885	---	1,036,985	1,036,985
29840 EDUCATION BENEFITS	74,051	---	74,051	74,051
29950 TOTAL, BUDGET ACTIVITY 1	2,300,032	943,815	2,301,232	2,301,232
30000 ACTIVITY 2: OTHER TRAINING AND SUPPORT				
30050 SCHOOL TRAINING	---	155,452	---	---
30100 SPECIAL TRAINING	---	90,829	---	---
30150 ADMINISTRATION AND SUPPORT	---	1,035,885	---	---
30200 EDUCATION BENEFITS	---	74,051	---	---
30400 TOTAL, BUDGET ACTIVITY 2	---	1,356,217	---	---
30550 UNOBLIGATED BALANCES	---	-3,500	-165,600	-13,500
30600 RESERVES COST AVOIDANCE	---	-20,000	-10,000	-20,000
30750 TOTAL, NATIONAL GUARD PERSONNEL, AIR FORCE	2,300,032	2,276,532	2,125,632	2,267,732

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Reserve Component Training and Support:	
29650 Pay Group A Training/166th Information Operations Squadron	100
29830 Administration and Support/166th Information Operations Squadron	1,100
Undistributed:	
30550 Unobligated Balances	−13,500
30600 Reserves Cost Avoidance	−20,000

TITLE II-OPERATION AND MAINTENANCE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
50005 RECAPITULATION				
50050 O & M, ARMY	25,316,595	24,283,245	24,573,795	24,105,470
50150 O & M, NAVY	30,759,889	30,064,789	30,317,964	29,995,383
50250 O & M, MARINE CORPS	3,804,926	3,677,726	3,780,926	3,695,256
50300 O & M, AIR FORCE	31,521,136	30,505,074	30,891,386	30,313,136
50400 O & M, DEFENSE-WIDE	18,453,469	18,438,916	18,517,218	18,500,716
50500 O & M, ARMY RESERVE	1,987,382	1,995,582	1,956,482	1,973,382
50550 O & M, NAVY RESERVE	1,245,695	1,246,395	1,239,295	1,244,795
50600 O & M, MARINE CORPS RESERVE	199,934	210,034	197,734	202,734
50650 O & M, AIR FORCE RESERVE	2,501,686	2,520,886	2,474,286	2,499,286
50700 O & M, ARMY NATIONAL GUARD	4,509,719	4,534,419	4,428,119	4,491,109
50750 O & M, AIR NATIONAL GUARD	4,724,091	4,732,306	4,681,291	4,701,306
50790 OVERSEAS CONTINGENCY OPERATIONS TRANSFER ACCOUNT	20,000	20,000	---	---
50800 UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES	11,236	11,236	11,236	11,236
50850 ENVIRONMENTAL RESTORATION, ARMY	407,865	407,865	407,865	407,865
50900 ENVIRONMENTAL RESTORATION, NAVY	305,275	305,275	305,275	305,275
50950 ENVIRONMENTAL RESTORATION, AIR FORCE	406,461	406,461	406,461	406,461
51000 ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	28,167	28,167	28,167	28,167
51050 ENVIRONMENTAL RESTORATION, FORMERLY USED DEF. SITES	221,921	221,921	271,921	256,921
51200 OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID	61,546	61,546	61,546	61,546
51300 FORMER SOVIET UNION THREAT REDUCTION ACCOUNT	415,549	415,549	415,549	415,549
51600 GRAND TOTAL, O & M	126,902,542	124,087,392	124,966,516	123,615,593

RESPONSE OF FEDERAL GOVERNMENT TO DISASTERS

The conferees direct the Director of the Office of Management and Budget, in coordination with the Secretary of Defense and the Secretary of Homeland Security, to conduct a study on improving the response of the Department of Defense and other Federal Government agencies to disasters. In conducting the study the Director should consider mechanisms for coordinating and expediting disaster preparation and response efforts; examine the role of the Department of Defense for participating in disaster response, including planning, logistics, relief and reconstruction assistance; and assess the role of the United States Geological Survey in enhancing disaster preparation measures. The Director shall submit a report on the study to Congress by May 1, 2006. The findings should include recommendations for improving the response of the Department of Defense and other Federal Government agencies to disasters and identify any legislation or regulations that the Director determines necessary to implement such recommendations.

REIMBURSEMENT FOR PROTECTIVE, SAFETY, AND HEALTH EQUIPMENT FOR MEMBERS OF THE ARMED FORCES

The Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 authorized the Department of Defense to reimburse members of the Armed Forces for the cost of purchasing protective, safety, or health equipment for use in Operation Noble Eagle, Operation Enduring Freedom, and Operation Iraqi Freedom. In order to more adequately address this situation, the conference agreement amends Section 351 of that Act to extend this authority until April 1, 2006.

In addition, the conferees are concerned that certain types of equipment are not included in the guidance issued by the Department of Defense on October 4, 2005. Therefore, the conferees direct the Department to revise the guidance to include summer gloves, knee pads and elbow pads, deltoid and auxiliary protectors, and side plate body armor. The conferees further direct the Military Departments to implement guidance for submitting and processing these claims not later than January 31, 2006.

GROUND SOURCE HEAT PUMPS

The conferees direct the Secretary of Defense to submit a report to the congressional defense committees by July 1, 2006 on the use of ground source heat pumps at Department of Defense facilities. The report should include a description of the types of facilities that use ground source heat pumps, an assessment of the applicability and cost effectiveness of using ground source heat pumps in different geographic regions of the United States, and an assessment of the applicability to use ground source heat pumps for new construction and retrofitting Department of Defense facilities.

MILITARY TO CIVILIAN CONVERSIONS

The conferees recognize the Military to Civilian Conversion program as an important tool to alleviate stress on the force by replacing uniformed service members in nonmilitary essential positions with federal civilian or contractor personnel. However, the conferees are concerned that budget justification materials do not adequately describe the Department's Military to Civilian Conversion program and that the Department lacks a clear methodology for developing its budget estimates. Therefore, the conferees have reduced the Military Services' budget request for Military to Civilian Conversions by $282,000,000 due to poor budget justification. These reductions should not be interpreted to limit the number of conversions completed in fiscal year 2006 if sufficient resources are available. The conferees direct the Department to include comprehensive data on the Military to Civilian Conversion Program in future budget justification materials. The budget materials should include: the number of conversions completed in the two fiscal years prior to the budget request year, the mix of positions filled by civilian contractors or government employees, the number of conversions expected to occur in the budget year, the mix of civilian contractors and government employees expected to be hired, and a detailed explanation of the cost estimates used in developing the budget request.

REPROGRAMMING AND REPORTING GUIDANCE FOR FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION

The conferees direct the Department of Defense to provide budget execution data for Facilities Sustainment, Restoration and Modernization funding to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies and the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate. Such budget execution data shall be provided through the DD–COMP(M) 1002 accounting form and delivered no later than forty-five days past the close of each quarter for the fiscal year. The Operation and Maintenance, Defense-Wide account does not provide budget line item data for Facilities Sustainment, Restoration and Modernization: therefore, the Department is directed to provide comparable DD–COMP(M) 1002 detail when submitting quarterly execution data.

The conferees further direct the Department to distinctly identify Facilities Sustainment, Restoration and Modernization funding on all prior approval reprogramming requests (Form 1415) submitted to the Congress. All prior approval reprogramming requests affecting the Facilities Sustainment, Restoration and Modernization funding should be submitted to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies and the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate.

OPERATION AND MAINTENANCE, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
100 OPERATION AND MAINTENANCE, ARMY				
150 BUDGET ACTIVITY 1: OPERATING FORCES				
200 LAND FORCES				
250 DIVISIONS	866,129	880,029	866,129	871,869
300 CORPS COMBAT FORCES	430,353	430,353	430,353	433,753
350 CORPS SUPPORT FORCES	351,673	351,673	351,673	351,673
400 ECHELON ABOVE CORPS SUPPORT FORCES	951,681	848,681	848,681	848,681
450 LAND FORCES OPERATIONS SUPPORT	1,260,976	1,254,476	1,264,476	1,260,456
500 LAND FORCES READINESS				
550 FORCE READINESS OPERATIONS SUPPORT	1,870,382	1,847,382	1,894,282	1,867,682
600 LAND FORCES SYSTEMS READINESS	615,063	532,063	606,863	543,653
650 LAND FORCES DEPOT MAINTENANCE	1,229,926	1,016,926	886,126	886,126
700 LAND FORCES READINESS SUPPORT				
750 BASE OPERATIONS SUPPORT	5,347,826	5,338,826	5,352,476	5,351,476
800 FAC SUSTAINMENT, RESTORATION & MOD (OP FORCES)	1,825,518	1,850,518	1,843,518	1,851,118
850 MANAGEMENT & OPERATIONAL HEADQUARTERS	220,288	210,288	220,288	215,288
900 UNIFIED COMMANDS	102,343	102,343	102,343	102,343
950 MISCELLANEOUS ACTIVITIES	230,202	230,202	232,202	231,202
1045 TOTAL, BUDGET ACTIVITY 1	15,302,360	14,893,760	14,899,410	14,815,320
1050 BUDGET ACTIVITY 2: MOBILIZATION				
1100 MOBILITY OPERATIONS				
1200 STRATEGIC MOBILIZATION	248,241	248,241	254,241	251,241
1250 ARMY PREPOSITIONED STOCKS	99,917	99,917	99,917	99,917
1300 INDUSTRIAL PREPAREDNESS	8,833	13,783	16,833	15,833
1350 TOTAL, BUDGET ACTIVITY 2	356,991	361,941	370,991	366,991

	(In thousands of dollars)			
	Budget	House	Senate	Conference
1400 BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
1450 ACCESSION TRAINING				
1500 OFFICER ACQUISITION	103,722	103,722	103,722	98,722
1550 RECRUIT TRAINING	32,125	32,125	32,125	32,125
1600 ONE STATION UNIT TRAINING	36,538	36,538	36,538	36,538
1650 SENIOR RESERVE OFFICERS' TRAINING CORPS	270,351	272,351	272,351	273,551
1800 BASIC SKILL/ ADVANCE TRAINING				
1850 SPECIALIZED SKILL TRAINING	510,526	519,826	520,676	525,381
1900 FLIGHT TRAINING	635,105	637,105	635,105	635,105
1950 PROFESSIONAL DEVELOPMENT EDUCATION	114,854	114,854	114,854	115,854
2000 TRAINING SUPPORT	668,981	661,681	670,981	662,781
2150 RECRUITING/OTHER TRAINING				
2200 RECRUITING AND ADVERTISING	481,868	481,868	481,868	481,868
2250 EXAMINING	121,937	121,937	121,937	121,937
2300 OFF-DUTY AND VOLUNTARY EDUCATION	262,410	263,410	262,410	265,810
2350 CIVILIAN EDUCATION AND TRAINING	154,232	122,232	122,232	122,232
2400 JUNIOR RESERVE OFFICERS' TRAINING CORPS	141,416	141,516	141,416	141,516
2500 TOTAL, BUDGET ACTIVITY 3	3,534,065	3,509,165	3,516,215	3,513,420

	(In thousands of dollars) Budget	House	Senate	Conference
2550 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
2600 SECURITY PROGRAMS				
2650 SECURITY PROGRAMS	919,796	940,796	941,196	944,036
2700 LOGISTICS OPERATIONS				
2750 SERVICEWIDE TRANSPORTATION	581,060	513,060	581,060	513,060
2800 CENTRAL SUPPLY ACTIVITIES	570,178	460,278	570,178	459,448
2850 LOGISTICS SUPPORT ACTIVITIES	389,696	400,696	387,396	402,196
2900 AMMUNITION MANAGEMENT	354,162	354,162	354,162	354,162
2950 SERVICEWIDE SUPPORT				
3000 ADMINISTRATION	606,588	606,588	590,088	591,088
3050 SERVICEWIDE COMMUNICATIONS	850,053	839,053	825,153	839,053
3100 MANPOWER MANAGEMENT	238,344	238,344	238,344	238,344
3150 OTHER PERSONNEL SUPPORT	189,720	189,720	189,720	189,720
3200 OTHER SERVICE SUPPORT	850,059	850,959	850,059	850,959
3250 ARMY CLAIMS	197,361	197,361	197,361	197,361
3300 REAL ESTATE MANAGEMENT	45,451	45,451	45,451	45,451
3550 SUPPORT OF OTHER NATIONS				
3600 INTERNATIONAL MILITARY HEADQUARTERS	289,447	289,447	289,447	289,447
3650 MISC. SUPPORT OF OTHER NATIONS	41,264	43,764	41,264	42,514
3700 TOTAL, BUDGET ACTIVITY 4	6,123,179	5,969,679	6,100,879	5,956,839
3715 WCF EXCESS CARRYOVER	---	---	-94,700	-94,700
3730 REPAIRS AT FT. BAKER	---	2,500	---	2,000
4100 ADMINISTRATION AND SERVICEWIDE ACTIVITIES	---	-8,400	---	-8,400
4110 CIVILIAN PAY OVERSTATEMENT	---	-17,000	-17,000	-17,000
4130 MILITARY TO CIVILIAN CONVERSIONS	---	-78,400	-47,000	-47,000
4139 UNOBLIGATED BALANCES	---	-100,000	-85,000	-92,000
4140 PEACE TIME TRAINING OFFSET	---	-250,000	---	-250,000
4145 AUDITS OF DOD FINANCIAL STATEMENTS	---	---	-45,000	-28,000
4150 DEFENSE INFORMATION SYSTEM NETWORK COSTS	---	---	-25,000	-12,500
4160 ARCTIC WINTER GAMES	---	---	---	500
4180 TOTAL, OPERATION AND MAINTENANCE, ARMY	25,316,595	24,283,245	24,573,795	24,105,470

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces	
250 Leakproof Transmission Drip Pans	2,620
250 Modular General Purpose Tent System (MGPTS)	2,620
250 Lightweight Maintenance Enclosure	500
250 Small All-Terrain Military Utility Vehicle (M-Gator)	(title IX)
300 Tactical Operations Centers (ELAMS/MECCS) for USASOC	3,400
400 RFI Sustainment Peace Time Offset	−103,000
450 Efficiencies in Administrative and Support Activities	−5,000
450 Contractor Logistics Support Unjustified Growth	−7,000
450 USARPAC Core Warfighting C4 Network Infrastructure	11,480
550 Unjustified Growth in Operations Support Costs	−20,000
550 Cognitive Air Defense Simulators (CADS)	1,500
550 Fleece Insulated Liners for ECWCS	4,000
550 Grenade Range Improvements at Fort Knox	1,000
550 Rx-Capable Dual Sized Ballistic Protective Eyewear Protection System	4,200
550 Battle Command Training Capability	3,900
550 USARPAC Deployable C4 Systems	1,700
550 Chem/Bio Resistant Hydration on the Move (from line 250)	1,000
600 Peace Time Systems Readiness Support Offset	−83,000
600 Corrosion Prevention and Control Program	1,000
600 Golden Hour Technology Containers	5,000
600 Alaska Land Mobile Radio (ALMR)	3,400
600 Ground Forces Readiness Enabler for Advanced Tactical Vehicles	1,000
600 USARPAC GCCS Operations	1,190
650 Remanufactured Generator Engines	1,000
650 Depot Maintenance Peace Time Work Load Adjustment	−344,800
750 Unsupported Growth in Utilities Privatization	−15,000
750 High Performance Conflict Resolution, Skill Development, and Team Building	1,700
750 Service-Wide Safety: Breathscan Alcohol Detectors	3,400
750 Strengthening the Quality of Life for Military Families	650
750 Army Conservation and Ecosystem Management	4,000
750 Fort Wainwright Utilidor Repairs	8,500
750 Lewis Educational Area at Fort Lewis, WA	400
800 Undistributed Increase for SRM	20,000
800 Roof for Building 299 Rock Island Arsenal	5,600
850 Unjustified Growth in Management Headquarters	−5,000
950 Streamlined Assistance to the Severely Wounded	1,000
Budget Activity 2: Mobilization	
1200 Quadruple Specialty Containers	3,000
1300 Rock Island Arsenal Industrial Mobilization Capacity	7,000
Budget Activity 3: Training and Recruiting	
1500 Unjustified Growth in Library Cost (From line 2850)	−5,000
1650 Early Commissioning Program at Military Junior Colleges	1,200
1650 Air Battle Captain	2,000
1850 Global Language Online Support System (GLOSS)	1,680
1850 On-Line Automated Diagnostic Assessment of Language Proficiency	1,000
1850 DLI—Language Laboratory Acquisition	2,125
1850 Military Police Training at the Multi-Jurisdictional Counter-Drug Task Force Training (MCTFT)	1,000
1850 Virtual Interactive Training and Assessment System (VITAS)	1,700
1850 Joint Air Defender Simulation at Fort Bliss	2,100
1850 Language Acquisition Program for Army Officers	150
1850 Military Surgeon Training Initiative for Special Operations Combat Medic Training Program	2,000
1850 Multipurpose Law Enforcement Academy for Military Police	1,000
1850 Satellite Communications for Learning	2,100
1950 Leadership for Leaders at CGSC/CAL and KSU	1,000
2000 Training Doctrine Development Unsupported Growth	−11,300
2000 Automated Delivery of the DLAB and Research on the Next Generation Aptitude Test	1,000
2000 Live Training Instrumentation for Air & Missile Defense Units	2,100
2000 Crossroad Cluster Communities at Fort Knox	1,000
2000 Army Distributed Learning System	1,000
2300 Mobilizing Educational Technology to Support Combat Deployment	1,000
2300 USARAK Online Technology Training Program	1,000
2300 On-line Technology Training Program at Joint Base Lewis/McChord	.1,400
2350 Intern Program Unsupported Growth	−32,000
2400 Philadelphia Military Academies	100
Budget Activity 4: Administration and Service-Wide Activities	
2650 Adjustment to Classified Program	22,090
2650 Unattended Ground Sensors	1,400
2650 Biometrics Identity System for Access	750
2750 Peace time offset for Depot Maintenance Transportation, Port Operations, and Traffic Management Support	−68,000
2800 Sustainment System Technical Support Peace Time Offset	−116,000
2800 Pulse Technology—Army Battery Management Program	2,520
2800 Advanced Technology Batteries	1,750
2800 Aviation/Missile Life Cycle Management Command Integrated Digital Environment Pilot Program	1,000
2850 Common Logistics Operating Environment	1,800
2850 Sense and Respond Logistics	1,200
2850 TACOM Life Cycle Management Command Integrated Digital Environment Pilot Program	1,000
2850 Joint US Army and USMC Autonomic Logistics Prototype	1,000
2850 Controlled Humidity Preservation Program, Soft Portable Tunnels	1,000
2850 Information Assurance Vulnerability Alert (IAVA) Cell	1,500
2850 Standard Army Maintenance System-Enhanced	5,000
3000 Jam Resistant Secure Communications (Transfer to OPA)	−16,500
3000 Salute Our Services/Kids Serve 2	1,000
3050 Communications Unsupported Growth	−11,000
3200 Memorial Day	900
3650 Western Hemisphere Information Exchange Program	1,250
Undistributed:	
3715 Working Capital Fund Excess Carryover	−94,700
3730 Repairs at Fort Baker	2,000
4100 Administration and Service-Wide Activities	−8,400
4110 Civilian Pay Overstatement	−17,000
4130 Military to Civilian Conversions	−47,000
4139 Unobligated Balances	−92,000
4140 Peace Time Training Offset	−250,000
4145 Audit of DoD Financial Systems	−28,000
4150 Defense Information System Network Costs	−12,500

4160	Arctic Winter Games	500

INDUSTRIAL MOBILIZATION CAPACITY

The conferees recognize the critical importance of the Industrial Mobilization Capacity program for offsetting costs to maintain wartime capabilities at Department of Defense depots, arsenals, and ammunition plants. The conferees recommend an additional $7,000,000 for this program at Rock Island Arsenal. The amount provided is in addition to $8,962,000 currently budgeted for Industrial Mobilization Capacity at Rock Island Arsenal. The conferees understand the requirement for Industrial Mobilization Capacity funding may decline during fiscal year 2006 due to increased workloads attributable to ongoing contingency operations. The conferees direct that any Industrial Mobilization Capacity funding designated for Rock Island Arsenal that is not required for its intended purpose be used for other activities or projects which will create efficiencies or improve operations and work conditions at the Arsenal.

OPERATION AND MAINTENANCE, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
4250 OPERATION AND MAINTENANCE, NAVY				
4300 BUDGET ACTIVITY 1: OPERATING FORCES				
4350 AIR OPERATIONS				
4400 MISSION AND OTHER FLIGHT OPERATIONS	3,574,529	3,574,529	3,574,529	3,574,529
4450 FLEET AIR TRAINING	857,918	857,918	857,918	857,918
4500 INTERMEDIATE MAINTENANCE	58,661	58,661	58,661	58,661
4550 AIR OPERATIONS AND SAFETY SUPPORT	114,331	114,331	114,331	114,331
4560 AIR SYSTEMS SUPPORT	473,514	480,514	467,514	472,714
4600 AIRCRAFT DEPOT MAINTENANCE	961,921	961,921	913,221	913,221
4650 AIRCRAFT DEPOT OPERATIONS SUPPORT	124,133	111,883	106,833	108,558
4800 SHIP OPERATIONS				
4850 MISSION AND OTHER SHIP OPERATIONS	2,999,986	3,002,786	2,993,786	3,014,986
4900 SHIP OPERATIONAL SUPPORT AND TRAINING	588,395	588,395	588,395	588,395
5000 SHIP DEPOT MAINTENANCE	3,967,408	3,967,408	3,967,408	3,967,408
5050 SHIP DEPOT OPERATIONS SUPPORT	833,251	834,751	829,951	831,001
5200 COMBAT OPERATIONS/SUPPORT				
5250 COMBAT COMMUNICATIONS	298,100	298,100	298,100	298,100
5300 ELECTRONIC WARFARE	18,422	18,422	18,422	18,422
5350 SPACE SYSTEMS & SURVEILLANCE	156,814	156,814	156,814	156,814
5400 WARFARE TACTICS	367,830	353,830	367,830	362,830
5450 OPERATIONAL METEOROLOGY & OCEANOGRAPHY	259,807	259,807	264,107	263,807
5500 COMBAT SUPPORT FORCES	1,321,953	1,308,953	1,306,953	1,306,953
5550 EQUIPMENT MAINTENANCE	172,958	173,958	172,958	173,458
5600 DEPOT OPERATIONS SUPPORT	3,703	3,703	9,703	7,203
5750 WEAPONS SUPPORT				
5800 CRUISE MISSILE	181,294	181,294	181,294	181,294
5850 FLEET BALLISTIC MISSILE	830,094	830,094	830,094	830,094
5900 IN-SERVICE WEAPONS SYSTEMS SUPPORT	69,722	51,922	69,722	51,922
5950 WEAPONS MAINTENANCE	473,584	473,584	478,384	476,084

	(In thousands of dollars) Budget	House	Senate	Conference
6200 BASE SUPPORT				
6210 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,344,971	1,344,971	1,344,971	1,344,971
6220 BASE SUPPORT	3,417,244	3,379,194	3,386,544	3,361,589
6230 TOTAL, BUDGET ACTIVITY 1	23,470,543	23,387,743	23,358,443	23,335,263
6250 BUDGET ACTIVITY 2: MOBILIZATION				
6300 READY RESERVE AND PREPOSITIONING FORCES				
6350 SHIP PREPOSITIONING AND SURGE	533,527	533,527	533,527	533,527
6400 ACTIVATIONS/INACTIVATIONS				
6450 AIRCRAFT ACTIVATIONS/INACTIVATIONS	3,158	3,158	3,158	3,158
6500 SHIP ACTIVATIONS/INACTIVATIONS	125,629	125,629	125,629	125,629
6550 MOBILIZATION PREPAREDNESS				
6600 FLEET HOSPITAL PROGRAM	28,245	28,245	28,245	28,245
6650 INDUSTRIAL READINESS	1,653	1,653	1,653	1,653
6700 COAST GUARD SUPPORT	19,879	19,879	19,879	19,879
6750 TOTAL, BUDGET ACTIVITY 2	712,091	712,091	712,091	712,091
6800 BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
6850 ACCESSION TRAINING				
6900 OFFICER ACQUISITION	123,975	123,975	123,975	123,975
6950 RECRUIT TRAINING	10,153	10,153	10,153	10,153
7000 RESERVE OFFICERS TRAINING CORPS	103,539	103,539	103,539	103,539
7150 BASIC SKILLS AND ADVANCED TRAINING				
7200 SPECIALIZED SKILL TRAINING	494,195	495,195	492,195	493,195
7250 FLIGHT TRAINING	364,692	364,692	364,692	364,692
7300 PROFESSIONAL DEVELOPMENT EDUCATION	134,935	140,935	134,935	139,935
7350 TRAINING SUPPORT	243,596	243,596	244,596	244,596
7500 RECRUITING, AND OTHER TRAINING AND EDUCATION				
7550 RECRUITING AND ADVERTISING	282,293	282,293	282,593	282,593
7600 OFF-DUTY AND VOLUNTARY EDUCATION	155,646	155,646	155,646	155,646
7650 CIVILIAN EDUCATION AND TRAINING	70,983	70,983	70,983	70,983
7700 JUNIOR ROTC	42,875	45,175	42,875	43,875
7850 TOTAL, BUDGET ACTIVITY 3	2,026,882	2,036,182	2,026,182	2,033,182

	(In thousands of dollars) Budget	House	Senate	Conference
7900 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
7950 SERVICEWIDE SUPPORT				
8000 ADMINISTRATION	739,521	739,521	739,521	739,521
8050 EXTERNAL RELATIONS	3,517	3,517	3,517	3,517
8100 CIVILIAN MANPOWER & PERSONNEL MGT	100,751	100,751	100,751	100,751
8150 MILITARY MANPOWER & PERSONNEL MGT	212,813	212,813	212,813	212,813
8200 OTHER PERSONNEL SUPPORT	250,278	250,278	250,278	250,278
8250 SERVICEWIDE COMMUNICATIONS	773,261	773,261	748,261	758,261
8450 LOGISTICS OPERATIONS AND TECHNICAL SUPPORT				
8500 SERVICEWIDE TRANSPORTATION	188,257	188,257	188,257	188,257
8550 PLANNING, ENGINEERING & DESIGN	306,919	308,419	306,919	307,969
8600 ACQUISITION AND PROGRAM MANAGEMENT	841,706	842,706	841,706	842,706
8700 HULL, MECHANICAL & ELECTRICAL SUPPORT	46,373	48,373	46,373	47,773
8750 COMBAT/WEAPONS SYSTEMS	46,334	47,334	46,334	47,334
8800 SPACE & ELECTRONIC WARFARE SYSTEMS	75,132	75,132	75,132	75,132
8950 SECURITY PROGRAMS				
9000 SECURITY PROGRAMS	374,329	376,329	374,329	375,329
9150 SUPPORT OF OTHER NATIONS				
9200 INTERNATIONAL HDQTRS & AGENCIES	10,663	10,663	10,663	10,663
9210 OTHER PROGRAMS				
9220 OTHER PROGRAMS	580,519	597,619	590,194	599,843
9250 TOTAL, BUDGET ACTIVITY 4	4,550,373	4,574,973	4,535,048	4,560,147
9550 ADMINISTRATION AND SERVICEWIDE ACTIVITIES	---	-48,900	---	-48,900
9570 CIVILIAN PAY OVERSTATEMENT	---	-172,000	-172,000	-172,000
9580 MILITARY TO CIVILIAN CONVERSIONS	---	-76,300	-55,000	-55,000
9615 UNOBLIGATED BALANCES	---	-75,000	-54,000	-65,000
9620 PEACE TIME TRAINING OFFSET	---	-274,000	---	-274,000
9630 AUDITS OF DOD FINANCIAL STATEMENTS	---	---	-32,800	-30,400
9750 TOTAL, OPERATION AND MAINTENANCE, NAVY	30,759,889	30,064,789	30,317,964	29,995,383

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces	
4560 Knowledge Management and Decision Support System	3,500
4560 Automated Explosive Safety Assessment Tools	1,700
4560 Baseline Adjustment for One-Time Increase	−6,000
4600 P–3 SSI Sustainment	−16,700
4600 Depot Maintenance Peace Time Work Load Adjustment	−32,000
4650 Growth in Converged Enterprise Resource Planning	−7,500
4650 Converged Enterprise Resource Planning Transfer to RDTE,N)	−10,000
4650 Low Observability Coatings and Materials Maintenance Program (LOCMM)	1,200
4650 Naval Aviation Depot (NADEP) Support of the FRP	1,200
4650 Composite Repair Training Program	250
4650 CAT & RADCOM Test Program Sets	2,975
4650 NAVAIR Knowledge Management and Decision Support System	3,600
4650 Baseline Adjustment for One-Time Increase	−8,300
4650 Simulation Modeling Analytical Support Systems (SMASS) Naval Aviation Depot Jacksonville	1,000
4850 Man Overboard Safety System Installation	1,000
4850 NULKA (MK 234 Electronic Decoy Cartridge)	1,000
4850 Baseline Adjustment for One-Time Increase	−6,200
4850 SSBN Transit Protection System	19,200
5050 Improved Engineering Design Process	1,050
5050 Flame Contaminant Detection System	1,000
5050 Baseline Adjustment for One-Time Increase	−4,300
5400 Efficiencies in Training Support	−5,000
5450 Center of Excellence for Disaster Management and Humanitarian Assistance (COE)	4,000
5500 Training Support Unjustified Growth including JFCOM	−15,000
5550 Manual Reverse Osmosis Desalinator (MROD) Testing, Repair and Replacement	500
5600 Electric Start System Technology Upgrade	2,500
5600 Marine Gas Turbine Photonic Sensor	1,000
5900 Peace Time System Support Offset	−17,800
5950 Mk 45 Mod 5 Inch Gun Depot Overhauls	13,000
5950 Baseline Adjustment for One-Time Increase	−10,500
6220 Base Operating Support Unjustified Growth	−57,000
6220 Navy Region Northwest—Navy Shore Infrastructure Transformation (NSIT)	2,500
6220 Waterfree Urinal Conservation Initiative	1,000
6220 Toledo Shipyard Improvement Plan	4,000
6220 Service-Wide Safety: Breathscan Alcohol Detectors	1,920
6220 Navy Region Northwest Counterterrorism Program	2,000
6220 PMRF Flood Control	2,125
6220 Waste Water Treatment for NCTAMS	2,000
6220 Baseline Adjustment for One-Time Increase	−14,200
Budget Activity 3: Training and Recruiting	
7200 Virtual Interactive Training and Assessment System (VITAS)	1,000
7200 Baseline Adjustment for One-Time Increase	2,000
7300 Navy Advanced Education Demonstration Project	1,000
7300 Center for Defense Technology and Education for the Military Services (CDTEMS)	3,000
7300 Mobile Distance Learning	1,000
7350 Night Vision Devices in Advanced Helicopter Training	1,000
7550 Naval Sea Cadet Corps	300
7700 Westbury Unified School District Naval Junior ROTC Marine Science Research Program	1,000
Budget Activity 4: Administration and Service-Wide Activities	
8250 Defense Information System Network Costs	−15,000
8550 Stainless Steel Sanitary Space	1,050
8600 Critical Infrastructure Protection Program	1,000
8700 Diagnosis and Prognostication of Gas Turbine Problems	1,400
8750 Total Ship Test Production (TSTP) Program	1,000
9000 Local Situational Assessment Segment, NAS Lemoore	1,000
9220 Adjustment to Classified Program	19,324
Undistributed:	
9550 Administration and Service-wide Activities	−48,900
9570 Civilian Pay Overstatement	−172,000
9580 Military to Civilian Conversion	−55,000
9615 Unobligated Balances	−65,000
9620 Peace Time Training Offset	−274,000
9630 Audit of DoD Financial Systems	−30,400

REACTION FORCE FACILITY BERTHING, KINGS BAY, GEORGIA

The conferees urge the Navy to fully fund and execute needed repairs to temporary berthing facilities for Marines on watch standing duty at the Strategic Weapons Facility Atlantic, and expect the Navy to complete the ongoing renovation of Marine permanent barracks in Building 1061.

OPERATION AND MAINTENANCE, MARINE CORPS

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
9900 OPERATION AND MAINTENANCE, MARINE CORPS				
9950 BUDGET ACTIVITY 1: OPERATING FORCES				
10000 EXPEDITIONARY FORCES				
10050 OPERATIONAL FORCES	479,482	492,082	500,782	497,692
10100 FIELD LOGISTICS	416,501	420,501	415,501	417,901
10150 DEPOT MAINTENANCE	113,791	113,791	90,791	90,791
10160 USMC PREPOSITIONING				
10170 MARITIME PREPOSITIONING	69,343	70,843	69,343	70,393
10180 NORWAY PREPOSITIONING	5,081	5,081	5,081	5,081
10250 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	483,005	483,005	483,005	483,005
10260 BASE SUPPORT	1,344,113	1,364,113	1,350,213	1,366,133
10450 TOTAL, BUDGET ACTIVITY 1	2,911,316	2,949,416	2,914,716	2,930,996
10500 BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
10550 ACCESSION TRAINING				
10600 RECRUIT TRAINING	10,885	10,885	10,885	10,885
10650 OFFICER ACQUISITION	374	374	374	374
10800 BASIC SKILLS AND ADVANCED TRAINING				
10850 SPECIALIZED SKILLS TRAINING	40,259	40,259	40,259	40,259
10900 FLIGHT TRAINING	178	178	178	178
10950 PROFESSIONAL DEVELOPMENT EDUCATION	10,687	10,687	10,687	10,687
11000 TRAINING SUPPORT	134,048	134,048	134,048	134,048

	(In thousands of dollars)			
	Budget	House	Senate	Conference
11150 RECRUITING AND OTHER TRAINING EDUCATION				
11200 RECRUITING AND ADVERTISING	115,498	115,498	115,498	115,498
11250 OFF-DUTY AND VOLUNTARY EDUCATION	51,221	51,221	51,221	51,221
11300 JUNIOR ROTC	16,905	16,905	16,905	16,905
11320 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	67,804	67,804	67,804	67,804
11350 BASE SUPPORT	120,369	120,369	120,369	120,369
11450 TOTAL, BUDGET ACTIVITY 3	568,228	568,228	568,228	568,228
11500 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
11550 SERVICEWIDE SUPPORT				
11650 SPECIAL SUPPORT	243,195	243,195	240,795	238,995
11700 SERVICEWIDE TRANSPORTATION	38,352	38,352	38,352	38,352
11750 ADMINISTRATION	27,737	27,737	27,737	27,737
11850 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	3,151	3,151	3,151	3,151
11860 BASE OPERATING SUPPORT	12,947	12,947	12,947	13,697
11900 TOTAL, BUDGET ACTIVITY 4	325,382	325,382	322,982	321,932
12060 MILITARY TO CIVILIAN CONVERSIONS	---	-59,400	-20,000	-20,000
12070 UNOBLIGATED BALANCES	---	-10,000	-5,000	-10,000
12080 PEACE TIME TRAINING OFFSET	---	-95,900	---	-95,900
12300 TOTAL, OPERATION AND MAINTENANCE, MARINE CORPS	3,804,926	3,677,726	3,780,926	3,695,256

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces	
10050 Acclimate High Performance Undergarments	2,000
10050 Extended Cold Weather Clothing System	1,500
10050 Modular General Purpose Tent System (MGPTS)	3,160
10050 Chem/Bio Resistant Hydration on the Move	1,000
10050 All Purpose Environmental Clothing System (APECS)	5,600
10050 Cold Weather Clothing and Equipment Program Marine Corps Base Layer	2,000
10050 Combat Casualty Care Equipment Upgrade	2,000
10050 Integrated Clothing Component for Mountain Cold Weather Clothing and Equipment Program (MCWCEP)	2,100
10050 Marine Advanced Combat Suit Base Layer—Next to Skin Seamless Battle Apparel	1,750
10050 Marine Corps Contact Glove	1,800
10050 MIOX On-the-Move Individual Water Purification System	4,000
10050 MCCDC Analysis and Requirements Development Center of Excellence Excess Growth	−8,700
10100 Unjustified Growth in Administrative Support	−2,500
10100 Lightweight Maintenance Enclosure	1,250
10100 Ultra Lightweight Camouflage Net System (ULCANS)	2,000
10100 Advanced Technology Batteries	1,750
10100 Corrosion Assessment Teams	1,400
10100 Corrosion Prevention and Control Program	1,000
10100 Rapid Data Management System (RDMS)	3,500
10100 Unjustified Growth in Logistics Support	−7,000
10150 Depot Maintenance Peace Time Work Load Adjustment	−23,000
10170 Advanced Vapor Corrosion Inhibitor Delivery System	1,050
10200 Defense Motor Vehicle Safety Demonstration Program	1,000
10200 MAGTFTC Range Transformation Initiative	16,150
10200 Communications Upgrade MBH	3,400
10200 Communications Support for NOC	1,470
Budget Activity 4: Administration and Service-Wide Activities	
11650 Audit of DoD Financial Systems	−2,000
11650 Deployable Disbursing System (Transfer to RDTE,N)	−2,200
11860 Blunt Island Security	750
Undistributed:	
12060 Military to Civilian Conversions	−20,000
12070 Unobligated Balances	−10,000
12080 Peace Time Training Offset	−95,900

OPERATION AND MAINTENANCE, AIR FORCE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
12450 OPERATION AND MAINTENANCE, AIR FORCE				
12500 BUDGET ACTIVITY 1: OPERATING FORCES				
12550 AIR OPERATIONS				
12600 PRIMARY COMBAT FORCES	4,043,366	4,056,966	4,044,216	4,049,141
12650 PRIMARY COMBAT WEAPONS	287,173	287,173	283,673	283,673
12700 COMBAT ENHANCEMENT FORCES	607,049	521,949	522,049	522,049
12750 AIR OPERATIONS TRAINING	1,401,092	1,360,092	1,380,092	1,377,792
12755 COMBAT COMMUNICATIONS	1,479,650	1,484,650	1,455,750	1,460,750
12775 DEPOT MAINTENANCE	2,057,399	2,057,399	1,915,399	1,911,799
12810 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,027,414	1,057,414	1,070,114	1,057,414
12850 BASE SUPPORT	2,286,473	2,206,073	2,196,573	2,210,073
12950 COMBAT RELATED OPERATIONS				
13000 GLOBAL C3I AND EARLY WARNING	1,201,149	1,187,649	1,201,149	1,187,649
13050 NAVIGATION/WEATHER SUPPORT	242,433	244,433	239,833	241,533
13100 OTHER COMBAT OPS SUPPORT PROGRAMS	701,889	703,889	697,389	698,639
13150 JCS EXERCISES	29,130	29,130	29,130	29,130
13200 MANAGEMENT/OPERATIONAL HEADQUARTERS	255,866	255,866	255,866	255,866
13250 TACTICAL INTEL AND OTHER SPECIAL ACTIVITIES	340,755	340,755	340,755	340,755
13300 SPACE OPERATIONS				
13350 LAUNCH FACILITIES	349,313	349,313	337,413	337,413
13400 LAUNCH VEHICLES	94,113	97,613	94,113	97,088
13450 SPACE CONTROL SYSTEMS	253,670	253,670	253,670	253,670
13500 SATELLITE SYSTEMS	73,610	73,610	73,610	73,610
13550 OTHER SPACE OPERATIONS	277,926	277,926	277,926	277,926
13560 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	180,604	180,604	180,604	180,604
13600 BASE SUPPORT	554,727	554,727	556,727	555,727
13700 TOTAL, BUDGET ACTIVITY 1	17,744,801	17,580,901	17,406,051	17,402,301

	(In thousands of dollars) Budget	House	Senate	Conference
13750 BUDGET ACTIVITY 2: MOBILIZATION				
13800 MOBILITY OPERATIONS				
13850 AIRLIFT OPERATIONS	2,660,080	2,661,080	2,681,080	2,678,930
13900 AIRLIFT OPERATIONS C3I	51,326	51,326	51,326	51,326
13950 MOBILIZATION PREPAREDNESS	176,764	176,764	176,764	176,764
13975 DEPOT MAINTENANCE	393,248	393,248	393,248	393,248
14000 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	154,650	154,650	154,650	154,650
14050 BASE SUPPORT	526,338	526,338	526,338	526,338
14150 TOTAL, BUDGET ACTIVITY 2	3,962,406	3,963,406	3,983,406	3,981,256
14200 BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
14250 ACCESSION TRAINING				
14300 OFFICER ACQUISITION	79,026	79,026	79,026	79,026
14350 RECRUIT TRAINING	6,411	6,411	6,411	6,411
14400 RESERVE OFFICER TRAINING CORPS (ROTC)	99,856	99,856	99,856	99,856
14420 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	34,304	34,304	34,304	34,304
14450 BASE SUPPORT (ACADEMIES ONLY)	75,128	75,128	75,128	75,128
14550 BASIC SKILLS AND ADVANCED TRAINING				
14600 SPECIALIZED SKILL TRAINING	360,192	349,692	360,192	349,692
14650 FLIGHT TRAINING	809,154	809,154	809,154	809,154
14700 PROFESSIONAL DEVELOPMENT EDUCATION	178,515	171,515	178,515	173,515
14750 TRAINING SUPPORT	112,980	122,180	112,980	119,930
14775 DEPOT MAINTENANCE	14,095	14,095	14,095	14,095
14780 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	157,248	157,248	157,248	157,248
14800 BASE SUPPORT (OTHER TRAINING)	588,784	581,784	588,784	583,784
14900 RECRUITING, AND OTHER TRAINING AND EDUCATION				
14950 RECRUITING AND ADVERTISING	136,567	136,567	136,567	136,567
15000 EXAMINING	3,435	3,435	3,435	3,435
15050 OFF DUTY AND VOLUNTARY EDUCATION	187,656	180,656	187,656	180,656
15100 CIVILIAN EDUCATION AND TRAINING	148,557	154,557	144,557	147,257
15150 JUNIOR ROTC	57,573	57,573	57,573	57,573
15200 TOTAL, BUDGET ACTIVITY 3	3,049,481	3,033,181	3,045,481	3,027,631

	(In thousands of dollars) Budget	House	Senate	Conference
15250 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
15300 LOGISTICS OPERATIONS				
15350 LOGISTICS OPERATIONS	881,829	887,429	885,829	888,429
15400 TECHNICAL SUPPORT ACTIVITIES	651,796	656,796	652,796	656,746
15450 SERVICEWIDE TRANSPORTATION	192,354	192,354	192,354	192,354
15475 DEPOT MAINTENANCE	48,627	48,627	48,627	48,627
15480 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	248,043	248,043	248,043	248,043
15500 BASE SUPPORT	1,079,261	1,079,261	1,079,261	1,079,261
15600 SERVICEWIDE ACTIVITIES				
15650 ADMINISTRATION	348,301	348,301	348,301	348,301
15700 SERVICEWIDE COMMUNICATIONS	533,574	533,574	508,574	513,574
15750 PERSONNEL PROGRAMS	244,970	244,970	244,970	244,970
15900 ARMS CONTROL	48,071	48,071	48,071	48,071
15950 OTHER SERVICEWIDE ACTIVITIES	709,368	715,368	700,868	705,468
16000 OTHER PERSONNEL SUPPORT	42,852	44,352	42,852	43,902
16050 CIVIL AIR PATROL CORPORATION	24,288	24,376	24,288	24,288
16060 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	13,438	13,438	13,438	13,438
16100 BASE SUPPORT	311,498	314,998	311,498	314,698
16200 SECURITY PROGRAMS				
16250 SECURITY PROGRAMS	1,365,179	1,355,929	1,363,679	1,352,979
16300 SUPPORT TO OTHER NATIONS				
16350 INTERNATIONAL SUPPORT	20,999	20,999	20,999	20,999
16400 TOTAL, BUDGET ACTIVITY 4	6,764,448	6,776,886	6,734,448	6,744,148
16630 UNOBLIGATED BALANCES	---	-70,000	-66,000	-68,000
16710 ADMINISTRATION AND SERVICEWIDE ACTIVITIES	---	-130,600	---	-100,000
16780 MILITARY TO CIVILIAN CONVERSIONS	---	-172,700	-160,000	-160,000
16808 PEACE TIME TRAINING OFFSET	---	-476,000	---	-476,000
16855 HOMELAND DEFENSE EDUCATION CONSORTIUM	---	---	3,000	1,800
16865 AUDITS OF DOD FINANCIAL STATEMENTS	---	---	-55,000	-40,000
16910 TOTAL, OPERATION AND MAINTENANCE, AIR FORCE	31,521,136	30,505,074	30,891,386	30,313,136

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces	
12600 Maintain 52 F–117 Aircraft	9,400
12600 MBU–20/P Oxygen Mask and Visor	1,250
12600 B–52 Attrition Reserve	25,000
12600 F–15E Oxygen Concentrator Reliability Improvement Program	4,025
12600 Baseline Adjustment for One-Time Increase	−34,900
12600 Center of Excellence for Defense UAV Education	1,000
12650 Robust Nuclear Earth Penetrator Support	−3,500
12700 Peace Time Training Support Offset	−85,000
12750 Efficiencies in Air Operations Training Support	−41,000
12750 PARC Range Upgrade for Army/Air Force Integration (Phase III)	17,700
12755 Distributed Common Ground System (DCGS) Transfer From RDT&E	5,000
12755 National Airborne Operations Center	700
12755 Baseline Adjustment for One-Time Increase	−6,300
12755 Unjustified Growth in Contractor Logistics Support	−18,300
12775 Aircraft Defect Detection and Performance Management Application	1,000
12775 F–16 Avionics Intermediate Shop Depot Replacement	5,400
12775 Depot Maintenance Peace Time Work Load Adjustment	−152,000
12810 Undistributed Increase for FSRM	15,000
12810 Building 9480 Renovation (Phase II)	15,000
12850 Air Field Lighting System	1,200
12850 Expert Organizational Development System (EXODUS)	2,000
12850 11th Air Force Range Power and Fiber Upgrades	6,000
12850 Desktop Sustainment Architecture, Technology and Interoperability Division at Hickam AFB	1,400
12850 Baseline Adjustment for One-Time Increase	−17,900
12850 Base Services Excess Program Growth	−80,000
12850 Eielson Air Force Base Utilidor Repairs	8,500
12850 Alaska Land Mobile Radio (ALMR)	2,400
13000 Unsupported Growth in Support Costs	−13,500
13050 Notice to Airman (NOTAMS) Program Upgrade	1,700
13050 Baseline Adjustment for One-Time Increase	−2,600
13100 Enhanced Situational Awareness and Analyses for Geospatial Enterprise Infrastructure	1,700
12850 Baseline Adjustment for One-Time Increase	−8,500
13100 C–17 Beddown PACAF	2,550
13100 Contaminant Air Processing System	1,000
13350 Range Sustainment Engineering Excess Funding	−11,900
13400 Maintenance and Upkeep of Rocket Engine Test Stands at Edwards AFB	2,975
13600 Mission Critical Power System Reliability Surveys	1,000
Budget Activity 2: Mobilization	
13850 Emergency Vision Assurance System (EVAS) for the Total Force	1,000
13850 C–17 Beddown PACAF	17,850
Budget Activity 3: Training	
14600 Efficiencies in Specialized Skill Training Support Costs	−10,500
14700 Unsupported Growth in Professional Development Education	−5,000
14750 Engineering Training and Knowledge Preservation System	1,350
14750 Management Support for Air Force Battle Labs	5,100
14750 AFIT Geospatial Distance Learning	500
14750 Competency-Based Distance Education Initiative with Western Governors University	1,000
14750 Baseline Adjustment for One-Time Increase	−1,000
14800 Efficiencies in Base Support Contractor Operations	−5,000
15050 Unexecutable Growth in Off Duty, Voluntary Education	−7,000
15100 Online Technology Training Program Nellis AFB	1,000
15100 Online Technology Training Program Mac Dill AFB	1,700
15100 Baseline Adjustment for One-Time Increase	−4,000
Budget Activity 4: Administration and Service-Wide Activities	
15350 Center for Parts Configuration Management (CPCM)	1,400
15350 Air Operations Combat Support (AOCS)	1,800
13350 Hickam AFB Alternative Fuel Vehicle Program	3,400
15400 Expand Rapid Retargeting Training and Services at WRALC	2,400
15400 Engine Health Management Data Repository Center	2,550
15700 Defense Information System Network Costs	−20,000
15950 Air Force Manufacturing and Technical Assistance Production Program	1,200
15950 Air Force Data Conversion (only for AFRPA BRAC support)	3,400
15950 Baseline Adjustment for One-Time Increase	−8,500
16000 Demonstration Project for Contractors Employing Persons With Disabilities	1,050
16100 Air Force CIO Enterprise	1,000
16100 Service-Wide Safety: Breathscan Alcohol Detectors	1,700
16100 Wright Patterson AFB Critical Infrastructure Data Set Development	500
16250 Security Programs Adjustment	−12,200
Undistributed:	
16630 Unobligated Balances	−68,000
16710 Administration and Service-Wide Activities	−100,000
16780 Military to Civilian Conversions	−160,000
16808 Peace Time Training Offset	−476,000
16855 U.S. Northern Command Homeland Security Education Consortium	1,800
16865 Audit of DoD Financial Systems	−40,000.

F–117 NIGHTHAWK

The conferees provide an additional $9,400,000 to maintain 52 F–117 aircraft in fiscal year 2006. The conferees believe it is premature to retire any F–117 aircraft at this time. The F–117 provides a unique capability to the combatant commanders and remains the only tactical stealth aircraft capable of delivering certain types of precision munitions.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

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

	(In thousands of dollars) Budget	House	Senate	Conference
16950 OPERATION AND MAINTENANCE, DEFENSE-WIDE				
17000 BUDGET ACTIVITY 1: OPERATING FORCES				
17050 JOINT CHIEFS OF STAFF	579,683	264,019	262,719	264,019
17060 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	1,200	1,200	---	1,200
17100 SPECIAL OPERATIONS COMMAND	2,205,693	2,003,847	2,017,397	2,013,997
17150 TOTAL, BUDGET ACTIVITY 1	2,786,576	2,269,066	2,280,116	2,279,216
17200 BUDGET ACTIVITY 2: MOBILIZATION				
17250 DEFENSE LOGISTICS AGENCY	---	39,693	---	39,693
17350 BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
17375 AMERICAN FORCES INFORMATION SERVICE	---	14,679	---	---
17460 DEFENSE ACQUISITION UNIVERSITY	105,601	105,601	105,601	105,601
17465 DEFENSE CONTRACT AUDIT AGENCY	---	5,605	---	---
17480 DEFENSE HUMAN RESOURCES ACTIVITY	---	32,726	---	39,726
17490 DEFENSE SECURITY SERVICE	---	7,543	---	---
17510 DEFENSE THREAT REDUCTION AGENCY	---	5,728	---	---
17600 SPECIAL OPERATIONS COMMAND	---	124,181	124,181	124,181
17610 NATIONAL DEFENSE UNIVERSITY	67,158	71,158	68,658	69,858
17650 TOTAL, BUDGET ACTIVITY 3	172,759	367,221	298,440	339,366
17700 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
17725 AMERICAN FORCES INFORMATION SERVICE	145,792	131,113	147,992	145,792
17730 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	2,200	2,200	---	2,200
17750 CIVIL MILITARY PROGRAMS	100,468	102,968	116,468	114,968
17800 DEFENSE CONTRACT AUDIT AGENCY	379,947	374,342	379,947	379,947
17810 DEFENSE FINANCE AND ACCOUNTING SERVICE	5,481	5,481	5,481	5,481
17820 DEFENSE LEGAL SERVICES AGENCY	38,412	38,412	38,412	38,412
17830 DEFENSE LOGISTICS AGENCY	305,835	285,142	330,835	300,392
17850 DEFENSE POW /MISSING PERSONS OFFICE	16,105	16,105	16,105	16,105
17860 DEFENSE TECHNOLOGY SECURITY ADMINISTRATION	21,697	21,697	21,697	21,697
17870 DEFENSE THREAT REDUCTION AGENCY	320,099	314,371	320,099	320,099

	(In thousands of dollars) Budget	House	Senate	Conference
17880 DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,682,028	1,708,528	1,777,628	1,693,928
17890 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	87,600	87,600	---	87,600
17900 DEFENSE HUMAN RESOURCES ACTIVITY	402,798	358,272	401,998	358,472
17910 DEFENSE CONTRACT MANAGEMENT AGENCY	1,040,422	1,040,422	1,044,322	1,040,422
17920 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	3,900	3,900	---	3,900
17930 DEFENSE INFORMATION SYSTEMS (SERVICES) AGENCY	1,032,025	1,032,025	1,025,125	1,022,025
17940 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	13,100	13,100	---	13,100
18025 DEFENSE SECURITY COOPERATION AGENCY	143,966	143,966	143,966	143,966
18050 DEFENSE SECURITY SERVICE	282,468	254,925	272,468	267,468
18100 OFFICE OF ECONOMIC ADJUSTMENT	30,463	77,613	140,863	164,318
18125 OFFICE OF THE SECRETARY OF DEFENSE	778,858	800,108	737,558	754,383
18150 SPECIAL OPERATIONS COMMAND	---	64,115	64,115	64,115
18200 JOINT CHIEFS OF STAFF	---	295,664	303,164	295,664
18225 WASHINGTON HEADQUARTERS SERVICES	466,083	451,683	467,583	456,183
18230 FAC SUSTAINMENT, RESTORATION & MODERNIZATION	7,400	7,400	---	7,400
18950 TOTAL, BUDGET ACTIVITY 4	7,307,147	7,631,152	7,755,826	7,718,037
19010 IMPACT AID	---	30,000	30,000	30,000
19015 IMPACT AID FOR CHILDREN WITH DISABILITIES	---	---	5,000	5,000
19020 OTHER PROGRAMS	8,186,987	8,144,784	8,160,836	8,115,404
19045 UNOBLIGATED BALANCES	---	-43,000	-26,000	-35,000
19080 SPECIAL ASSISTANCE TO LOCAL EDUCATION AGENCIES	---	---	10,000	7,000
19085 PARENTS AS TEACHERS	---	---	1,000	1,000
19090 CITIZEN SOLDIER SUPPORT PROGRAM	---	---	2,000	---
19110 PUBLIC INTEREST DECLASSIFICATION BOARD	---	---	---	1,000
19450 TOTAL, OPERATION AND MAINTENANCE, DEFENSE-WIDE	18,453,469	18,438,916	18,517,218	18,500,716

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces	
17050 TJS—CoCom Initiative Fund	−5,000
17050 TJS—Program Growth	−7,500
17050 TJS—BA, Realignment	−303,164
17100 SOCOM—Lightweight ATV Program	1,700
17100 SOCOM—Technology Transfer	1,000
17100 SOCOM—Depot Maintenance	−12,000
17100 SOCOM—C4IAS CERP	−6,400
17100 SOCOM—BA Realignment	−188,296
17100 SOCOM—Conversion of LTATV to JP8 Powered Engines	1,200
17100 SOCOM—Factory Refurbishment of Naval Special Warfare Rigid Inflatable Boats	1,000
17100 SOCOM—Advanced SEAL Delivery System (ASDS) Program Restructure	10,100
Budget Activity 2: Mobilization	
17200 DLA—BA Realignment	39,693
Budget Activity 3: Training and Recruiting	
17480 DHRA—BA Realignment	39,726
17600 SOCOM—BA Realignment	124,181
17610 NDU—Agent-based Predictive Analysis Using Subject Matter Expert Generated Data Sets	1,700
17610 NDU—Strategic Language Initiative	1,000
Budget Activity 4: Admin & Servicewide Activities	
17750 CMP—National Guard Youth Challenge Program	13,000
17750 CMP—Outdoor Odyssey	500
17750 CMP—DoD Starbase Program	1,000
17830 DLA—Procurement Technical Assistance Program	7,000
17830 DLA—Commercial Technologies for Maintenance Activities	10,200
17830 DLA—BA Realignment	−39,693
17830 DLA—PartNet/NET Inventory and Subassembly	1,800
17830 DLA—Center for Supply Chain Management	12,750
17830 DLA—Logistics Integration Center (LOGIC)	1,000
17830 DLA—Defense Microelectronics Activity (DMEA)	1,500
17880 DODEA—Lewis Center for Education Research	2,550
17880 DODEA—Jason Foundation	1,000
17880 DODEA—Center for the Study and Treatment of Dyslexia Professional Development Program	1,000
17880 DODEA—Mesorah Heritage Foundation English Literature Curriculum Development	1,000
17880 DODEA—Mathematics and Technology Teachers Development	1,000
17880 DODEA—IDEA International (Galena)	4,250
17880 DODEA—Repair and Improvement of Existing Windows and Doors	1,000
17880 DODEA—Our Military Kids, Inc	100
17900 DHRA—Defense Business Fellows Program	−4,800
17900 DHRA—BA Realignment	−39,726
17900 DHRA—DIMHRS	4,200
17900 DHRA—IMPACT JEMS (Job/Employment for Military Spouses)	1,000
17900 DHRA—DLAMP Program Growth	−5,000
17930 DISA—Program Growth	−10,000
18050 DSS—PSI for Industry Unjustified Growth	−15,000
18100 OEA—Norton AFB	4,250
18100 OEA—George AFB	2,550
18100 OEA—Rialto-Colton Basin Bio-Remediation Demonstration Project	1,250
18100 OEA—Port of Philadelphia	1,500
18100 OEA—Philadelphia Navy Yard	1,000
18100 OEA—Davis Island—Fort Slocum Remediation	5,000
18100 OEA—McClellan AFB Sewer Remediation	2,600
18100 OEA—Citizen Soldier Support Program	3,000
18100 OEA—Bayonne Military Ocean Terminal	4,000
18100 OEA—Port of Port Arthur Drydock Transfer	1,000
18100 OEA—Watervaliet Innovation Center	750
18100 OEA—Hunters Point Naval Shipyard	4,000
18100 OEA—JSFC Infrastructure	1,680
18100 OEA—Toledo Naval Weapons Plant Environmental Restoration	2,450
18100 OEA—Homestead Air Reserve Base Perimeter Improvement	600
18100 OEA—Telecommunication Upgrades at Kodiak Launch Complex	12,325
18100 OEA—UCHSC-DCH Fitzsimmons Medical Campus	1,800
18100 OEA—Port of Anchorage Intermodal Marine Facility Project	8,500
18100 OEA—Increase assistance to local communities	55,000
18100 OEA—Locomotives/Rail Cars to Support Deployment of Stryker Brigade	16,000
18100 OEA—Fort Wainwright Trak Relocation Study	2,000
18100 OEA—Arnold Heights Redevelopment	1,500
18100 OEA—Thorium/Magnesium Excavation—Blue Island	1,000
18100 OEA—Lake Ontario Ordnance Works	100
18125 OSD—Joint ROTC Military Leadership Project at the University of South Florida	3,825
18125 OSD—Wind Demonstration Project	4,250
18125 OSD—Chemical/Biological Resistant Hydration on the Move	1,000
18125 OSD—Foreign Disclosure On-Line Training, Education, and Certification	1,000
18125 OSD—Middle East Regional Security Issues Program	1,500
18125 OSD—National Defense Fiber Optic Network Program	1,000
18125 OSD—Minority Contract Enhancement Program	1,800
18125 OSD—Service-Wide Safety: Alcohol Breath Detectors	250
18125 OSD—Virtual Reality Spray Paint Simulator System and Training Program at Pine Technical College	1,000
18125 OSD—Focus on Family at Neumann College	500
18125 OSD—OSD Studies and Initiatives	−3,000
18125 OSD—Compatible Use Buffer Program	17,000
18125 OSD—Capital Cost Sharing	−61,300
18125 OSD—Information Assurance Scholarships	2,100
18125 OSD—Techlink Southeast Program	1,000
18125 OSD—Country Studies Series	500
18125 OSD—Beyond Goldwater Nichols Project Extension	1,100
18125 OSD—SSBN Transit Protection System	1,000
18125 OSD—Critical Language Training: San Diego State University	1,000
18150 SOCOM—BA Realignment	64,115
18200 TJS—Management Headquarters Program Growth	−7,500
18200 TJS—BA Realignment	303,164
18225 WHS—eGov Program Growth	−8,000
18225 WHS—Child Care Center planning: Budget Justification Error	−4,400
18225 WHS—Pentagon Integrated Campus Pilot Program	2,500
19010—Impact Aid	30,000
19015—Impact Aid For Children With Disabilities	5,000
19020—Other Programs	−71,583
19045—Excess Unobligated Balances	−35,000
19080—Special Assistance to Local Education Agencies	7,000
19085—Parents as Teachers	1,000
19100—Public Interest Declassification Board	1,000

SERVICE-WIDE SAFETY ALCOHOL BREATH DETECTORS

The conferees agree to provide $7,270,000 for service-wide alcohol breath detectors in operation and maintenance accounts. In addition to the guidance provided in House Report 109–19, the conferees direct that these detectors be FDA-cleared, be housed in unbreakable pocketsize containers, and be capable of carrying a Service's safety program imprint.

NATIONAL GUARD YOUTH CHALLENGE PROGRAM

The conferees provide an additional $13,000,000 for the National Guard Youth Challenge Program, which includes $1,700,000 only for preparation of facilities at Joint Forces Training Base Los Alamitos to expand the California National Guard Grizzly Program.

UNIQUE ITEM IDENTIFICATION

The conferees are encouraged by the promise of the Unique Item Identification (UID) program at the Department of Defense to make acquisition, repair, and deployment of items faster and more efficient through unique identification technologies. The conferees direct the Under Secretary for Defense for Acquisition, Technology & Logistics to provide a report to the Appropriations Committees no later than October 1, 2006 on the benefits and progress of UID efforts within DOD. The report should include goals for enhanced operations capabilities, support for the warfighter, and improved financial controls.

DEFENSE PRISONER OF WAR/MISSING PERSONNEL OFFICE

The conferees are aware that the Defense Prisoner of War/Missing Personnel Office (DPMO) provides information and communication to families, veteran's organizations and the public on issues pertaining to personnel recovery and accounting for Americans from past conflicts. The conferees encourage this office to continue its outreach efforts, annual conferences, and meetings

with the POW/Missing Personnel families to ensure those family members have updated information concerning the status of the recovery of their loved ones.

OPERATION AND MAINTENANCE, ARMY RESERVE

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

	(In thousands of dollars) Budget	House	Senate	Conference
19500 OPERATION AND MAINTENANCE, ARMY RESERVE				
19510 BUDGET ACTIVITY 1: OPERATING FORCES				
19520 LAND FORCES				
19530 DIVISION FORCES	25,875	25,875	25,975	25,375
19540 CORPS COMBAT FORCES	19,133	19,133	19,133	19,133
19550 CORPS SUPPORT FORCES	248,116	248,116	248,116	248,116
19560 ECHELON ABOVE CORPS FORCES	129,191	129,191	129,191	129,191
19570 LAND FORCES OPERATIONS SUPPORT	372,625	372,625	372,625	372,625
19630 LAND FORCES READINESS				
19640 FORCES READINESS OPERATIONS SUPPORT	177,121	177,121	177,121	177,121
19650 LAND FORCES SYSTEM READINESS	81,562	81,562	81,562	81,562
19660 DEPOT MAINTENANCE	97,309	97,309	97,309	97,309
19670 LAND FORCES READINESS SUPPORT				
19680 BASE SUPPORT	462,716	482,716	463,216	473,216
19690 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	204,370	204,370	204,370	204,370
19700 ADDITIONAL ACTIVITIES	5,763	5,763	5,763	5,763
19900 TOTAL, BUDGET ACTIVITY 1	1,823,781	1,843,781	1,824,381	1,833,781
19950 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
19960 ADMINISTRATION AND SERVICEWIDE ACTIVITIES				
19980 ADMINISTRATION	58,298	58,298	58,298	58,298
19990 SERVICEWIDE COMMUNICATIONS	9,293	9,293	9,293	9,293
20000 PERSONNEL/FINANCIAL ADMIN (MANPOWER MGT)	7,577	7,577	7,577	7,577
20010 RECRUITING AND ADVERTISING	88,433	88,433	88,433	88,433
20075 TOTAL, BUDGET ACTIVITY 4	163,601	163,601	163,601	163,601
20220 UNOBLIGATED BALANCES	---	-17,800	-11,500	-17,800
20225 COST AVOIDANCE FOR MOBILIZED MILTECHS	---	---	-20,000	-10,000
20230 US ARMY RESERVE IT CONSOLIDATION	---	2,000	---	400
20231 TACTICAL OPERATIONS CENTER (ELAMS/MECCS)	---	4,000	---	3,400
20700 TOTAL, OPERATION AND MAINTENANCE, ARMY RESERVE	1,987,382	1,995,582	1,956,482	1,973,382

ADJUSTMENT TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces:	
19530 Division Forces/Entended Cold Weather Clothing System (ECWCS)	1,400
19530 Division Forces/Cost Adjustment for Flying Hours	−1,900
19680 Base Support/Unfunded Requirement	10,000
19680 Base Support/Strengthening the Quality of Life for Military Families	500
Undistributed:	
20220 Unobligated Balances	−17,800
20225 Cost Avoidance for Mobilized MilTechs	−10,000
20230 Army Reserve IT Consolidation	400
20231 Tactical Operational Centers (ELAMS/MECCS)	3,400

OPERATION AND MAINTENANCE, NAVY RESERVE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
20850 OPERATION AND MAINTENANCE, NAVY RESERVE				
20900 BUDGET ACTIVITY 1: OPERATING FORCES				
20950 RESERVE AIR OPERATIONS				
21000 MISSION AND OTHER FLIGHT OPERATIONS	518,962	518,962	518,962	518,962
21100 INTERMEDIATE MAINTENANCE	16,250	16,250	16,250	16,250
21150 AIR OPERATION AND SAFETY SUPPORT	2,179	2,179	2,179	2,179
21200 AIRCRAFT DEPOT MAINTENANCE	141,907	146,907	141,907	146,207
21250 AIRCRAFT DEPOT OPS SUPPORT	374	374	374	374
21400 RESERVE SHIP OPERATIONS				
21450 MISSION AND OTHER SHIP OPERATIONS	61,711	61,711	61,711	61,711
21500 SHIP OPERATIONAL SUPPORT AND TRAINING	537	537	537	537
21600 SHIP DEPOT MAINTENANCE	71,895	71,895	71,895	71,895
21650 SHIP DEPOT OPERATIONS SUPPORT	631	631	631	631
21700 RESERVE COMBAT OPERATIONS SUPPORT				
21720 COMBAT COMMUNICATIONS	7,613	7,613	7,613	7,613
21800 COMBAT SUPPORT FORCES	217,255	220,255	217,255	219,355
21950 RESERVE WEAPONS SUPPORT				
22000 WEAPONS MAINTENANCE	5,070	5,070	7,070	5,070
22020 BASE SUPPORT				
22030 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	62,788	67,788	62,788	67,788
22040 BASE SUPPORT	109,878	109,878	109,878	109,878
22090 TOTAL, BUDGET ACTIVITY 1	1,217,050	1,230,050	1,219,050	1,228,450

	(In thousands of dollars)			
	Budget	House	Senate	Conference
22100 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
22150 ADMINISTRATION AND SERVICEWIDE ACTIVITIES				
22200 ADMINISTRATION	4,871	4,871	4,871	4,871
22300 MILITARY MANPOWER & PERSONNEL	9,037	9,037	9,037	9,037
22350 SERVICEWIDE COMMUNICATIONS	3,907	3,907	3,907	3,907
22400 COMBAT/WEAPONS SYSTEM	5,385	5,385	5,385	5,385
22450 OTHER SERVICEWIDE SUPPORT	5,445	5,445	5,445	5,445
22600 TOTAL, BUDGET ACTIVITY 4	28,645	28,645	28,645	28,645
22680 UNOBLIGATED BALANCES	---	-12,300	-8,400	-12,300
23150 TOTAL, OPERATION AND MAINTENANCE, NAVY RESERVE	1,245,695	1,246,395	1,239,295	1,244,795

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces:	
21200 Aircraft Depot Maintenance/Unfunded Requirement	4,300
21800 Combat Support Forces/Gulf Joint Harbor Operations Center (JHOC)—Maritime Domain Awareness Support Program	2,100
22030 Facilities Sustainment, Restoration and Modernization/Undistributed Increase	5,000
Undistributed:	
22680 Unobligated Balances	−12,300

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
23300 OPERATION AND MAINTENANCE, MARINE CORPS RESERVE				
23350 BUDGET ACTIVITY 1: OPERATING FORCES				
23400 MISSION FORCES				
23450 OPERATING FORCES	45,812	57,812	47,812	52,812
23500 DEPOT MAINTENANCE	13,964	13,964	13,964	13,964
23510 TRAINING SUPPORT	26,079	26,079	26,079	26,079
23520 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	10,105	10,105	10,105	10,105
23550 BASE SUPPORT	70,729	70,729	70,729	70,729
23700 TOTAL, BUDGET ACTIVITY 1	166,689	178,689	168,689	173,689
23750 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
23800 ADMINISTRATION AND SERVICEWIDE ACTIVITIES				
23850 SPECIAL SUPPORT	11,975	11,975	9,675	9,675
23900 SERVICEWIDE TRANSPORTATION	815	815	815	815
23950 ADMINISTRATION	7,898	7,898	7,898	7,898
23960 RECRUITING AND ADVERTISING	8,066	8,066	8,066	8,066
24000 BASE SUPPORT	4,491	4,491	4,491	4,491
24100 TOTAL, BUDGET ACTIVITY 4	33,245	33,245	30,945	30,945
24150 UNOBLIGATED BALANCES	---	-1,900	-1,900	-1,900
24600 TOTAL, O&M, MARINE CORPS RESERVE	199,934	210,034	197,734	202,734

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces:	
23450 Operating Forces/Initial Issues	5,000
23450 Operating Forces/Lightweight Maintenance Enclosure (LME)	1,000
23450 Operating Forces/Portable Tent Lighting	1,000
Budget Activity 4: Administration and Servicewide Activities:	
23850 Speical Support/Audit of DoD Financial Systems	−2,300
Undistributed:	
24150 Unobligated Balances	−1,900

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

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

	(In thousands of dollars) Budget	House	Senate	Conference
24750 OPERATION AND MAINTENANCE, AIR FORCE RESERVE				
24800 BUDGET ACTIVITY 1: OPERATING FORCES				
24850 AIR OPERATIONS				
24900 PRIMARY COMBAT FORCES	1,585,504	1,585,504	1,585,504	1,585,504
24950 MISSION SUPPORT OPERATIONS	85,545	85,545	85,545	85,545
24970 DEPOT MAINTENANCE	377,817	387,817	377,817	384,817
24980 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	55,764	55,764	50,364	50,364
25000 BASE SUPPORT	288,387	288,387	288,387	288,387
25150 TOTAL, BUDGET ACTIVITY 1	2,393,017	2,403,017	2,387,617	2,394,617
25200 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
25250 ADMINISTRATION AND SERVICEWIDE ACTIVITIES				
25300 ADMINISTRATION	64,017	64,017	64,017	64,017
25310 RECRUITING AND ADVERTISING	15,854	15,854	15,854	15,854
25350 MILITARY MANPOWER AND PERSONNEL MANAGEMENT	21,095	21,095	21,095	21,095
25450 OTHER PERSONNEL SUPPORT	7,052	7,052	7,052	7,052
25500 AUDIOVISUAL	651	651	651	651
25520 TOTAL, BUDGET ACTIVITY 4	108,669	108,669	108,669	108,669
25665 932ND AIRLIFT WING OPERATIONS AND TRAINING	---	23,100	---	16,000
25670 COST AVOIDANCE FOR MOBILIZED MILTECHS	---	---	-7,000	-5,000
25680 UNOBLIGATED BALANCES	---	-13,900	-15,000	-15,000
25950 TOTAL, OPERATION AND MAINTENANCE, AIR FORCE RESERVE	2,501,686	2,520,886	2,474,286	2,499,286

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars][

Budget Activity 1: Operating Forces:	
24970 Depot Maintenance/Unfunded Requirement	7,000
24980 Facilities Sustainment, Restoration & Modernization/Adjustment to fund sustainment at DoD goal	−5,400
Undistributed:	
25655 932nd Airlift Wing Operations and Training	16,000
25670 Cost Avoidance for Mobilized MilTechs	−5,000
25680 Unobligated Balances	−15,000

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
26100 OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD				
26120 BUDGET ACTIVITY 1: OPERATING FORCES				
26140 LAND FORCES				
26180 DIVISIONS	600,818	600,818	595,718	595,718
26200 CORPS COMBAT FORCES	530,869	530,869	530,869	530,869
26220 CORPS SUPPORT FORCES	322,856	322,856	322,856	322,856
26240 ECHELON ABOVE CORPS FORCES	606,026	606,026	604,526	604,526
26260 LAND FORCES OPERATIONS SUPPORT	26,077	26,077	21,777	21,777
26280 LAND FORCES READINESS				
26320 FORCE READINESS OPERATIONS SUPPORT	227,670	227,670	245,170	240,370
26340 LAND FORCES SYSTEMS READINESS	126,496	126,496	136,696	134,696
26350 LAND FORCES DEPOT MAINTENANCE	255,367	255,367	255,367	255,367
26370 LAND FORCES READINESS SUPPORT				
26420 BASE OPERATIONS SUPPORT	610,219	630,219	604,319	617,619
26440 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	391,544	391,544	401,544	396,544
26460 MANAGEMENT & OPERATIONAL HEADQUARTERS	406,794	406,794	406,794	406,794
26480 MISCELLANEOUS ACTIVITIES	65,363	65,363	49,563	48,863
26580 TOTAL, BUDGET ACTIVITY 1	4,170,099	4,190,099	4,175,199	4,175,999
26600 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
26620 ADMINISTRATION AND SERVICEWIDE ACTIVITIES				
26660 STAFF MANAGEMENT (ADMINISTRATION)	111,552	111,552	104,752	104,752
26680 INFORMATION MANAGEMENT (SERVICEWIDE COMMUNICATIONS)	52,814	53,814	48,814	49,814
26720 PERSONNEL ADMINISTRATION (MANPOWER MANAGEMENT)	50,653	50,653	50,653	50,653
26740 RECRUITING AND ADVERTISING	124,601	124,601	124,601	124,601
26760 TOTAL, BUDGET ACTIVITY 4	339,620	340,620	328,820	329,820

		Budget	House	Senate	Conference
		(In thousands of dollars)			
26820	ANGEL GATE ACADEMY	---	3,000	---	1,800
26830	NATIONAL EMERGENCY AND DISASTER INFORMATION CENTER	---	2,000	---	1,700
26890	JOINT TRAINING AND EXPERIMENTATION PROGRAM	---	4,000	---	3,400
26970	NATIONAL GUARD GLOBAL EDUCATION PROJECT	---	500	---	500
27100	ADV EMERGENCY MEDICAL RESPONSE TRAINING PROGRAM	---	2,500	---	---
27110	HOMELAND OPERATIONAL PLANNING SYSTEM	---	10,000	---	8,500
27345	UNOBLIGATED BALANCES	---	-48,100	-35,900	-40,000
27350	ERP FOR ARMY GUARD INSTALLATIONS	---	2,000	---	1,700
27365	REGIONAL GEOSPATIAL SERVICE CENTER	---	1,000	---	---
27381	COMMUNITY EMERG RESPONSE/INFO ANALYSIS CENTER	---	1,000	---	1,000
27383	STRATEGIC BIODEFENSE INITIATIVE	---	10,000	---	8,500
27384	ADVANCED STARTING SYSTEMS	---	500	---	500
27390	INTERNAL AIRLIFT, HELICOPTER SLINGABLE UNITS (ISUs)	---	4,000	---	2,800
27391	ADVANCED SOLAR COVERS	---	3,200	---	1,600
27392	CIVIL SUPPORT TEAM TRAINER (CSTT) PROGRAM	---	1,000	---	1,000
27393	RCAS	---	5,000	---	4,300
27394	FLORIDA NG OPERATION FAMILY SAFE AT HOME	---	2,100	---	1,800
27396	COST AVOIDANCE FOR MOBILIZED MILTECHS	---	---	-40,000	-20,000
27398	DISTRIBUTED TRAINING TECHNOLOGY PROJECT	---	---	---	1,500
27399	REGIONAL EMERG.RESPONSE NETWORK FOR FL NATIONAL GUARD.	---	---	---	4,690
27490	TOTAL, O & M, ARMY NATIONAL GUARD	4,509,719	4,534,419	4,428,119	4,491,109

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

Budget Activity 1: Operating Forces:	
26180 Division/Baseline Adjustments for One-Time Increase	−5,100
26240 Echelon Above Corps Forces/Baseline Adjustment for One-Time Increase	−1,500
26260 Land Forces Operations Support/Baseline Adjustment for One-Time Increase	−4,300
26320 Force Readiness Operations Support/BLSS Kit-PASGT Retrofit Suspension System	1,300
26320 Force Readiness Operations Support/Extended Cold Weather Clothing System (ECWCS)	1,400
26320 Force Readiness Operations Support/Joint Interagency Training Center-East	8,500
26320 Force Readiness Operations Support/Operator Driving Simulators	1,500
26340 Land Forces Systems Readiness/Information Technology Continuity of Operations	6,100
26340 Land Force Systems Readiness/Regional Geospatial Service Center	2,100
26420 Base Operations Support/Unfunded Requirement	14,000
26420 Base Operations Support/Hawaii Wireless Interoperability Network (HWIN)	500
26420 Base Operations Support/Communicator Automated Emergency Notifications System	1,800
26420 Base Operations Support/Baseline Adjustment for One-Time Increase	−8,900
26440 Facilities Sustainment, Restoration and Modernization/Facility Needs at National Guard Training Center, Fort Stewart	5,000
26480 Miscellaneous Activities/Baseline Adjustment for One-Time Increase	−18,300
26480 Miscellaneous Activities/Lewis & Clark Bicentennial Commemoration Support	1,800
Budget Activity 4: Administration and Servicewide Activities:	
26660 Staff Management/Baseline Adjustment for One-Time Increase	−6,800
26680 Information Management/Integrated Command, Control, Communication Unit	1,000
26680 Information Management/Baseline Adjustment for One-Time Increase	−4,000
Undistributed:	
26820 Angel Gate Academy	1,800
26830 National Emergency and Disaster Information Center	1,700
26890 Joint Training and Experimentation Program	3,400
26970 National Guard Global Education Project	500
27110 Homeland Operational Planning System	8,500
27345 Unobligated Balances	−40,000
27350 Enterprise Resource Planning for Army Guard Installations and Deployment Support	1,700
27381 Community Emergency Response/Info Analysis Center	1,000
27383 Strategic Biodefense Initiative	8,500
27384 Advanced Starting Systems	500
27390 Internal Airlift, Helicopter Slingable Units (ISU)	2,800
27391 Advanced Solar Covers	1,600
27392 Civil Support Team Training (CSTT) Program	1,000
27393 RCAS	4,300
27394 Florida NG Operations Family Safe at Home	1,800
27396 Cost Avoidance for Mobilized MilTechs	−20,000
27398 Distributed Training Technology Project	1,500
27399 Regional Emergency Response Network for the Florida National Guard	4,690

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

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

	(In thousands of dollars) Budget	House	Senate	Conference
27500 OPERATION AND MAINTENANCE, AIR NATIONAL GUARD				
27550 BUDGET ACTIVITY 1: OPERATING FORCES				
27600 AIR OPERATIONS				
27650 AIRCRAFT OPERATIONS	2,938,127	2,947,442	2,942,427	2,944,642
27700 MISSION SUPPORT OPERATIONS	497,447	497,447	490,847	495,747
27710 DEPOT MAINTENANCE	612,807	612,807	612,807	612,807
27720 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	169,791	184,791	169,791	179,791
27750 BASE SUPPORT	467,517	468,517	460,017	460,017
27900 TOTAL, BUDGET ACTIVITY 1	4,685,689	4,711,004	4,675,889	4,693,004
27950 BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
28000 SERVICEWIDE ACTIVITIES				
28050 ADMINISTRATION	28,949	28,949	28,949	28,949
28100 RECRUITING AND ADVERTISING	9,453	9,453	9,453	9,453
28110 TOTAL, BUDGET ACTIVITY 4	38,402	38,402	38,402	38,402
28115 COST AVOIDANCE FOR MOBILIZED MILTECHS	---	---	-8,000	-8,000
28320 UNOBLIGATED BALANCES	---	-22,100	-25,000	-22,100
28381 DISTRIBUTED TRAINING TECHNOLOGY PROJECT	---	3,000	---	---
28382 EAGLE VISION	---	2,000	---	---
28550 TOTAL, O&M, AIR NATIONAL GUARD	4,724,091	4,732,306	4,681,291	4,701,306

ADJUSTMENTS TO BUDGET ACTIVITIES

Adjustments to the budget activities are as follows:

[In thousands of dollars]

27650 Aircraft Operations/Training Capability Upgrade	315
27650 Aircraft Operations/Air Refueling Operational Support	3,400
27650 Aircraft Operations/166th Information Operations Squadron	1,000
27650 Aircraft Operations/Combat Arms Training System	4,000
27650 Aircraft Operations/Baseline Adjustment for One-Time Increase	−2,200
27700 Mission Support Operations/National Guard State Partnership Program	2,200
27700 Mission Support Operations/Baseline Adjustment for One-Time Increase	−9,100
27700 Mission Support Operations/EST 2000 Trainers	1,800
27700 Mission Support Operations/MA–16 Aircraft Inertia Reels	1,000
27700 Mission Support Operations/Survey Systems	1,000
27700 Mission Support Operations/Life Support Radio Test Sets	1,400
27720 Facilities Sustainment, Restoration and Modernization/Undistributed Increase	10,000
27750 Base Support/Baseline Adjustment for One-Time Increase	−7,500
Undistributed:	
28115 Cost Avoidance for Mobilized MilTechs	−8,000
28320 Unobligated Balances	−22,100

OVERSEAS CONTINGENCY OPERATIONS TRANSFER ACCOUNT

The conference agreement provides no appropriation for the Overseas Contingency Operations Transfer Account, instead of $20,000,000 as proposed by the House. The Senate proposed no funding for this account.

UNITED STATES COURT OF APPEALS FOR THE ARMED FORCES

The conference agreement provides $11,236,000 for the United States Court of Appeals for the Armed Forces.

ENVIRONMENTAL RESTORATION, ARMY

The conference agreement provides $407,865,000 for Environmental Restoration, Army.

ENVIRONMENTAL RESTORATION, NAVY

The conference agreement provides $305,275,000 for Environmental Restoration, Navy.

ENVIRONMENTAL RESTORATION, AIR FORCE

The conference agreement provides $406,461,000 for Environmental Restoration, Air Force.

ENVIRONMENTAL RESTORATION, DEFENSE-WIDE

The conference agreement provides $28,167,000 for Environmental Restoration, Defense-Wide.

ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES

The conference agreement provides $256,921,000 for Environmental Restoration, Formerly Used Defense Sites, instead of $221,921,000 as proposed by the House and $271,921,000 as proposed by the Senate.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIL AID

The conference agreement provides $61,546,000 for Overseas Humanitarian, Disaster, and Civic Aid.

FORMER SOVIET UNION THREAT REDUCTION ACCOUNT

The conference agreement provides $415,549,000 for the Former Soviet Union Threat Reduction Account.

TITLE III-PROCUREMENT

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

	(In thousands of dollars) Budget	House	Senate	Conference
SUMMARY				
ARMY				
AIRCRAFT	2,800,880	2,879,380	2,562,480	2,653,280
MISSILES	1,270,850	1,239,350	1,214,919	1,208,919
WEAPONS, TRACKED COMBAT VEHICLES	1,660,149	1,670,949	1,359,465	1,391,615
AMMUNITION	1,720,872	1,753,152	1,708,680	1,733,020
OTHER	4,302,634	4,491,634	4,426,531	4,594,031
TOTAL, ARMY	11,755,385	12,034,465	11,272,075	11,580,865
NAVY				
AIRCRAFT	10,517,126	9,776,440	9,880,492	9,774,749
WEAPONS	2,707,841	2,596,781	2,593,341	2,659,978
AMMUNITION	872,849	885,170	832,791	851,841
SHIPS	8,721,165	9,613,358	8,677,887	9,027,231
OTHER	5,487,818	5,461,196	5,293,157	5,444,294
MARINE CORPS	1,377,705	1,426,405	1,361,605	1,398,955
TOTAL, NAVY	29,684,504	29,759,350	28,639,273	29,157,048
AIR FORCE				
AIRCRAFT	11,973,933	12,424,298	12,729,492	12,737,215
MISSILES	5,490,287	5,062,949	5,068,974	5,174,474
AMMUNITION	1,031,207	1,031,907	996,111	1,016,887
OTHER	14,002,689	13,737,214	14,048,439	14,060,714
TOTAL, AIR FORCE	32,498,116	32,256,368	32,843,016	32,989,290
DEFENSE-WIDE				
DEFENSE-WIDE	2,677,832	2,728,130	2,572,250	2,573,964
NATIONAL GUARD AND RESERVE EQUIPMENT	---	---	422,000	180,000
DEFENSE PRODUCTION ACT PURCHASES	19,573	28,573	68,573	58,248
TOTAL PROCUREMENT	76,635,410	76,806,886	75,817,187	76,539,415

REPROGRAMMING REPORTING REQUIREMENTS

The conferees share the concerns raised in the report accompanying the House version of the fiscal year 2006 Defense Appropriations bill regarding the need to improve the reporting of reprogrammings by the Department of Defense. In the Statement of the Managers accompanying the fiscal year 2005 Defense Appropriations Act, the Department of Defense was directed to evaluate current procedures governing the department's financial practices. In response, the Department issued a report proposing several reporting improvements. The conferees direct the Under Secretary of the Department of Defense, Comptroller, to begin implementing all three of the proposals identified in the report under the heading of ''Improved Reporting''. The conferees further direct that the quarterly, spreadsheet based DD 1416 reports proposed in the Department's recommendations shall be submitted for service and defense-wide accounts in titles III and IV of this Act and shall also include the reason for which funds are available for reprogramming, the account to which the funds have been reprogrammed, and the requirement for the funds to be reprogrammed.

SPECIAL INTEREST ITEMS

Items for which additional funds have been provided as shown in the project level tables or in paragraphs using the phrase ''only for'' or ''only to'' in this report are congressional interest items for the purpose of the Base for Reprogramming (DD 1414). Each of these items must be carried on the DD Form 1414 at the stated amount, or a revised amount if changed during conference or otherwise specifically addressed in the conference report. These items remain special interest items whether or not they are repeated in a subsequent conference report.

REPROGRAMMING GUIDANCE FOR ACQUISITION ACCOUNTS

The conferees direct the Department of Defense to continue to follow the reprogramming guidance specified in the Statement of Managers on the fiscal year 2005 Department of Defense Appropriations Act (House Report 108–622). Specifically, the dollar threshold for reprogramming procurement funds will remain at $20,000,000, and at $10,000,000 for research, development, test and evaluation. The Department shall continue to follow the limitation that prior approval reprogrammings are set at either the specified dollar threshold or 20% of the procurement or research, development, test and evaluation line, whichever is less. These thresholds are cumulative. Therefore, if the combined value of transfers into or out of a procurement (P–1) or research, development, test and evaluation (R–1) line exceeds the identified threshold, the Department of Defense must submit a prior approval reprogramming to the congressional defense committees. In addition, guidelines on the application of prior approval reprogramming procedures for congressional special interest items are established elsewhere in this statement.

C–130J/KC–130J

The conferees agree to provide $690,000,000 for the procurement of eight C–130J aircraft and $384,200,000 for the procurement of five KC–130–J aircraft. The conferees are aware that the current FAR Part 12 multiyear contract for these aircraft is being changed to a more traditional FAR Part 15 contract structure. The conferees expect that all 13 aircraft will be procured under a multiyear contract arrangement that will maximize savings to the taxpayer.

AIRCRAFT PROCUREMENT, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
AIRCRAFT PROCUREMENT, ARMY				
AIRCRAFT				
FIXED WING				
UTILITY F/W CARGO AIRCRAFT	4,926	4,926	4,926	4,926
UTILITY F/W (MR) AIRCRAFT	---	---	---	4,000
ROTARY				
ARMED RECONNAISSANCE HELICOPTER	70,000	70,000	---	---
HELICOPTER, LIGHT UTILITY	108,000	108,000	63,000	71,600
UH-60 BLACKHAWK (MYP)	505,650	580,650	505,650	580,650
UH-60 BLACKHAWK (MYP) (AP-CY)	79,052	79,052	79,052	79,052
HELICOPTER NEW TRAINING	---	---	4,000	---
TOTAL, AIRCRAFT	767,628	842,628	656,628	740,228
MODIFICATION OF AIRCRAFT				
AH-64 MODS	580,392	590,392	524,292	529,242
AH-64 MODS (AP-CY)	19,000	19,000	19,000	19,000
CH-47 CARGO HELICOPTER MODS	651,343	651,343	655,843	653,593
CH-47 CARGO HELICOPTER MODS (AP-CY)	24,689	24,689	24,689	24,689
UTILITY/CARGO AIRPLANE MODS	13,575	13,575	13,575	13,575
AIRCRAFT LONG RANGE MODS	779	779	779	779
LONGBOW	84,513	84,513	84,513	84,513
UH-60 MODS	33,294	35,094	45,294	59,794
KIOWA WARRIOR	24,478	24,478	24,478	24,478
AIRBORNE AVIONICS	106,124	93,824	106,124	93,824
GATM ROLLUP	31,542	31,542	31,542	31,542
SPARE PARTS (AIR)	3,948	3,948	3,948	3,948
TOTAL, MODIFICATION OF AIRCRAFT	1,573,677	1,573,177	1,534,077	1,538,977

	(In thousands of dollars)			
	Budget	House	Senate	Conference
SUPPORT EQUIPMENT AND FACILITIES				
GROUND SUPPORT AVIONICS				
AIRCRAFT SURVIVABILITY EQUIPMENT	11,200	11,200	---	---
ASE INFRARED CM	211,151	211,151	141,551	141,551
OTHER SUPPORT				
AIRBORNE COMMAND & CONTROL	28,055	28,055	28,055	28,055
AVIONICS SUPPORT EQUIPMENT	3,418	3,418	3,418	3,418
COMMON GROUND EQUIPMENT	70,436	70,436	63,436	62,836
AIRCREW INTEGRATED SYSTEMS	29,352	33,352	29,352	32,252
AIR TRAFFIC CONTROL	62,399	62,399	62,399	62,399
INDUSTRIAL FACILITIES	41,222	41,222	41,222	41,222
LAUNCHER, 2.75 ROCKET	2,342	2,342	2,342	2,342
TOTAL, SUPPORT EQUIPMENT AND FACILITIES	459,575	463,575	371,775	374,075
TOTAL, AIRCRAFT PROCUREMENT, ARMY	2,800,880	2,879,380	2,562,480	2,653,280

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
2	**UTILITY F/W (MR) AIRCRAFT**	**0**	**0**	**0**	**4,000**
	US Army Parachute Team, Golden Knights, Replacement Aircraft (Note: transferred from line 7)		0	0	4,000
3	**ARMED RECONNAISSANCE HELICOPTER**	**70,000**	**70,000**	**0**	**0**
	Transfer to RDA			-70,000	-70,000
4	**HELICOPTER, LIGHT UTILITY**	**108,000**	**108,000**	**63,000**	**71,600**
	Program Delays			-45,000	-36,400
5	**UH-60 BLACKHAWK (MYP)**	**505,650**	**580,650**	**505,650**	**580,650**
	HH-60L Medevac Blackhawk Helicopters for the Army Reserve		75,000		75,000
7	**HELICOPTER NEW TRAINING**	**0**	**0**	**4,000**	**0**
	USAPT (Note: transferred to line 2)			4,000	0
10	**AH-64 MODS**	**580,392**	**590,392**	**524,292**	**529,242**
	Modern Signal Processing Unit		4,000		2,800
	Apache Mission Data Digital Recorder (MDDR)		4,000		3,400
	Oil Debris Detection and Burn-Off System (ODDS)		2,000		1,000
	Vibration Management Enhancement Program ARNG			4,500	2,250
	R&S Kits - Buying Ahead of Need			-60,600	-60,600
12	**CH-47 CARGO HELICOPTER MODS**	**651,343**	**651,343**	**655,843**	**653,593**
	CH-47 second source Qualification for Transmission Parts			4,500	2,250
19	**UH-60 MODS**	**33,294**	**35,094**	**45,294**	**59,794**
	Crashworthy External Fuel System (CEFS)		1,800		1,000
	UH-60 Search and Rescue Thermal Imaging Upgrades			4,000	2,000
	Integrated Mechanical Diagnostics--HUMS (Note: transfer from title IX)				19,500
	AN/AAQ-22 FLIR			8,000	4,000
22	**AIRBORNE AVIONICS**	**106,124**	**93,824**	**106,124**	**93,824**
	JTRS Funding ahead of need		-12,300		-12,300
26	**AIRCRAFT SURVIVABILITY EQUIPMENT**	**11,200**	**11,200**	**0**	**0**
	Transfer to Title IX			-11,200	-11,200
27	**ASE INFRARED CM**	**211,151**	**211,151**	**141,551**	**141,551**
	ATIRCM - Transfer to Title IX			-69,600	-69,600
30	**COMMON GROUND EQUIPMENT**	**70,436**	**70,436**	**63,436**	**62,836**
	ARH Transfer to R,D,T&E Army			-9,000	-9,000
	Aviation Maintenance Fall Protection Platforms			2,000	1,400
31	**AIRCREW INTEGRATED SYSTEMS**	**29,352**	**33,352**	**29,352**	**32,252**
	Cockpit Airbag System (CABS)		2,000		1,200
	Vacuum Pack Joint Single Place Life Raft		2,000		1,700

MISSILE PROCUREMENT, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
MISSILE PROCUREMENT, ARMY				
OTHER MISSILES				
SURFACE-TO-AIR MISSILE SYSTEM				
PATRIOT SYSTEM SUMMARY	489,700	489,700	489,700	489,700
SURFACE-LAUNCHED AMRAAM SYSTEM SUMMARY:	19,315	19,315	19,315	19,315
AIR-TO-SURFACE MISSILE SYSTEM				
HELLFIRE SYS SUMMARY	80,073	80,073	80,073	80,073
APKWS (ADVANCED PRECISION KILL WEAPON SYSTEM)	27,931	3,931	---	---
ANTI-TANK/ASSAULT MISSILE SYSTEM				
JAVELIN (AAWS-M) SYSTEM SUMMARY	57,636	57,636	57,636	57,636
TOW 2 SYSTEM SUMMARY	27,207	27,207	2,207	2,207
TOW 2 ADVANCE PROCUREMENT (CY)	18,900	18,900	18,900	18,900
GUIDED MLRS ROCKET (GMLRS)	124,814	124,814	124,814	124,814
MLRS REDUCED RANGE PRACTICE ROCKETS (RRPR)	7,726	7,726	7,726	7,726
MLRS LAUNCHER SYSTEMS	20,787	20,787	20,787	20,787
HIMARS LAUNCHER	174,929	167,429	174,929	167,429
ARMY TACTICAL MSL SYS (ATACMS) - SYS SUM	58,458	58,458	58,458	58,458
TOTAL, OTHER MISSILES	1,107,476	1,075,976	1,054,545	1,047,045
MODIFICATION OF MISSILES				
MODIFICATIONS				
PATRIOT MODS	77,411	77,411	77,411	77,411
JAVELIN MISSILE MODS	14,007	14,007	14,007	14,007
ITAS/TOW MODS	9,587	9,587	9,587	9,587
MLRS MODS	14,579	14,579	14,579	14,579
HIMARS MODIFICATIONS: (NON AAO)	8,001	8,001	8,001	8,001
TOTAL, MODIFICATION OF MISSILES	123,585	123,585	123,585	123,585
SPARES AND REPAIR PARTS	30,142	30,142	27,142	28,642
SUPPORT EQUIPMENT AND FACILITIES				
AIR DEFENSE TARGETS	6,156	6,156	6,156	6,156
ITEMS LESS THAN $5.0M (MISSILES)	10	10	10	10
PRODUCTION BASE SUPPORT	3,481	3,481	3,481	3,481
TOTAL, SUPPORT EQUIPMENT AND FACILITIES	9,647	9,647	9,647	9,647
TOTAL, MISSILE PROCUREMENT, ARMY	1,270,850	1,239,350	1,214,919	1,208,919

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
5	**APKWS (ADVANCED PRECISION KILL WEAPON SYSTEM)**	**27,931**	**3,931**	**0**	**0**
	Buying ahead of need		-24,000		0
	Program delay			-27,931	-27,931
10	**TOW 2 SYSTEM SUMMARY**	**27,207**	**27,207**	**2,207**	**2,207**
	Transfer to Title IX			-25,000	-25,000
15	**HIMARS LAUNCHER**	**174,929**	**167,429**	**174,929**	**167,429**
	Unit cost growth		-7,500		-7,500
24	**SPARES AND REPAIR PARTS**	**30,142**	**30,142**	**27,142**	**28,642**
	Unjustified request			-3,000	-1,500

GUIDED MULTIPLE LAUNCH ROCKET SYSTEM (GMLRS) UNITARY

The conferees are aware of the recent successful deployment of the GMLRS Unitary Rocket in support of Operation Iraqi Freedom. In the missions in which it has been deployed, GMLRS Unitary has demonstrated both very high accuracy and low collateral damage. Accordingly, the conferees urge the Army to maximize the procurement of GMLRS Unitary Rockets from the $124,814,000 provided in the conference agreement. The conferees further direct that this amount is a congressional special interest item for the base for reprogramming as described elsewhere in this statement.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
PROCUREMENT OF W&TCV, ARMY				
TRACKED COMBAT VEHICLES				
ABRAMS TRNG DEV MOD	3,754	3,754	3,754	3,754
BRADLEY BASE SUSTAINMENT	37,908	44,408	37,908	41,108
BRADLEY FVS TRAINING DEVICES (MOD)	5,679	5,679	5,679	5,679
ABRAMS TANK TRAINING DEVICES	3,709	6,709	5,709	7,259
STRYKER	878,449	882,449	878,449	881,249
MODIFICATION OF TRACKED COMBAT VEHICLES				
BFVS SERIES (MOD)	45,265	45,265	45,265	67,265
HOWITZER, MED SP FT 155MM M109A6 (MOD)	14,801	14,801	14,801	14,801
FAASV PIP TO FLEET	6,439	6,439	6,439	6,439
M1 ABRAMS TANK (MOD)	443,475	443,475	190,775	190,775
SUPPORT EQUIPMENT AND FACILITIES				
ITEMS LESS THAN $5.0M (TCV-WTCV)	407	407	407	407
PRODUCTION BASE SUPPORT (TCV-WTCV)	10,258	10,258	10,258	10,258
TOTAL, TRACKED COMBAT VEHICLES	1,450,144	1,463,644	1,199,444	1,228,994

	Budget	House	Senate	Conference
	(In thousands of dollars)			
WEAPONS AND OTHER COMBAT VEHICLES				
INTEGRATED AIR BURST WEAPON SYSTEM FAMILY	32,484	22,284	---	---
ARMOR MACHINE GUN, 7.62MM M240 SERIES	14,148	14,148	14,148	14,148
MACHINE GUN, 5.56MM (SAW)	80	80	80	80
GRENADE LAUNCHER, AUTO, 40MM, MK19-3	8,715	8,715	8,715	8,715
MORTAR SYSTEMS	200	200	200	200
M16 RIFLE	8,000	8,000	8,000	8,000
M107, CAL. 50, SNIPER RIFLE	9,656	9,656	9,656	9,656
5.56 CARBINE M4	3,215	3,215	3,215	3,215
HOWITZER LT WT 155MM (T)	46,786	46,786	46,786	46,786
MOD OF WEAPONS AND OTHER COMBAT VEH				
MARK-19 MODIFICATIONS	5,444	5,444	5,444	5,444
M4 CARBINE MODS	44,817	44,817	14,817	14,817
SQUAD AUTOMATIC WEAPON (MOD)	3,095	3,095	3,095	3,095
MEDIUM MACHINE GUNS (MODS)	7,089	7,089	7,089	7,089
M119 MODIFICATIONS	1,000	1,000	1,000	1,000
M16 RIFLE MODS	1,970	1,970	1,970	1,970
MODIFICATIONS LESS THAN $5.0M (WOCV-WTCV)	5,146	5,146	5,146	5,146
SUPPORT EQUIPMENT AND FACILITIES				
ITEMS LESS THAN $5.0M (WOCV-WTCV)	488	488	488	488
PRODUCTION BASE SUPPORT (WOCV-WTCV)	6,494	6,494	6,494	6,494
INDUSTRIAL PREPAREDNESS	2,655	5,155	8,655	11,155
SMALL ARMS (SOLDIER ENH PROG)	5,181	10,181	9,181	9,681
TOTAL, WEAPONS AND OTHER COMBAT VEHICLES	206,663	203,963	154,179	157,179
SPARES AND REPAIR PARTS (WTCV)	3,342	3,342	5,842	5,442
TOTAL, PROCUREMENT OF W&TCV, ARMY	1,660,149	1,670,949	1,359,465	1,391,615

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
2	**BRADLEY BASE SUSTAINMENT**	**37,908**	**44,408**	**37,908**	**41,108**
	Joint Enhanced Explosion Resistant Coatings for Vehicles		6,500		3,200
4	**ABRAMS TANK TRAINING DEVICES**	**3,709**	**6,709**	**5,709**	**7,259**
	Sub-caliber In-bore Training Device for Direct Fire Platforms for the Army and Army National Guard		3,000		2,550
	Intelligent Graphic Wiring Traceout for Abrams Tank Data			2,000	1,000
5	**STRYKER**	**878,449**	**882,449**	**878,449**	**881,249**
	Stryker Brigade Combat Team Wiring Trace-out		4,000		2,800
9	**BFVS SERIES (MOD)**	**45,265**	**45,265**	**45,265**	**67,265**
	Bradley Reactive Armor Tiles (Note: transferred from Title IX)				22,000
12	**M1 ABRAMS TANK (MOD)**	**443,475**	**443,475**	**190,775**	**190,775**
	Transfer to Title IX			-252,700	-252,700
17	**INTEGRATED AIR BURST WEAPON SYSTEM FAMILY**	**32,484**	**22,284**	**0**	**0**
	Buying ahead of need		-10,200		0
	OICW program delay			-32,484	-32,484
28	**M4 CARBINE MODS**	**44,817**	**44,817**	**14,817**	**14,817**
	Transfer to Title IX			-30,000	-30,000
37	**INDUSTRIAL PREPAREDNESS**	**2,655**	**5,155**	**8,655**	**11,155**
	Arsenal Support Program Initiative		2,500		0
	Arsenal Support Program Initiative (Note: only for Watervliet Arsenal)				3,000
	Arsenal Support Program Initiative (note: only for Rock Island Arsenal)			6,000	5,500
38	**SMALL ARMS (SOLDIER ENH PROG)**	**5,181**	**10,181**	**9,181**	**9,681**
	M2HB Enhanced .50 Caliber Machine Gun Kit		5,000	4,000	4,500
40	**SPARES AND REPAIR PARTS (WTCV)**	**3,342**	**3,342**	**5,842**	**5,442**
	Joint Enhanced Explosion Resistant Coatings for Vehicles			2,500	2,100

OBJECTIVE INDIVIDUAL COMBAT WEAPON (OICW) INCREMENT I

The conferees understand that following a review by the Department of Defense Inspector General (IG) which identified several management issues with the OICW program, the Army has terminated the OICW I request for proposals. However, recognizing the important capabilities that OICW brings to the war fighter, the conferees direct the Army to resolve the management concerns identified in the IG report and obtain joint validation of the OICW Increment I family of weapons requirements through the Joint Requirements Oversight Council. The conferees strongly encourage the Program Manager to subsequently conduct source selection and award a contract in fiscal year 2006.

The conferees direct the Program Manager to provide the congressional defense committees a written report detailing the program's updated requirements, acquisition strategy—to include the Army's strategy for replacing existing weapons—and detailed schedule no later than thirty days after enactment of this Act. Furthermore, the conferees direct the Program Manager to provide quarterly updates on the program's status to the congressional defense committees.

PROCUREMENT OF AMMUNITION, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
PROCUREMENT OF AMMUNITION, ARMY				
AMMUNITION				
SMALL/MEDIUM CAL AMMUNITION				
CTG, 5.56MM, ALL TYPES	142,363	142,363	142,363	142,363
CTG, 7.62MM, ALL TYPES	75,290	75,290	75,290	75,290
CTG, 9MM, ALL TYPES	4,018	4,018	4,018	4,018
CTG, .50 CAL, ALL TYPES	110,043	110,043	110,043	110,043
CTG, 25MM, ALL TYPES	30,965	30,965	30,965	30,965
CTG, 30MM, ALL TYPES	17,618	17,618	17,618	17,618
CTG, 40MM, ALL TYPES	142,594	142,594	142,594	143,094
MORTAR AMMUNITION				
60MM MORTAR, ALL TYPES	14,355	14,355	14,355	14,355
81MM MORTAR, ALL TYPES	85,250	85,250	55,437	55,437
CTG, MORTAR, 120MM, ALL TYPES	62,918	62,918	61,539	61,539
TANK AMMUNITION				
CTG TANK 105MM: ALL TYPES	29,421	29,421	29,421	29,421
120MM TANK TRAINING, ALL TYPES	145,094	145,094	145,094	145,094
CTG, TANK, 120MM TACTICAL, ALL TYPES	52,724	52,724	53,724	53,724
ARTILLERY AMMUNITION				
CTG ARTY 75MM, ALL TYPES	2,246	2,246	2,246	2,246
CTG ARTY 105MM, ALL TYPES	41,873	41,873	41,873	41,873
CTG, ARTY, 155MM, ALL TYPES	124,565	126,565	124,565	126,565
PROJ, 155MM EXTENDED RANGE XM982	25,098	25,098	25,098	25,098
MODULAR ARTILLERY CHARGE SYSTEM (MACS), ALL T	67,966	67,966	67,966	82,966

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ARTILLERY FUZES				
ARTILLERY FUZES, ALL TYPES	22,926	22,926	22,926	22,926
MINES				
MINE, TRAINING, ALL TYPES	230	230	230	230
MINES (CONVENTIONAL), ALL TYPES	4,009	4,009	4,009	4,009
MINE, CLEARING CHARGE, ALL TYPES	4,646	4,646	4,646	4,646
ANTIPERSONNEL LANDMINE ALTERNATIVES	27,876	27,876	27,876	27,876
ROCKETS				
SHOULDER FIRED ROCKETS, ALL TYPES	7,810	7,810	7,810	7,810
ROCKET, HYDRA 70, ALL TYPES	156,879	156,879	156,879	156,879
OTHER AMMUNITION				
DEMOLITION MUNITIONS, ALL TYPES	29,719	42,419	29,719	37,919
GRENADES, ALL TYPES	53,107	53,107	53,107	53,107
SIGNALS, ALL TYPES	26,648	26,648	26,648	26,648
SIMULATORS, ALL TYPES	10,415	10,415	10,415	10,415
MISCELLANEOUS				
AMMO COMPONENTS, ALL TYPES	8,796	8,796	8,796	8,796
NON-LETHAL AMMUNITION, ALL TYPES	18,784	18,784	18,784	18,784
CAD/PAD ALL TYPES	2,598	2,598	2,598	2,598
ITEMS LESS THAN $5 MILLION	5,503	5,503	5,503	5,503
AMMUNITION PECULIAR EQUIPMENT	12,765	19,365	18,765	21,015
FIRST DESTINATION TRANSPORTATION (AMMO)	9,101	9,101	9,101	9,101
CLOSEOUT LIABILITIES	100	100	100	100
TOTAL, AMMUNITION	1,576,313	1,597,613	1,552,121	1,580,071
AMMUNITION PRODUCTION BASE SUPPORT				
PRODUCTION BASE SUPPORT				
PROVISION OF INDUSTRIAL FACILITIES	33,532	42,712	43,532	40,122
LAYAWAY OF INDUSTRIAL FACILITIES	348	348	348	348
MAINTENANCE OF INACTIVE FACILITIES	5,001	5,001	5,001	5,001
CONVENTIONAL AMMO DEMILITARIZATION	102,933	104,733	104,933	104,733
ARMS INITIATIVE	2,745	2,745	2,745	2,745
TOTAL, AMMUNITION PRODUCTION BASE SUPPORT	144,559	155,539	156,559	152,949
TOTAL, PROCUREMENT OF AMMUNITION, ARMY	1,720,872	1,753,152	1,708,680	1,733,020

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
7	**CTG, 40MM, ALL TYPES**	**142,594**	**142,594**	**142,594**	**143,094**
	40mm Day/Night Training Cartridge (M281)				500
9	**81MM MORTAR, ALL TYPES**	**85,250**	**85,250**	**55,437**	**55,437**
	Ctg, Mortar, 81MM HE w/PD Fuze M889A1			-29,813	-29,813
10	**CTG, MORTAR, 120MM, ALL TYPES**	**62,918**	**62,918**	**61,539**	**61,539**
	Fuze, Electronic Time, XM 784			-1,379	-1,379
13	**CTG, TANK, 120MM TACTICAL, ALL TYPES**	**52,724**	**52,724**	**53,724**	**53,724**
	120MM Tactical All Types-M1028 Canister Rounds			1,000	1,000
16	**CTG, ARTY, 155MM, ALL TYPES**	**124,565**	**126,565**	**124,565**	**126,565**
	Projectile Artillery 155mm Smoke WP M110		1,000		1,000
	Projectile Artillery 155mm Illuminating M485		1,000		1,000
18	**MODULAR ARTILLERY CHARGE SYSTEM (MACS), ALL TYPES**	**67,966**	**67,966**	**67,966**	**82,966**
	Modular Artillery Charge System (MACS)				15,000
26	**DEMOLITION MUNITIONS, ALL TYPES**	**29,719**	**42,419**	**29,719**	**37,919**
	Rapid Wall Breaching Kit (RWBK)		2,700	3,000	2,700
	Magneto Inductive Remote Activation Munitions System (RAMS)		10,000		8,500
	Charge, Demo Block C4			-3,000	-3,000
34	**AMMUNITION PECULIAR EQUIPMENT**	**12,765**	**19,365**	**18,765**	**21,015**
	Ammunition Peculiar Equipment Outloading Module, McAlester Army Ammo Plant, OK		3,000	4,000	3,000
	Ammunition Peculiar Equipment Outloading Module		3,600		1,800
	Automated Tactical Ammunition Classification System (ATACS)			2,000	1,000
	Supercritical Water Oxidation Demonstration at BGAD (Note: transferred from Chemical Agents and Munitions Destruction, Army)				2,450
37	**PROVISION OF INDUSTRIAL FACILITIES**	**33,532**	**42,712**	**43,532**	**40,122**
	Thermobaric Explosives Manufacture at Holston Army Ammunition Plant		3,780		1,890
	Flex LAP Modern Munitions Enterprise		5,400		3,700
	Industrial Facilities Modernization of Scranton Army Ammunition Plant				1,000
	Flexible Load, Assemble and Pack (LAP) Kansas Army Ammunition Plant			10,000	0
40	**CONVENTIONAL MUNITIONS DEMILITARIZATION**	**102,933**	**104,733**	**104,933**	**104,733**
	Missile Recycling Capability (MRC) Energetics Processing Module (EPM) Commissioning		1,800	2,000	1,800

LIFE CYCLE MANAGEMENT COMMANDS (LCMC)

The conferees support the goal of the Army's LCMC pilot program to establish integrated business enterprises to better support the warfighter. Currently, there is a geographically separated but strategically important life cycle management plan for ammunition management. Given that the Secretary of Defense has recommended, and the Base Realignment and Closure Commission has endorsed, that Picatinny Arsenal become the home for a joint integrated weapons and armaments specialty site for guns and ammunition, the conferees believe the Army must evaluate how this organization should be structured.

The conferees understand that the Army will submit a report to the Office of the Secretary of Defense (OSD) detailing its implementation of LCMC programs by December 2005. Accordingly, the conferees direct the Secretary of Defense to submit a report to the House and Senate Committees on Appropriations providing its assessment of the value of the LCMC construct by February 1, 2006. In addition, by the same date, the Secretary of the Army shall provide a report to the House and Senate Committees on Appropriations that provides a summary of the Army's LCMC review, and that rationalizes the relationship between each component of the life cycle management of ammunition.

OTHER PROCUREMENT, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
OTHER PROCUREMENT, ARMY				
TACTICAL AND SUPPORT VEHICLES				
TACTICAL VEHICLES				
TACTICAL TRAILERS/DOLLY SETS	15,867	15,867	13,867	13,867
SEMITRAILERS, FLATBED:	6,049	6,049	8,049	7,249
SEMITRAILERS, TANKERS	6,287	6,287	6,287	6,287
HI MOB MULTI-PURP WHLD VEH (HMMWV)	224,222	224,222	224,222	224,222
TRUCK, DUMP, 20T (CCE)	---	---	---	---
FAMILY OF MEDIUM TACTICAL VEH (FMTV)	449,601	449,601	453,601	452,401
FIRETRUCKS & ASSOCIATED FIREFIGHTING EQUIPMEN	7,523	7,523	7,523	7,523
FAMILY OF HEAVY TACTICAL VEHICLES (FHTV)	207,096	217,296	208,696	214,896
ARMORED SECURITY VEHICLES (ASV)	---	---	---	---
TRUCK, TRACTOR, LINE HAUL, M915/M916	17,063	17,063	17,063	17,063
HVY EXPANDED MOBILE TACTICAL TRUCK EXT SERV P	40,710	40,710	40,710	40,710
HMMWV RECAPITALIZATION PROGRAM	32,800	32,800	32,800	32,800
MODIFICATION OF IN SVC EQUIP	11,659	11,659	11,659	11,659
ITEMS LESS THAN $5.0M (TAC VEH)	378	378	378	378
TOWING DEVICE-FIFTH WHEEL	1,950	3,950	1,950	2,950
NON-TACTICAL VEHICLES				
HEAVY ARMORED SEDAN	2,900	2,900	2,900	2,900
PASSENGER CARRYING VEHICLES	270	270	270	270
NONTACTICAL VEHICLES, OTHER	430	430	430	430
TOTAL, TACTICAL AND SUPPORT VEHICLES	1,024,805	1,037,005	1,030,405	1,035,605

	Budget	House	Senate	Conference
	(In thousands of dollars)			
COMMUNICATIONS AND ELECTRONICS EQUIPMENT				
COMM - JOINT COMMUNICATIONS				
WIN - TACTICAL PROGRAM	122,433	101,433	122,433	101,433
JCSE EQUIPMENT (USREDCOM)	4,240	4,240	4,240	4,240
COMM - SATELLITE COMMUNICATIONS				
SECURED ENROUTE COM PACKAGE	7,582	7,582	7,582	7,582
DEFENSE SATELLITE COMMUNICATIONS SYSTEM (SPAC	55,023	55,023	71,023	71,023
SHF TERM	23,359	30,859	23,359	29,759
SAT TERM, EMUT (SPACE)	1,439	1,439	1,439	1,439
NAVSTAR GLOBAL POSITIONING SYSTEM (SPACE)	44,730	52,330	44,730	50,530
SMART-T (SPACE)	14,607	14,607	14,607	14,607
SCAMP (SPACE)	600	600	600	600
GLOBAL BRDCST SVC - GBS	12,478	12,478	12,478	12,478
MOD OF IN-SVC EQUIP (TAC SAT)	7,699	18,699	7,699	7,699
COMM - C3 SYSTEM				
ARMY GLOBAL CMD & CONTROL SYS (AGCCS)	17,358	17,358	18,358	18,358
COMM - COMBAT COMMUNICATIONS				
ARMY DATA DISTRIBUTION SYSTEM (DATA RADIO)	34,837	34,837	34,837	34,837
RADIO TERMINAL SET, MIDS LVT(2)	3,240	3,240	3,240	3,240
SINCGARS FAMILY	55,511	55,511	55,511	55,511
MULTI-PURPOSE INFORMATION OPERATIONS SYSTEMS	8,602	8,602	8,602	8,602
BRIDGE TO FUTURE NETWORKS	41,288	47,288	56,288	62,988
COMMS-ELEC EQUIP FIELDING	6,837	7,837	6,837	11,837
SOLDIER ENHANCEMENT PROGRAM COMM/ELECTRONICS	8,153	8,153	6,000	6,000
COMBAT SURVIVOR EVADER LOCATOR (CSEL)	15,729	17,229	4,629	5,629
RADIO, IMPROVED HF FAMILY	28,041	38,041	28,041	34,041
MEDICAL COMM FOR CBT CASUALTY CARE (MC4)	8,262	8,262	8,262	8,262
COMM - INTELLIGENCE COMM				
CI AUTOMATION ARCHITECTURE	1,320	1,320	1,320	1,320
INFORMATION SECURITY				
TSEC - ARMY KEY MGT SYS (AKMS)	2,994	2,994	2,994	2,994
INFORMATION SYSTEM SECURITY PROGRAM-ISSP	69,734	71,234	74,934	77,484

	Budget	House	Senate	Conference
	(In thousands of dollars)			
COMM - LONG HAUL COMMUNICATIONS TERRESTRIAL TRANSMISSION	15,661	15,661	15,661	15,661
BASE SUPPORT COMMUNICATIONS	33,583	33,583	50,583	52,383
ELECTROMAG COMP PROG (EMCP)	479	479	479	479
WW TECH CON IMP PROG (WWTCIP)	2,704	2,704	2,704	2,704
COMM - BASE COMMUNICATIONS INFORMATION SYSTEMS	12,883	12,883	12,883	12,883
DEFENSE MESSAGE SYSTEM (DMS)	6,433	6,433	6,433	6,433
INSTALLATION INFO INFRASTRUCTURE MOD PROGRAM	294,384	294,384	300,884	300,884
PENTAGON INFORMATION MGT AND TELECOM	28,618	28,618	28,618	28,618
ELECT EQUIP - NAT FOR INT PROG (NFIP)				
ELECT EQUIP - TACT INT REL ACT (TIARA) ALL SOURCE ANALYSIS SYS (ASAS) (TIARA)	21,204	21,204	21,204	21,204
JTT/CIBS-M (TIARA)	9,862	9,862	9,862	9,862
PROPHET GROUND (TIARA)	13,006	24,506	16,006	21,806
TUAV	26,000	26,000	26,000	68,500
SMALL UAV: (SUAV)	20,000	20,000	20,000	20,000
DIGITAL TOPOGRAPHIC SPT SYS (DTSS) (TIARA)	2,888	2,888	2,888	2,888
DISTRIBUTED COMMON GRND SYSTEM (DCGS) (JMIP)	43,543	43,543	43,543	43,543
JOINT TACTICAL GROUND STATION (JTAGS)	12,648	12,648	12,648	12,648
TROJAN (TIARA)	6,067	6,067	6,067	6,067
MOD OF IN-SVC EQUIP (INTEL SPT) (TIARA)	1,668	1,668	1,668	1,668
CI HUMINT INFO MANAGEMENT SYSTEM (CHIMS) (TIA	730	730	730	730
ITEMS LESS THAN $5.0M (TIARA)	16,563	16,563	16,563	20,563

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ELECT EQUIP - ELECTRONIC WARFARE (EW)				
ELECT EQUIP - TACTICAL SURV. (TAC SURV)				
SENTINEL MODS	8,393	8,393	8,393	8,393
NIGHT VISION DEVICES	164,674	172,674	171,674	175,274
LONG RANGE ADVANCED SCOUT SURVEILLANCE SYSTEM	42,293	42,293	42,293	42,293
NIGHT VISION, THERMAL WPN SIGHT	83,692	83,692	83,692	83,692
ARTILLERY ACCURACY EQUIP	---	1,000	---	1,000
MOD OF IN-SVC EQUIP (MMS)	334	334	334	334
PORTABLE INDUCTIVE ARTILLERY FUZE SETTER	6,763	6,763	6,763	6,763
PROFILER	4,869	4,869	4,869	4,869
MOD OF IN-SVC EQUIP (TAC SURV)	18,027	18,027	18,027	18,027
FORCE XXI BATTLE CMD BRIGADE & BELOW (FBCB2)	146,085	146,085	146,085	146,085
LIGHTWEIGHT LASER DESIGNATOR/RANGEFINDER (LLD	12,720	12,720	12,720	12,720
COMPUTER BALLISTICS: LHMBC XM32	1,415	1,415	1,415	1,415
MORTAR FIRE CONTROL SYSTEM	18,877	18,877	18,877	18,877
INTEGRATED MET SYS SENSORS (IMETS) - TIARA	3,699	3,699	3,699	3,699
ENHANCED SENSOR & MONITORING SYSTEM	2,000	2,000	2,000	2,000
ELECT EQUIP - TACTICAL C2 SYSTEMS				
TACTICAL OPERATIONS CENTERS	58,339	58,339	58,339	58,339
ADV FA TAC DATA SYS / EFF CTRL SYS (AFATDS/EC	29,537	29,537	29,537	29,537
MOD OF IN-SVC EQUIP, AFATDS	5,104	5,104	5,104	5,104
LIGHT WEIGHT TECH FIRE DIRECTION SYS (LWT	2,978	2,978	2,978	2,978
CMBT SVC SUPT CONTROL SYS (CSSCS)	10,139	10,139	10,139	10,139
FAAD C2	26,108	26,108	11,108	16,108
AIR & MSL DEFENSE PLANNING & CONTROL SYS (AMD	3,668	3,668	3,668	3,668
FORWARD ENTRY DEVICE / LIGHTWEIGHT FED (FED/L	3,159	3,159	3,159	3,159
LIFE CYCLE SOFTWARE SUPPORT (LCSS)	1,914	1,914	1,914	1,914
LOGTECH	62,256	65,256	78,256	74,956
TC AIMS II	31,356	16,356	31,356	16,356
JOINT NETWORK MANAGEMENT SYSTEM (JNMS)	11,885	11,885	11,885	11,885
TACTICAL INTERNET MANAGER	16,962	16,962	16,962	16,962
MANEUVER CONTROL SYSTEM (MCS)	49,562	49,562	49,562	49,562
SINGLE ARMY LOGISTICS ENTERPRISE (SALE)	89,017	75,017	54,117	65,317
MOUNTED BATTLE COMMAND ON THE MOVE (MBCOTM)	870	870	870	870

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ELECT EQUIP - AUTOMATION				
ARMY TRAINING MODERNIZATION	23,722	23,722	23,722	23,722
AUTOMATED DATA PROCESSING EQUIP	152,268	153,268	152,268	153,268
RESERVE COMPONENT AUTOMATION SYS (RCAS)	30,819	30,819	37,819	36,819
ELECT EQUIP - AUDIO VISUAL SYS (A/V)				
AFRTS	2,732	2,732	2,732	2,732
ITEMS LESS THAN $5.0M (A/V)	6,381	6,381	6,381	6,381
ITEMS LESS THAN $5M (SURVEYING EQUIPMENT)	2,895	2,895	2,895	2,895
ELECT EQUIP - SUPPORT				
PRODUCTION BASE SUPPORT (C-E)	438	438	438	438
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT	2,300,970	2,321,570	2,331,517	2,400,567
OTHER SUPPORT EQUIPMENT				
CHEMICAL DEFENSIVE EQUIPMENT				
SMOKE & OBSCURANT FAMILY: SOF (NON AAO ITEM)	2,904	2,904	2,904	2,904
BRIDGING EQUIPMENT				
TACTICAL BRIDGING	26,611	26,611	26,611	26,611
TACTICAL BRIDGE, FLOAT-RIBBON	5,913	5,913	5,913	5,913
ENGINEER (NON-CONSTRUCTION) EQUIPMENT				
HANDHELD STANDOFF MINEFIELD DETECTION SYS-HST	7,084	7,084	10,084	8,584
GRND STANDOFF MINE DETECTION SYSTEM (GSTAMIDS	2,962	2,962	2,962	2,962
ROBOTIC COMBAT SUPPORT SYSTEM (RCSS)	1,617	1,617	1,617	1,617
EXPLOSIVE ORDNANCE DISPOSAL EQPMT (EOD EQPMT)	29,786	29,786	29,786	29,786
ITEMS LESS THAN $5M, COUNTERMINE EQUIPMENT	580	580	580	580
COMBAT SERVICE SUPPORT EQUIPMENT				
HEATERS AND ECU'S	3,420	3,420	3,420	3,420
LAUNDRIES, SHOWERS AND LATRINES	1,998	1,998	1,998	1,998
SOLDIER ENHANCEMENT	4,810	4,810	4,810	4,810
LIGHTWEIGHT MAINTENANCE ENCLOSURE (LME)	---	---	4,000	2,800
LAND WARRIOR	35,700	35,700	35,700	35,700
MOUNTED WARRIOR	1,600	3,100	1,600	8,400
FIELD FEEDING EQUIPMENT	26,553	26,553	26,553	26,553
AIR DROP PROGRAM	39,644	39,644	39,644	39,644
ITEMS LESS THAN $5.0M (ENG SPT EQ)	3,282	3,282	3,282	3,282
ITEMS LESS THAN $5.0M (CSS EQ)	---	---	4,500	3,200
PETROLEUM EQUIPMENT				
QUALITY SURVEILLANCE EQUIPMENT	730	730	730	730
DISTRIBUTION SYSTEMS, PETROLEUM & WATER	66,055	66,055	66,055	66,055

	Budget	House	Senate	Conference
	(In thousands of dollars)			
WATER EQUIPMENT				
WATER PURIFICATION SYSTEMS	8,888	8,888	8,888	8,888
MEDICAL EQUIPMENT				
COMBAT SUPPORT MEDICAL	10,686	22,186	15,686	26,886
MAINTENANCE EQUIPMENT				
SHOP EQ CONTACT MAINTENANCE TRK MTD (MYP)	8,244	8,244	8,244	8,244
WELDING SHOP, TRAILER MTD	252	252	252	252
ITEMS LESS THAN $5.0M (MAINT EQ)	1,300	3,100	1,300	2,300
CONSTRUCTION EQUIPMENT				
MISSION MODULES - ENGINEERING	3,785	3,785	3,785	3,785
LOADERS	1,217	1,217	11,217	8,217
TRACTOR, FULL TRACKED	966	5,966	966	4,466
HIGH MOBILITY ENGINEER EXCAVATOR (HMEE)	13,472	13,472	13,472	13,472
CONST EQUIP ESP	3,646	30,646	3,646	23,146
ITEMS LESS THAN $5.0M (CONST EQUIP)	4,285	4,285	4,285	4,285
RAIL FLOAT CONTAINERIZATION EQUIPMENT				
LOGISTIC SUPPORT VESSEL (LSV)	---	---	8,000	6,800
THEATER SUPPORT VESSEL (TSV)	15,000	15,000	---	---
HARBORMASTER COMMAND & CONTROL CENTER (HCCC)	600	600	600	600
CAUSEWAY SYSTEMS	2,000	2,000	12,000	9,000
ITEMS LESS THAN $5.0M (FLOAT/RAIL)	4,988	4,988	4,988	4,988
GENERATORS				
GENERATORS AND ASSOCIATED EQUIP	43,067	48,567	47,067	48,967
MATERIAL HANDLING EQUIPMENT				
ALL TERRAIN LIFTING ARMY SYSTEM	361	361	5,361	4,361
TRAINING EQUIPMENT				
COMBAT TRAINING CENTERS (CTC) SUPPORT	60,811	60,811	60,811	60,811
TRAINING DEVICES, NONSYSTEM	184,528	261,428	218,778	265,028
CLOSE COMBAT TACTICAL TRAINER	63,746	63,746	63,746	63,746
AVIATION COMBINED ARMS TACTICAL TRAINER (AVCA	71,301	71,301	71,301	71,301
TEST MEASURE AND DIG EQUIPMENT (TMD)				
INTEGRATED FAMILY OF TEST EQUIPMENT (IFTE)	21,605	25,605	21,605	25,005
TEST EQUIPMENT MODERNIZATION (TEMOD)	471	471	471	471

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OTHER SUPPORT EQUIPMENT				
RAPID EQUIPPING SOLDIER SUPPORT EQUIPMENT	50,000	58,000	50,000	54,000
PHYSICAL SECURITY SYSTEMS (OPA3)	66,614	76,614	77,614	81,114
BASE LEVEL COM'L EQUIPMENT	6,224	6,224	6,224	6,224
MODIFICATION OF IN-SVC EQUIPMENT (OPA-3)	9,379	9,379	9,379	9,379
PRODUCTION BASE SUPPORT (OTH)	2,638	2,638	2,638	2,638
SPECIAL EQUIPMENT FOR USER TESTING	9,316	9,316	13,316	12,716
MA8975	2,434	2,434	2,434	2,434
TOTAL, OTHER SUPPORT EQUIPMENT	933,073	1,084,273	1,020,823	1,109,073
SPARE AND REPAIR PARTS				
INITIAL SPARES - C&E	33,076	33,076	33,076	33,076
INITIAL SPARES - OTHER SUPPORT EQUIP	732	732	732	732
TOTAL, SPARE AND REPAIR PARTS	33,808	33,808	33,808	33,808
LIGHTWEIGHT COUNTER MORTAR RADAR	---	5,000	---	5,000
CLASSIFIED PROGRAMS	9,978	9,978	9,978	9,978
TOTAL, OTHER PROCUREMENT, ARMY	4,302,634	4,491,634	4,426,531	4,594,031

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**TACTICAL TRAILERS/DOLLY SETS**	**15,867**	**15,867**	**13,867**	**13,867**
	Fielding and Support Costs			-2,000	-2,000
2	**SEMITRAILERS, FLATBED**	**6,049**	**6,049**	**8,049**	**7,249**
	600 Series Commercial Tractor Trailer			2,000	1,200
6	**FAMILY OF MEDIUM TACTICAL VEH (FMTV)**	**449,601**	**449,601**	**453,601**	**452,401**
	Light Medium Tactical Vehicle - Army National Guard			4,000	2,800
8	**FAMILY OF HEAVY TACTICAL VEHICLES (FHTV)**	**207,096**	**217,296**	**208,696**	**214,896**
	Container Roll-In/Out Platform (MS CROP)		5,200		3,100
	HEMTT LET		5,000		3,500
	Movement Tracking System (MTS)			1,600	1,200
17	**TOWING DEVICE-FIFTH WHEEL**	**1,950**	**3,950**	**1,950**	**2,950**
	Fifth Wheel Towing Device (FWTD)--Additional Units		2,000		1,000
21	**WIN - TACTICAL PROGRAM**	**122,433**	**101,433**	**122,433**	**101,433**
	Excessive Overhead		-21,000		-21,000
23	**DEFENSE SATELLITE COMMUNICATIONS SYSTEM (SPACE)**	**55,023**	**55,023**	**71,023**	**71,023**
	Jam Resistant Secure Communications (Transfer from O&M, Army - BA 4)			15,000	15,000
	Satellite-Based Prototype Interoperable Network Communication System			1,000	1,000
24	**SHF TERM**	**23,359**	**30,859**	**23,359**	**29,759**
	National Guard Tactical C4ISR Enhancement		7,500		6,400
26	**NAVSTAR GLOBAL POSITIONING SYSTEM (SPACE)**	**44,730**	**52,330**	**44,730**	**50,530**
	Defense Advanced GPS Receiver (DAGR)		2,000		1,000
	AN/PSC-5 Spitfire conversion kits		5,600		4,800
31	**MOD OF IN-SVC EQUIP (TAC SAT)**	**7,699**	**18,699**	**7,699**	**7,699**
	KaSAT		11,000		0
32	**ARMY GLOBAL CMD & CONTROL SYS (AGCCS)**	**17,358**	**17,358**	**18,358**	**18,358**
	Road Armor Demonstration Software for Computer Security			1,000	1,000
39	**BRIDGE TO FUTURE NETWORKS**	**41,288**	**47,288**	**56,288**	**62,988**
	AN/UXC-10 Digital Facsimile (TS-21 Blackjack)		6,000		9,400
	High Speed Communications Assemblage Upgrade			10,000	7,000
	AN/TRC-170 Modern Upgrade for the Army Reserve				2,800
	Joint Force Wireless Redundant Communications - Army National Guard			5,000	2,500
40	**COMMS-ELEC EQUIP FIELDING**	**6,837**	**7,837**	**6,837**	**11,837**
	Satellite Multi-Modal Collaborative Crisis & Training Network (SMM-CCTN) for MN Army Guard		1,000		1,000
	Regional Emergency Response Network for the FL National Guard				3,000
	Adaptive Cell Software Defined Radio Base Station				1,000

P-1		Budget Request	House	Senate	Conference
	SOLDIER ENHANCEMENT PROGRAM				
41	**COMM/ELECTRONICS**	**8,153**	**8,153**	**6,000**	**6,000**
	TBD Hardware			-2,153	-2,153
42	**COMBAT SURVIVOR EVADER LOCATOR (CSEL)**	**15,729**	**17,229**	**4,629**	**5,629**
	U.S. Army Sustainment Center CSAR Technology Upgrade for ARS-6		1,500		1,000
	CSEL--Transfer to Title IX			-11,100	-11,100
43	**RADIO, IMPROVED HF FAMILY**	**28,041**	**38,041**	**28,041**	**34,041**
	AN/PRC-150C High Frequency Radio for the Army Guard and Reserve		10,000		6,000
47	**INFORMATION SYSTEM SECURITY PROGRAM-ISSP**	**69,734**	**71,234**	**74,934**	**77,484**
	Critical Army System - Cyber Attack Technology (CAS-CAT)		1,500		1,500
	Biometrics Identity System for Access			5,200	6,250
49	**BASE SUPPORT COMMUNICATIONS**	**33,583**	**33,583**	**50,583**	**52,383**
	Alaska Land Mobile Radio			7,000	7,000
	Fort Riley ASR-11 Digital Airport Surveillance Radar				3,300
	USARPAC Deployable C4 System			10,000	8,500
	INSTALLATION INFO INFRASTRUCTURE MOD				
55	**PROGRAM**	**294,384**	**294,384**	**300,884**	**300,884**
	GIG-BE ALCOM Expansion			6,500	6,500
62	**PROPHET GROUND (TIARA)**	**13,006**	**24,506**	**16,006**	**21,806**
	Blue Marauder Enhanced System		2,000		1,700
	Prophet Block I System (Note: Only for procurement, production and fielding of Prophet Block I Systems and spares for assignment to Army National Guard organizations with 2006 and 2007 delivery requirements.)		7,500		4,000
	Prophet Ground Signals Intelligence Analytical Capability		2,000		1,000
	Prophet Ground Vehicle Block I Enhancements			3,000	2,100
63	**TUAV**	**26,000**	**26,000**	**26,000**	**68,500**
	I-GNAT (Note: transferred from Title IX)				42,500
74	**ITEMS LESS THAN $5 MILLION (TIARA)**	**16,563**	**16,563**	**16,563**	**20,563**
	ARNG Wideband Imagery Dissemination Systems				4,000
79	**NIGHT VISION DEVICES**	**164,674**	**172,674**	**171,674**	**175,274**
	MX-2 Mini-IR Thermal Imager		8,000	5,000	5,000
	Small Tactical Optical Rifle Mounted Micro-Laser Range Finding System (Note: transferred from Title IX)				4,200
	Ultra-High Intensity Illumination System			2,000	1,400
84	**ARTILLERY ACCURACY EQUIP**	**0**	**1,000**	**0**	**1,000**
	Improved Position and Azimuth Determining System (IPADS)		1,000		1,000
101	**FAAD C2**	**26,108**	**26,108**	**11,108**	**16,108**
	COE Hardware			-15,000	-10,000

P-1		Budget Request	House	Senate	Conference
106	**LOGTECH**	**62,256**	**65,256**	**78,256**	**74,956**
	Army Legacy Logistics Systems Modernization (SAMS-E)		3,000		1,500
	Active Data-Rich RFID for In-Transit Visibility Upgrades and Enhancements			6,000	4,200
	Arsenal/Depot AIT Initiative			10,000	7,000
107	**TC AIMS II**	**31,356**	**16,356**	**31,356**	**16,356**
	Buying ahead of need		-15,000		-15,000
112	**SINGLE ARMY LOGISTICS ENTERPRISE (SALE)**	**89,017**	**75,017**	**54,117**	**65,317**
	Program Growth and Execution		-14,000	-35,200	-24,000
	USARPAC GCCS Operations			300	300
116	**AUTOMATED DATA PROCESSING EQUIP**	**152,268**	**153,268**	**152,268**	**153,268**
	Virtual Mission Preparation (Note: only for the further implementation of the virtual preparation requirements for the National Guard Bureau's Army Training Division.)		1,000		1,000
117	**RESERVE COMPONENT AUTOMATION SYS (RCAS)**	**30,819**	**30,819**	**37,819**	**36,819**
	Pacific Rim Information Technology Infrastructure Improvement Program			7,000	6,000
126	**HANDHELD STANDOFF MINEFIELD DETECTION SYS-HST**	**7,084**	**7,084**	**10,084**	**8,584**
	Handheld Standoff Mine Detection System (HSTAMIDS) - Army Reserve			3,000	1,500
135	**LIGHTWEIGHT MAINTENANCE ENCLOSURE (LME)**	**0**	**0**	**4,000**	**2,800**
	Lightweight Maintenance Enclosure			4,000	2,800
137	**MOUNTED WARRIOR**	**1,600**	**3,100**	**1,600**	**8,400**
	Helmet Mounted Displays (HMD) for Stryker Brigades (Note: only for see-through, daylight-readable, retinal scanning helmet mounted display for Stryker Brigades. Transfer from title IX)		1,500		6,800
143	**ITEMS LESS THAN $5 MILLION (CSS EQ)**	**0**	**0**	**4,500**	**3,200**
	Long Arm High Intensity Handheld Searchlight (RI-2200 and RI-2400)			4,500	3,200
148	**COMBAT SUPPORT MEDICAL**	**10,686**	**22,186**	**15,686**	**26,886**
	Combat Support Hospitals		2,000	5,000	4,300
	Golden Hour Technology (Note: transferred to O&M,A)		5,000		0
	Life Support for Trauma and Transport (LSTAT)		4,500		3,900
	Quick Clot Hemorrhage Control (Note: transferred from Title IX)				3,000
	Self-contained Reusable Blood Container (Note: transferred from Title IX)				5,000
151	**ITEMS LESS THAN $5 MILLION (MAINT EQ)**	**1,300**	**3,100**	**1,300**	**2,300**
	Blast Booths and Paint Boots for Kansas National Guard Readiness Sustainment Maintenance Site (RSMS)		1,800		1,000
153	**LOADERS**	**1,217**	**1,217**	**11,217**	**8,217**
	Loaders - Army Reserve			10,000	7,000
154	**TRACTOR, FULL TRACKED**	**966**	**5,966**	**966**	**4,466**
	C-130 Transportable Motor Graders		5,000		3,500

P-1	Budget Request	House	Senate	Conference
158 CONST EQUIP ESP	**3,646**	**30,646**	**3,646**	**23,146**
Construction Equipment SLEP for Active component		10,000		7,000
Construction Equipment SLEP for AR and ARNG		15,000		10,500
MW24C Loader Modification		1,000		1,000
M4K Forklift Modifications		1,000		1,000
160 LOGISTIC SUPPORT VESSEL (LSV)	**0**	**0**	**8,000**	**6,800**
Logistics Support Vessel Enhancement Program			8,000	6,800
161 THEATER SUPPORT VESSEL (TSV)	**15,000**	**15,000**	**0**	**0**
Program Merger and Delay			-15,000	-15,000
163 CAUSEWAY SYSTEMS	**2,000**	**2,000**	**12,000**	**9,000**
Modular Causeway System			10,000	7,000
165 GENERATORS AND ASSOCIATED EQUIP	**43,067**	**48,567**	**47,067**	**48,967**
Deployable Power Generation Distribution System		5,500		3,900
100kW Tactical Quiet Generator			4,000	2,000
167 ALL TERRAIN LIFTING ARMY SYSTEM	**361**	**361**	**5,361**	**4,361**
All Terrain Lifting Army System - Army Reserve			5,000	3,500
Central Automated Lubrication System for the ATLAS program				500
171 TRAINING DEVICES, NONSYSTEM	**184,528**	**261,428**	**218,778**	**265,028**
172nd SIB Range Improvement Plan			14,000	14,000
AB-FIST for the Army National Guard		3,000		1,500
Advanced Bradley Full-Crew Interactive Simulator Trainers			12,000	10,200
America's Army Future Soldier Trainer (AA-FST) (Note: only to continue the Military Skills Engagement Trainer pilot program redesignated America's Army Future Soldier Trainer)		20,000		14,000
America's Army Live Fire Trainer Shoot House Deployment (Note: only to upgrade current U.S. Army live fire urban combat shoot houses with fully engageable virtual targets)		10,000		7,000
Call For Fire Trainer/Joint Fires and Effects Trainer System			2,500	2,500
Combat Arms Training System (CATS) - Army National Guard		2,000	4,000	2,000
Digital Deployed Training Campus (DDTC) Program-ARNG		10,000		8,500
Immersive Group Simulation Demonstration Project		2,000		1,300
Joint Readiness Training Center (JRTC) Instrumentation System (IS)		5,400		2,700
Laser Marksmanship Training System (LMTS) for the Army		10,000		6,000
Laser Marksmanship Training System (LMTS) for the Army Reserve		2,500		2,200
Tabletop Gunnery Trainers (TGT) and Full-fidelity Trainers (TFT)		3,000		1,100
Tabletop Gunnery Trainers (TGT) and Full-fidelity Trainers (TFT) for Army National Guard		3,000		1,500
Up-armored HMMWV & Tactical Truck Crew Trainers--OHARNG		1,000		1,000

P-1		Budget Request	House	Senate	Conference
	Up-Armored HMMWV and Tactical Truck Crew Trainers for the Army National Guard		5,000		3,500
	USARPAC Core Warfighting C4 Network Infrastructure			1,750	1,500
175	**INTEGRATED FAMILY OF TEST EQUIPMENT (IFTE)**	**21,605**	**25,605**	**21,605**	**25,005**
	Integrated Family of Test Equipment		4,000		3,400
177	**RAPID EQUIPPING SOLDIER SUPPORT EQUIPMENT**	**50,000**	**58,000**	**50,000**	**54,000**
	Insurgent Command and Control Technology		8,000		4,000
178	**PHYSICAL SECURITY SYSTEMS (OPA3)**	**66,614**	**76,614**	**77,614**	**81,114**
	Threat Systems Management Office Satellite Operating Center - West (Note: Only to procure four critically needed Mi-17 assets for realistic training of US, allied and coalition forces.)		10,000		8,500
	Battlefield Anti-Intrusion System			10,000	5,000
	Gamma Radiographic Detection System (GaRDS) Mobile Car & Truck Inspection Unit			1,000	1,000
182	**SPECIAL EQUIPMENT FOR USER TESTING**	**9,316**	**9,316**	**13,316**	**12,716**
	Advanced Threat Communications Network			4,000	3,400
NEW	**LIGHTWEIGHT COUNTER MORTAR RADAR-ENHANCEMENTS (LCMR-E)**	**0**	**5,000**	**0**	**5,000**

LIVE FIRE TRAINER SHOOT HOUSE DEVELOPMENT

The conferees believe that America's Army Live Fire Trainer, using ''America's Army'' software and thermal image ballistic tracking and weapon middleware will improve training of soldiers, sailors, and marines in critical urban combat skills. Of note, current U.S. Army live fire urban combat shoot houses will be upgraded to replace paper targets with fully engagable virtual targets, representing enemy, friendly, and non-combatant personnel. As a result, this platform has a tremendous capability to improve marksmanship, adaptive thinking, and critical combat related tasks in a live-fire environment.

BATTLEFIELD OPERATING SYSTEMS

The conferees direct the Secretary of the Army to provide a report to the congressional defense committees, no later than February 15, 2006, detailing the Army's plan to close the information-sharing gap across Battlefield Operating Systems and provide increased information awareness from multiple domains to the commands and forces engaged in Operation Iraqi Freedom. The conferees also direct that this report provide information regarding the return on investment of expanding or redirecting resources to the operation and expansion of net-centric information-sharing applications such as Federated Search, Alerts, and FusionNet, delivered by the Horizontal Fusion program. Finally, the conferees direct that this report provide information about the architecture and development of net-centric services that will improve battle command in Operation Iraqi Freedom.

AIRCRAFT PROCUREMENT, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
AIRCRAFT PROCUREMENT, NAVY				
COMBAT AIRCRAFT				
AV-8B (V/STOL)HARRIER (MYP)	1,707	1,707	1,707	1,707
EA-18G	310,175	310,175	310,175	310,175
EA-18G (AP-CY)	26,486	26,486	26,486	26,486
F/A-18E/F (FIGHTER) HORNET (MYP)	2,736,230	2,736,230	2,744,080	2,740,230
F/A-18E/F (FIGHTER) HORNET (MYP) (AP-CY)	86,105	86,105	86,105	86,105
V-22 (MEDIUM LIFT)	993,302	993,302	993,302	993,302
V-22 (MEDIUM LIFT) (AP-CY)	67,274	67,274	67,274	67,274
UH-1Y/AH-1Z	307,479	318,279	307,479	307,479
MH-60S (MYP)	463,369	463,369	463,369	463,369
MH-60S (MYP) (AP-CY)	125,698	125,698	125,698	125,698
MH-60R	435,421	439,421	435,421	438,821
MH-60R (AP-CY)	119,078	119,078	119,078	119,078
E-2C (EARLY WARNING) HAWKEYE (MYP)	210,952	210,952	210,952	210,952
E-2C (EARLY WARNING) HAWKEYE (MYP) (AP-CY)	38,000	38,000	38,000	38,000
TOTAL, COMBAT AIRCRAFT	5,921,276	5,936,076	5,929,126	5,928,676
AIRLIFT AIRCRAFT				
C-40A	10,312	10,312	10,312	10,312
TOTAL, AIRLIFT AIRCRAFT	10,312	10,312	10,312	10,312

	Budget	House	Senate	Conference
	(In thousands of dollars)			
TRAINER AIRCRAFT				
T-45TS (TRAINER) GOSHAWK	239,240	239,240	239,240	239,240
JPATS	2,411	24,911	14,011	19,411
TOTAL, TRAINER AIRCRAFT	241,651	264,151	253,251	258,651
OTHER AIRCRAFT				
KC-130J	1,092,743	321,089	447,296	384,200
ADVANCE PROCUREMENT (CY)	---	45,626	71,000	58,000
F-5	4,517	4,517	4,517	4,517
TOTAL, OTHER AIRCRAFT	1,097,260	371,232	522,813	446,717
MODIFICATION OF AIRCRAFT				
EA-6 SERIES	120,619	123,619	120,619	122,119
AV-8 SERIES	34,862	34,862	34,862	34,862
ADVERSARY	5,013	5,013	5,013	5,013
F-18 SERIES	422,444	417,444	442,444	433,444
H-46 SERIES	55,427	55,427	55,427	55,427
AH-1W SERIES	7,656	17,156	7,656	15,056
H-53 SERIES	14,917	22,917	14,917	20,717
SH-60 SERIES	12,360	12,360	12,360	12,360
H-1 SERIES	7,395	8,395	7,395	7,895
EP-3 SERIES	55,120	55,120	44,120	44,120
P-3 SERIES	163,348	185,500	161,348	173,248
S-3 SERIES	751	751	751	751
E-2 SERIES	13,654	13,654	13,654	13,654
TRAINER A/C SERIES	14,004	14,004	14,004	14,004
C-2A	29,575	29,575	29,575	29,575
C-130 SERIES	42,698	32,698	42,698	32,698

	Budget	House	Senate	Conference
	(In thousands of dollars)			
FEWSG	605	605	605	605
CARGO/TRANSPORT A/C SERIES	19,914	19,914	19,914	19,914
E-6 SERIES	11,219	11,219	11,219	11,219
EXECUTIVE HELICOPTERS SERIES	16,734	16,734	16,734	16,734
SPECIAL PROJECT AIRCRAFT	20,762	28,262	20,762	26,562
T-45 SERIES	49,980	42,980	53,980	45,780
POWER PLANT CHANGES	26,334	26,334	26,334	26,334
JPATS SERIES	719	719	719	719
AVIATION LIFE SUPPORT MODS	323	323	323	323
COMMON ECM EQUIPMENT	51,376	55,376	51,376	54,776
COMMON AVIONICS CHANGES	214,202	181,395	189,202	181,395
COMMON DEFENSIVE WEAPON SYSTEM	13,752	13,752	13,752	13,752
ID SYSTEMS	7,741	7,741	7,741	7,741
V-22 (TILT/ROTOR ACFT) OSPREY	81,002	81,002	81,002	81,002
TOTAL, MODIFICATION OF AIRCRAFT	1,514,506	1,514,851	1,500,506	1,501,799
AIRCRAFT SPARES AND REPAIR PARTS				
SPARES AND REPAIR PARTS	1,089,236	1,060,823	1,028,036	1,019,036
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES				
COMMON GROUND EQUIPMENT	499,469	475,579	503,469	478,079
AIRCRAFT INDUSTRIAL FACILITIES	9,508	9,508	9,508	9,508
WAR CONSUMABLES	10,437	10,437	---	---
OTHER PRODUCTION CHARGES	15,467	15,467	15,467	13,967
SPECIAL SUPPORT EQUIPMENT	106,376	106,376	106,376	106,376
FIRST DESTINATION TRANSPORTATION	1,628	1,628	1,628	1,628
TOTAL, AIRCRAFT SUPPORT EQUIPMENT & FACILITIES	642,885	618,995	636,448	609,558
TOTAL, AIRCRAFT PROCUREMENT, NAVY	10,517,126	9,776,440	9,880,492	9,774,749

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
4	**F/A-18E/F (FIGHTER) HORNET (MYP)**	**2,736,230**	**2,736,230**	**2,744,080**	**2,740,230**
	Shared reconnaissance pod (SHARP)			7,850	4,000
8	**UH-1Y/AH-1Z**	**307,479**	**318,279**	**307,479**	**307,479**
	Non-recurring engineering to build new AH-1Z (Note: Conference funding is included under title IX, "Aircraft Procurement, Navy")		10,800		0
11	**MH-60R**	**435,421**	**439,421**	**435,421**	**438,821**
	AQS-22 advanced low frequency sonar (ALFS)		4,000		3,400
20	**JPATS**	**2,411**	**24,911**	**14,011**	**19,411**
	Additional aircraft		22,500	11,600	17,000
21	**KC-130J**	**1,092,743**	**321,089**	**447,296**	**384,200**
	Reduction from 12 to 4 aircraft		-771,654		
	Reduction from 12 to 6 aircraft			-645,447	
	Reduction from 12 to 5 aircraft				-708,543
22	**KC-130J ADVANCE PROCUREMENT (CY)**	**0**	**45,626**	**71,000**	**58,000**
	Advance procurement funding for FY07		45,626	71,000	58,000
24	**EA-6 SERIES**	**120,619**	**123,619**	**120,619**	**122,119**
	EA-6B support jamming upgrade		3,000		1,500
27	**F-18 SERIES**	**422,444**	**417,444**	**442,444**	**433,444**
	Discrepancy reductions; trainer upgrades		-5,000		0
	Spare engines and modules			30,000	21,000
	Underexecution			-10,000	-10,000
29	**AH-1W SERIES**	**7,656**	**17,156**	**7,656**	**15,056**
	AH-1W ANVIS HUD 24		5,000		3,500
	USMC AH-1W Cobra night targeting system		4,500		3,900
30	**H-53 SERIES**	**14,917**	**22,917**	**14,917**	**20,717**
	CH-53 crashworthy seat		4,000		3,400
	H-53E EAPS barrier filter		4,000		2,400
32	**H-1 SERIES**	**7,395**	**8,395**	**7,395**	**7,895**
	Brite Star reduction in unit costs		-2,000		-1,000
	USMC UH-1N Huey helo navigation thermal imaging system		3,000		1,500
33	**EP-3 SERIES**	**55,120**	**55,120**	**44,120**	**44,120**
	Premature JMOD spiral II request			-11,000	-11,000
34	**P-3 SERIES**	**163,348**	**185,500**	**161,348**	**173,248**
	Program reductions		-3,348		0
	P-3C high resolution digital recorder		2,000		1,000
	P-3C mission system sustainment AMIP		8,000	7,000	7,000
	P-3C ALR-95 ESM geolocation upgrade		4,000		1,400
	P-3C COTS aircraft health monitoring system (AHMS)		2,500		1,800
	P-3C ALR-95 ESM system library, integrated logistics and training support		5,000		4,300
	P-3C AIP ESM system wingtip antennas and receivers		4,000		3,400
	COP rephasing			-10,000	-10,000
	CURTIS upgrades to the P-3C BMUP			1,000	1,000

P-1		Budget Request	House	Senate	Conference
39	**C-130 SERIES**	**42,698**	**32,698**	**42,698**	**32,698**
	Slower growth in avionics modernization program		-10,000		-10,000
44	**SPECIAL PROJECT AIRCRAFT**	**20,762**	**28,262**	**20,762**	**26,562**
	Communications upgrade		2,500		1,500
	Aircraft advanced collection system		5,000		4,300
45	**T-45 SERIES**	**49,980**	**42,980**	**53,980**	**45,780**
	Defer SAR training curriculum		-7,000		-7,000
	Crash survivable memory unit			4,000	2,800
49	**COMMON ECM EQUIPMENT**	**51,376**	**55,376**	**51,376**	**54,776**
	AN/APR-39A(V2)		4,000		3,400
50	**COMMON AVIONICS CHANGES**	**214,202**	**181,395**	**189,202**	**181,395**
	Reduce growth in common avionics		-32,807	-25,000	-32,807
54	**SPARES AND REPAIR PARTS**	**1,089,236**	**1,060,823**	**1,028,036**	**1,019,036**
	KC-130J aircraft		-28,413	-10,000	-19,000
	V-22 program delays			-24,200	-24,200
	MH-60 program delays			-27,000	-27,000
55	**COMMON GROUND EQUIPMENT**	**499,469**	**475,579**	**503,469**	**478,079**
	CASS automatic test equipment		-5,000		-5,000
	Other training equipment (Note: No reduction shall be allocated to U. S. Marine Corps programs)		-21,890		-21,890
	Aviation maintenance training continuum system		3,000		2,100
	Direct squadron support readiness training program			4,000	3,400
57	**WAR CONSUMABLES**	**10,437**	**10,437**	**0**	**0**
	Transfer to title IX			-10,437	-10,437
58	**OTHER PRODUCTION CHARGES**	**15,467**	**15,467**	**15,467**	**13,967**
	Tactical Combat Training System		-5,000		-5,000
	LAU-7 sidewinder missile launcher replacement		5,000		3,500

MH–60R HELICOPTER PROGRAM

The conference agreement provides $438,821,000 for the MH–60R helicopter program. The conferees note that, as the MH–60R moves into full rate production, the Navy would be able to realize long term cost savings through a multiyear procurement of this aircraft, as is being accomplished with other Navy aircraft, including the MH–60S. The conferees urge the Department of the Navy to examine the business case for a multiyear procurement of the MH–60R helicopter and, if warranted by the analysis, to implement a multiyear procurement as soon as possible to maximize program savings.

WEAPONS PROCUREMENT, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
WEAPONS PROCUREMENT, NAVY				
MODIFICATION OF MISSILES				
TRIDENT II MODS	932,680	932,680	842,680	917,680
SUPPORT EQUIPMENT AND FACILITIES				
MISSILE INDUSTRIAL FACILITIES	3,413	3,413	3,413	3,413
TOTAL, BALLISTIC MISSILES	936,093	936,093	846,093	921,093
OTHER MISSILES				
STRATEGIC MISSILES				
TOMAHAWK	353,409	301,153	353,409	301,153
TACTICAL MISSILES				
AMRAAM	81,507	81,507	4,507	74,600
SIDEWINDER	37,823	37,823	37,823	37,823
JSOW	144,449	146,449	144,449	146,149
STANDARD MISSILE	145,676	145,676	145,676	145,676
RAM	86,944	86,944	86,944	86,944
AERIAL TARGETS	101,882	92,882	101,882	92,882
DRONES AND DECOYS	---	---	20,000	17,000
OTHER MISSILE SUPPORT	10,336	10,336	10,336	10,336
MODIFICATION OF MISSILES				
ESSM	99,833	99,833	99,833	99,833
STANDARD MISSILES MODS	53,531	53,531	61,031	57,281
SUPPORT EQUIPMENT AND FACILITIES				
WEAPONS INDUSTRIAL FACILITIES	4,112	4,112	35,112	30,462
ORDNANCE SUPPORT EQUIPMENT				
ORDNANCE SUPPORT EQUIPMENT	45,410	52,410	45,410	51,610
TOTAL, OTHER MISSILES	1,164,912	1,112,656	1,146,412	1,151,749

	Budget	House	Senate	Conference
	(In thousands of dollars)			
TORPEDOES AND RELATED EQUIPMENT				
TORPEDOES AND RELATED EQUIP.				
SSTD	3,994	3,994	3,994	3,994
ASW TARGETS	24,557	24,557	24,557	24,557
MOD OF TORPEDOES AND RELATED EQUIP				
MK-46 TORPEDO MODS	76,591	76,591	61,591	69,591
MK-48 TORPEDO ADCAP MODS	61,309	35,920	61,309	58,309
QUICKSTRIKE MINE	3,018	3,018	3,018	3,018
SUPPORT EQUIPMENT				
TORPEDO SUPPORT EQUIPMENT	29,234	29,234	29,234	29,234
ASW RANGE SUPPORT	13,039	13,039	13,039	13,039
DESTINATION TRANSPORTATION				
FIRST DESTINATION TRANSPORTATION	3,188	3,188	3,188	3,188
TOTAL, TORPEDOES AND RELATED EQUIPMENT	214,930	189,541	199,930	204,930
OTHER WEAPONS				
GUNS AND GUN MOUNTS				
SMALL ARMS AND WEAPONS	22,515	22,515	18,515	18,515
MODIFICATION OF GUNS AND GUN MOUNTS				
CIWS MODS	195,648	195,648	195,648	195,648
COAST GUARD WEAPONS	5,375	5,375	5,375	5,375
GUN MOUNT MODS	84,142	55,727	97,142	83,442
OTHER				
TACTICAL UAV - PIONEER	1,964	1,964	1,964	1,964
CRUISER MODERNIZATION	5,428	5,428	5,428	5,428
AIRBORNE MINE NEUTRALIZATION SYSTEMS	1,515	1,515	1,515	1,515
TOTAL, OTHER WEAPONS	316,587	288,172	325,587	311,887
SPARES AND REPAIR PARTS	75,319	70,319	75,319	70,319
TOTAL, WEAPONS PROCUREMENT, NAVY	2,707,841	2,596,781	2,593,341	2,659,978

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
2	**TRIDENT II MODS**	**932,680**	**932,680**	**842,680**	**917,680**
	LE -- excessive growth			-90,000	-15,000
4	**TOMAHAWK**	**353,409**	**301,153**	**353,409**	**301,153**
	Reduction in quantity from 379 to 308		-52,256		-52,256
5	**AMRAAM**	**81,507**	**81,507**	**4,507**	**74,600**
	Program reduction			-77,000	-6,907
7	**JSOW**	**144,449**	**146,449**	**144,449**	**146,149**
	Program increase		2,000		1,700
12	**AERIAL TARGETS**	**101,882**	**92,882**	**101,882**	**92,882**
	TA/AS range instrumentation equipment		-9,000		-9,000
13	**DRONES AND DECOYS**	**0**	**0**	**20,000**	**17,000**
	ITALD			20,000	17,000
16	**STANDARD MISSILES MODS**	**53,531**	**53,531**	**61,031**	**57,281**
	Rocket motor modification			7,500	3,750
17	**WEAPONS INDUSTRIAL FACILITIES**	**4,112**	**4,112**	**35,112**	**30,462**
	Allegany Ballistics Lab - facility restoration plan			31,000	26,350
18	**ORDNANCE SUPPORT EQUIPMENT**	**45,410**	**52,410**	**45,410**	**51,610**
	MK-48 ADCAP torpedo critical components production		5,000		3,500
	Torpedo technology insertion		2,000		2,700
21	**MK-46 TORPEDO MODS**	**76,591**	**76,591**	**61,591**	**69,591**
	Cost growth			-15,000	-7,000
22	**MK-48 TORPEDO ADCAP MODS**	**61,309**	**35,920**	**61,309**	**58,309**
	MK-48 CBASS reduction in procurement rate		-25,389		-3,000
27	**SMALL ARMS AND WEAPONS**	**22,515**	**22,515**	**18,515**	**18,515**
	Unjustified growth			-4,000	-4,000
30	**GUN MOUNT MODS**	**84,142**	**55,727**	**97,142**	**83,442**
	Reduce growth in MK 38 mod 2 gun mount		-29,415		-15,000
	MK 45 Mod 4 gun upgrades		1,000	10,000	7,000
	Minor caliber gun system			3,000	2,100
	SSBN transit protection system (Note: Funding is transferred from Other Procurement, Navy, line 13)				5,200
35	**SPARES AND REPAIR PARTS**	**75,319**	**70,319**	**75,319**	**70,319**
	Reduction to growth -- Standard missile		-5,000		-5,000

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
PROCUREMENT OF AMMO, NAVY & MARINE CORPS				
PROC AMMO, NAVY				
NAVY AMMUNITION				
GENERAL PURPOSE BOMBS	135,355	135,355	135,355	135,355
JDAM	82,589	82,589	82,589	82,589
AIRBORNE ROCKETS, ALL TYPES	35,159	27,080	27,080	27,080
MACHINE GUN AMMUNITION	23,666	23,666	23,666	23,666
PRACTICE BOMBS	56,569	56,569	56,569	56,569
CARTRIDGES & CART ACTUATED DEVICES	32,586	32,586	32,586	32,586
AIRCRAFT ESCAPE ROCKETS	10,860	10,860	10,860	10,860
AIR EXPENDABLE COUNTERMEASURES	70,174	70,174	63,680	63,680
JATOS	4,566	4,566	4,566	4,566
5 INCH/54 GUN AMMUNITION	25,923	25,923	25,923	25,923
INTERMEDIATE CALIBER GUN AMMUNITION	1,252	1,252	1,252	1,252
OTHER SHIP GUN AMMUNITION	40,144	40,144	31,144	35,644
SMALL ARMS & LANDING PARTY AMMO	35,639	35,639	35,639	35,639
PYROTECHNIC AND DEMOLITION	13,910	13,910	13,910	13,910
AMMUNITION LESS THAN $5 MILLION	3,157	3,157	3,157	3,157
TOTAL, PROC AMMO, NAVY	571,549	563,470	547,976	552,476

	Budget	House	Senate	Conference
	(In thousands of dollars)			
PROC AMMO, MC				
MARINE CORPS AMMUNITION				
5.56 MM, ALL TYPES	37,452	37,452	37,452	37,452
7.62 MM, ALL TYPES	13,731	13,731	13,731	13,731
LINEAR CHARGES, ALL TYPES	38,761	43,461	38,761	41,111
.50 CALIBER	34,882	34,882	34,882	34,882
40 MM, ALL TYPES	58,148	60,148	58,148	59,148
60MM, ALL TYPES	16,224	16,224	16,224	16,224
81MM, ALL TYPES	17,211	17,211	17,211	17,211
120MM, ALL TYPES	7,231	9,931	7,231	9,531
CTG 25MM, ALL TYPES	2,118	2,118	2,118	2,118
GRENADES, ALL TYPES	5,315	5,315	5,315	5,315
ROCKETS, ALL TYPES	---	9,000	---	7,200
ARTILLERY, ALL TYPES	31,810	31,810	31,810	31,810
EXPEDITIONARY FIGHTING VEHICLE	5,738	5,738	5,738	5,738
DEMOLITION MUNITIONS, ALL TYPES	2,353	2,353	2,353	2,353
FUZE, ALL TYPES	3,648	3,648	3,648	3,648
NON LETHALS	1,127	1,127	1,127	1,127
AMMO MODERNIZATION	7,350	9,350	7,350	9,050
ITEMS LESS THAN $5 MILLION	18,201	18,201	1,716	1,716
TOTAL, PROC AMMO, MC	301,300	321,700	284,815	299,365
TOTAL, PROCUREMENT OF AMMO, NAVY & MARINE CORPS	872,849	885,170	832,791	851,841

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
3	**AIRBORNE ROCKETS, ALL TYPES**	**35,159**	**27,080**	**27,080**	**27,080**
	Program delay		-8,079	-8,079	-8,079
8	**AIR EXPENDABLE COUNTERMEASURES**	**70,174**	**70,174**	**63,680**	**63,680**
	MJU 50 pyrophoric decoy device			-2,924	-2,924
	Fiber optic towed decoy/integrated defensive ECM			-3,570	-3,570
14	**OTHER SHIP AMMUNITION**	**40,144**	**40,144**	**31,144**	**35,644**
	20mm Phalanx enhanced lethality cartridge			-9,000	-4,500
21	**LINEAR CHARGES, ALL TYPES**	**38,761**	**43,461**	**38,761**	**41,111**
	Charge, Demolition, Linear, High Explosive (HE), Composition C4, M58A4 with Fuze, Electric M113A4		2,000		1,000
	Anti-Personnel Obstacle Breaching System (APOBS)		2,700		1,350
23	**40 MM, ALL TYPES**	**58,148**	**60,148**	**58,148**	**59,148**
	Cartridge, 40mm High Explosive Dual Purpose (HEDP), M430		2,000		1,000
26	**120MM, ALL TYPES**	**7,231**	**9,931**	**7,231**	**9,531**
	120 MM Tank Ammunition-M1028 Canister Rounds		2,700		2,300
30	**ROCKETS, ALL TYPES**	**0**	**9,000**	**0**	**7,200**
	SMAW, NE Ammunition		4,000		2,800
	SMAW, High Explosive Dual Purpose (HEDP) Ammunition		1,000		1,000
	M72A7 Lightweight Attack Weapon System (LAW)		4,000		3,400
36	**AMMO MODERNIZATION**	**7,350**	**9,350**	**7,350**	**9,050**
	Multi-Purpose Optic-USMC Systems Command		2,000		1,700
37	**ITEMS LESS THAN $5 MILLION**	**18,201**	**18,201**	**1,716**	**1,716**
	Asbly, pyro MK 34 -- transfer to title IX			-16,485	-16,485

JOINT DIRECT ATTACK MUNITION LASER CAPABILITY

The conferees understand that combatant commanders in OEF/OIF have requested the addition of a laser capability to existing Joint Direct Attack Munition (JDAM) weapon kits. This change could provide improved JDAM operational flexibility and time-sensitive target capability. Therefore, the conferees agree with Senate language encouraging the Department to consider laser JDAM testing to provide these increased capabilities to the warfighter.

SHIPBUILDING AND CONVERSION, NAVY

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

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SHIPBUILDING & CONVERSION, NAVY				
OTHER WARSHIPS				
CARRIER REPLACEMENT PROGRAM (AP-CY)	564,913	564,913	651,613	626,913
VIRGINIA CLASS SUBMARINE	1,637,698	1,637,698	1,637,698	1,637,698
VIRGINIA CLASS SUBMARINE (AP-CY)	763,786	763,786	763,786	763,786
SSGN CONVERSION	286,516	286,516	286,516	286,516
CVN REFUELING OVERHAUL	1,493,563	1,300,000	1,493,563	1,318,563
CVN REFUELING OVERHAULS (AP-CY)	20,000	20,000	20,000	20,000
SSN ERO (AP-CY)	39,524	39,524	---	---
SSBN ERO	230,193	230,193	230,193	230,193
SSBN REFUELING OVERHAULS (AP-CY)	62,248	62,248	62,248	62,248
DD(X) (ADV PROCUREMENT)	715,992	---	765,992	715,992
DDG-51	225,427	1,550,000	29,773	150,000
DDG-51 MODERNIZATION PROGRAM	---	50,000	---	50,000
LITTORAL COMBAT SHIP	---	440,000	---	440,000
TOTAL, OTHER WARSHIPS	6,039,860	6,944,878	5,941,382	6,301,909
AMPHIBIOUS SHIPS				
LHD-1 AMPHIBIOUS ASSAULT SHIP	197,769	197,769	197,769	197,769
LPD-17	1,344,741	1,344,741	1,344,741	1,344,741
LHA-R (AP-CY)	150,447	200,447	150,447	150,447
TOTAL, AMPHIBIOUS SHIPS	1,692,957	1,742,957	1,692,957	1,692,957
AUXILIARIES, CRAFT, AND PRIOR-YEAR PROGRAM COSTS				
AUXILIARIES, CRAFT AND PRIOR YEAR PROGRAM COST OUTFITTING	426,987	385,000	369,387	369,387
SERVICE CRAFT	56,255	46,000	46,055	45,455
LCAC SLEP	110,583	100,000	110,583	100,000
COMPLETION OF PY SHIPBUILDING PROGRAMS	394,523	394,523	517,523	517,523
TOTAL, AUXILIARIES, CRAFT, AND PRIOR-YEAR PROGRAM	988,348	925,523	1,043,548	1,032,365
TOTAL, SHIPBUILDING & CONVERSION, NAVY	8,721,165	9,613,358	8,677,887	9,027,231

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**CARRIER REPLACEMENT PROGRAM**	**564,913**	**564,913**	**651,613**	**626,913**
	CVN-21 schedule maintenance			86,700	62,000
6	**CVN REFUELING OVERHAUL**	**1,493,563**	**1,300,000**	**1,493,563**	**1,318,563**
	Reduction in scope of FY06 work		-193,563		-175,000
9	**SSN ERO (AP-CY)**	**39,524**	**39,524**	**0**	**0**
	Program delays			-39,524	-39,524
13	**DD(X) (AP-CY)**	**715,992**	**0**	**765,992**	**715,992**
	Deferral of program funding		-715,992		0
	AP FY 2006 for FY 2008 ship			50,000	0
14	**DDG-51**	**225,427**	**1,550,000**	**29,773**	**150,000**
	Additional DDG-51 destroyer		1,400,000		0
	Items in the budget request		150,000		150,000
	Premature request/contract structure			-195,654	0
	DDG-51 MODERNIZATION PROGRAM	**0**	**50,000**	**0**	**50,000**
	Continuation of modernization program		50,000		50,000
	LITTORAL COMBAT SHIP	**0**	**440,000**	**0**	**440,000**
	Two additional LCS ships		440,000		440,000
19	**LHA-R (AP-CY)**	**150,447**	**200,447**	**150,447**	**150,447**
	Additional funding		50,000		0
21	**OUTFITTING**	**426,987**	**385,000**	**369,387**	**369,387**
	Reduction in growth		-41,987	-57,600	-57,600
22	**SERVICE CRAFT**	**56,255**	**46,000**	**46,055**	**45,455**
	Reduction in growth/program delays/slow obligations		-16,255	-20,000	-20,000
	Aft ramp range retriever craft		6,000		4,200
	Tug boat craft			9,800	5,000
23	**LCAC SLEP**	**110,583**	**100,000**	**110,583**	**100,000**
	Competitive contract savings		-10,583		-10,583
25	**COMPLETION OF PRIOR YEAR SHIPBUILDING**	**394,523**	**394,523**	**517,523**	**517,523**
	LPD-17 class amphibious ships			123,000	123,000

COST GROWTH RESOLUTION PLAN

The conferees are concerned over the unanticipated cost growth on existing Navy shipbuilding contracts, and agree that the plan directed by the House on this subject is to include details on the cost growth for all existing shipbuilding and conversion efforts. The plan is to be submitted to the congressional defense committees not later than February 1, 2006, and shall make recommendations on mechanisms to resolve the cost growth, including the option of converting the remaining work to fixed-price contracts.

LHA(R) FUNDING

The conferees do not agree with House direction urging the Navy to reconsider split funding for the LHA(R) Program. The conferees agree to consider either split funding or full funding if proposed by the Administration.

LITTORAL COMBAT SHIP REPORT

The conferees agree to the report on Littoral Combat Ship (LCS) mission modules proposed by the House, and specify that such report should include cost estimates for these modules by fiscal year.

OTHER PROCUREMENT, NAVY

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

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OTHER PROCUREMENT, NAVY				
SHIPS SUPPORT EQUIPMENT				
SHIP PROPULSION EQUIPMENT				
LM-2500 GAS TURBINE	8,644	6,894	8,644	6,894
ALLISON 501K GAS TURBINE	22,208	21,696	25,608	24,096
NAVIGATION EQUIPMENT				
OTHER NAVIGATION EQUIPMENT	30,747	26,409	30,747	25,913
UNDERWAY REPLENISHMENT EQUIPMENT				
UNDERWAY REPLENISHMENT EQUIPMENT	918	918	918	918
PERISCOPES				
SUB PERISCOPES & IMAGING EQUIP	76,613	62,642	80,613	65,442
OTHER SHIPBOARD EQUIPMENT				
DDG MOD	2,998	2,998	2,998	2,998
FIREFIGHTING EQUIPMENT	31,710	35,710	31,710	35,110
COMMAND AND CONTROL SWITCHBOARD	2,852	2,852	2,852	2,852
POLLUTION CONTROL EQUIPMENT	32,889	32,889	32,889	32,889
SUBMARINE SUPPORT EQUIPMENT	19,912	20,912	15,912	16,912
VIRGINIA CLASS SUPPORT EQUIPMENT	175,572	128,072	152,272	145,672
SUBMARINE BATTERIES	26,575	26,575	26,575	26,575
STRATEGIC PLATFORM SUPPORT EQUIP	70,429	78,429	11,024	14,824
DSSP EQUIPMENT	12,718	12,718	12,718	12,718
CG-MODERNIZATION	135,253	135,253	127,215	127,215
LCAC	19,953	19,953	19,953	19,953
MINESWEEPING EQUIPMENT	12,372	12,372	12,372	12,372
ITEMS LESS THAN $5 MILLION	134,019	148,719	152,519	151,569
CHEMICAL WARFARE DETECTORS	897	897	897	897
SUBMARINE LIFE SUPPORT SYSTEM	13,672	13,672	13,672	14,672

	Budget	House	Senate	Conference
	(In thousands of dollars)			
REACTOR PLANT EQUIPMENT				
REACTOR POWER UNITS	373,865	373,865	373,865	373,865
REACTOR COMPONENTS	222,596	222,596	222,596	222,596
OCEAN ENGINEERING				
DIVING AND SALVAGE EQUIPMENT	8,592	8,592	8,592	8,592
SMALL BOATS				
STANDARD BOATS	15,671	18,671	11,671	63,071
TRAINING EQUIPMENT				
OTHER SHIPS TRAINING EQUIPMENT	3,126	3,126	3,126	3,126
PRODUCTION FACILITIES EQUIPMENT				
OPERATING FORCES IPE	25,657	25,657	26,657	26,657
OTHER SHIP SUPPORT				
NUCLEAR ALTERATIONS	135,252	135,252	135,252	135,252
LCS MODULES	36,811	36,811	44,411	40,611
TOTAL, SHIPS SUPPORT EQUIPMENT	1,652,521	1,615,150	1,588,278	1,614,261
COMMUNICATIONS AND ELECTRONICS EQUIPMENT				
SHIP RADARS				
RADAR SUPPORT	---	17,000	---	15,800
SPQ-9B RADAR	5,913	14,913	5,913	12,813
SHIP SONARS				
AN/SQQ-89 SURF ASW COMBAT SYSTEM	25,520	33,520	25,520	34,320
SSN ACOUSTICS	226,914	235,614	231,914	234,614
UNDERSEA WARFARE SUPPORT EQUIPMENT	13,962	15,962	13,962	15,662
SONAR SWITCHES AND TRANSDUCERS	12,263	12,263	12,263	12,263
ASW ELECTRONIC EQUIPMENT				
SUBMARINE ACOUSTIC WARFARE SYSTEM	27,332	30,332	24,332	25,832
SSTD	22,898	30,898	22,898	28,698
FIXED SURVEILLANCE SYSTEM	65,334	65,334	65,334	65,334
SURTASS	3,848	3,848	3,848	3,848
ASW OPERATIONS CENTER	5,270	5,270	5,270	5,270
ELECTRONIC WARFARE EQUIPMENT				
AN/SLQ-32	25,053	25,053	25,053	25,053
INFORMATION WARFARE SYSTEMS	3,787	3,787	3,787	3,787
RECONNAISSANCE EQUIPMENT				
SHIPBOARD IW EXPLOIT	62,721	68,721	54,721	59,821
SUBMARINE SURVEILLANCE EQUIPMENT				
SUBMARINE SUPPORT EQUIPMENT PROG	92,806	92,806	97,306	95,956
OTHER SHIP ELECTRONIC EQUIPMENT				
NAVY TACTICAL DATA SYSTEM	---	10,000	---	8,500

	Budget	House	Senate	Conference
	(In thousands of dollars)			
COOPERATIVE ENGAGEMENT CAPABILITY	16,474	21,474	16,474	20,724
GCCS-M EQUIPMENT	91,511	91,511	86,511	86,511
NAVAL TACTICAL COMMAND SUPPORT SYSTEM (NTCSS)	59,226	62,226	44,226	51,776
ATDLS	14,102	14,102	14,102	14,102
MINESWEEPING SYSTEM REPLACEMENT	84,045	84,045	84,045	84,045
SHALLOW WATER MCM	2,277	2,277	2,277	2,277
NAVSTAR GPS RECEIVERS (SPACE)	14,715	14,715	14,715	14,715
ARMED FORCES RADIO AND TV	4,366	4,366	4,366	4,366
STRATEGIC PLATFORM SUPPORT EQUIP	3,285	3,285	3,285	3,285
TRAINING EQUIPMENT				
OTHER TRAINING EQUIPMENT	62,027	42,000	40,027	40,027
AVIATION ELECTRONIC EQUIPMENT				
MATCALS	19,584	19,584	19,584	19,584
SHIPBOARD AIR TRAFFIC CONTROL	7,307	7,307	7,307	7,307
AUTOMATIC CARRIER LANDING SYSTEM	17,388	17,388	17,388	17,388
NATIONAL AIR SPACE SYSTEM	18,446	18,446	18,446	18,446
AIR STATION SUPPORT EQUIPMENT	3,870	3,870	3,870	3,870
MICROWAVE LANDING SYSTEM	7,733	7,733	7,733	7,733
FACSFAC	3,609	3,609	3,609	3,609
ID SYSTEMS	24,915	24,915	24,915	24,915
TAC A/C MISSION PLANNING SYS(TAMPS)	7,857	7,857	7,857	7,857
OTHER SHORE ELECTRONIC EQUIPMENT				
DEPLOYABLE JOINT COMMAND AND CONT	27,901	27,901	27,901	27,901
COMMON IMAGERY GROUND SURFACE SYSTEMS	20,422	20,422	20,422	20,422
RADIAC	9,783	13,783	9,783	13,183
GPETE	6,944	9,944	6,944	8,444
INTEG COMBAT SYSTEM TEST FACILITY	4,381	4,381	4,381	4,381
EMI CONTROL INSTRUMENTATION	5,995	7,995	5,995	7,695
ITEMS LESS THAN $5 MILLION	19,721	19,721	19,721	19,721
SHIPBOARD COMMUNICATIONS				
SHIPBOARD TACTICAL COMMUNICATIONS	2,597	2,597	2,597	2,597
PORTABLE RADIOS	10,058	10,058	10,058	10,058
SHIP COMMUNICATIONS AUTOMATION	253,960	202,000	238,960	202,000
COMMUNICATIONS ITEMS UNDER $5M	15,248	15,248	15,248	15,248

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SUBMARINE COMMUNICATIONS				
SUBMARINE BROADCAST SUPPORT	2,162	2,162	2,162	2,162
SUBMARINE COMMUNICATION EQUIPMENT	127,409	128,909	112,409	128,409
SATELLITE COMMUNICATIONS				
SATELLITE COMMUNICATIONS SYSTEMS	71,754	78,954	71,754	75,354
SHORE COMMUNICATIONS				
JCS COMMUNICATIONS EQUIPMENT	2,950	2,950	2,950	2,950
ELECTRICAL POWER SYSTEMS	1,274	1,274	1,274	1,274
JEDMICS	---	---	8,000	6,800
NAVAL SHORE COMMUNICATIONS	59,208	59,208	59,208	59,208
CRYPTOGRAPHIC EQUIPMENT				
INFO SYSTEMS SECURITY PROGRAM (ISSP)	96,201	99,201	96,201	98,751
CRYPTOLOGIC EQUIPMENT				
CRYPTOLOGIC COMMUNICATIONS EQUIP	22,281	22,281	22,281	22,281
OTHER ELECTRONIC SUPPORT				
COAST GUARD EQUIPMENT	31,377	15,000	31,377	31,377
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT	1,847,984	1,860,020	1,782,484	1,840,324
AVIATION SUPPORT EQUIPMENT				
SONOBUOYS				
SONOBUOYS - ALL TYPES	58,422	58,422	58,422	58,422
AIRCRAFT SUPPORT EQUIPMENT				
WEAPONS RANGE SUPPORT EQUIPMENT	46,622	52,322	56,622	60,072
EXPEDITIONARY AIRFIELDS	7,860	7,860	7,860	7,860
AIRCRAFT REARMING EQUIPMENT	11,984	11,984	11,984	11,984
AIRCRAFT LAUNCH & RECOVERY EQUIPMENT	27,042	24,000	27,042	24,000
METEOROLOGICAL EQUIPMENT	25,129	22,818	25,129	22,818
OTHER PHOTOGRAPHIC EQUIPMENT	1,434	1,434	1,434	1,434
AVIATION LIFE SUPPORT	26,946	26,946	27,846	25,646
AIRBORNE MINE COUNTERMEASURES	38,036	38,036	38,036	38,036
LAMPS MK III SHIPBOARD EQUIPMENT	18,152	20,152	18,152	19,852
OTHER AVIATION SUPPORT EQUIPMENT	6,458	12,458	6,458	11,558
TOTAL, AVIATION SUPPORT EQUIPMENT	258,085	276,432	278,985	281,682

	(In thousands of dollars)			
	Budget	House	Senate	Conference
ORDNANCE SUPPORT EQUIPMENT				
SHIP GUN SYSTEM EQUIPMENT				
NAVAL FIRES CONTROL SYSTEM	6,057	4,347	6,057	4,347
GUN FIRE CONTROL EQUIPMENT	11,077	11,077	11,077	11,077
SHIP MISSILE SYSTEMS EQUIPMENT				
NATO SEASPARROW	38,442	38,442	38,442	38,442
RAM GMLS	17,488	22,488	29,488	25,888
SHIP SELF DEFENSE SYSTEM	33,428	33,428	29,403	29,403
AEGIS SUPPORT EQUIPMENT	98,881	105,781	98,881	102,911
TOMAHAWK SUPPORT EQUIPMENT	75,075	75,075	75,075	75,075
VERTICAL LAUNCH SYSTEMS	8,645	8,645	8,645	8,645
FBM SUPPORT EQUIPMENT				
STRATEGIC MISSILE SYSTEMS EQUIP	108,106	108,106	108,106	108,106
ASW SUPPORT EQUIPMENT				
SSN COMBAT CONTROL SYSTEMS	138,180	135,199	138,180	133,899
SUBMARINE ASW SUPPORT EQUIPMENT	4,836	4,836	4,836	4,836
SURFACE ASW SUPPORT EQUIPMENT	4,603	4,603	7,103	6,353
ASW RANGE SUPPORT EQUIPMENT	7,232	7,232	7,232	7,232
OTHER ORDNANCE SUPPORT EQUIPMENT				
EXPLOSIVE ORDNANCE DISPOSAL EQUIP	28,403	28,403	31,303	30,403
ITEMS LESS THAN $5 MILLION	3,978	3,978	3,978	3,978
OTHER EXPENDABLE ORDNANCE				
ANTI-SHIP MISSILE DECOY SYSTEM	40,436	40,436	46,436	43,436
SURFACE TRAINING DEVICE MODS	10,618	10,618	10,618	10,618
SUBMARINE TRAINING DEVICE MODS	31,760	31,760	37,760	35,160
TOTAL, ORDNANCE SUPPORT EQUIPMENT	667,245	674,454	692,620	679,809

	Budget	House	Senate	Conference
	(In thousands of dollars)			
CIVIL ENGINEERING SUPPORT EQUIPMENT				
PASSENGER CARRYING VEHICLES	1,796	1,796	1,796	1,796
GENERAL PURPOSE TRUCKS	2,049	2,049	2,049	2,049
CONSTRUCTION & MAINTENANCE EQUIP	31,033	44,033	35,533	40,133
FIRE FIGHTING EQUIPMENT	14,320	15,820	14,320	15,370
TACTICAL VEHICLES	44,383	44,383	44,383	44,383
AMPHIBIOUS EQUIPMENT	149,702	149,702	149,702	149,702
POLLUTION CONTROL EQUIPMENT	11,736	11,736	11,736	11,736
ITEMS UNDER $5 MILLION	26,459	30,459	26,459	29,959
PHYSICAL SECURITY VEHICLES	1,200	1,200	1,200	1,200
TOTAL, CIVIL ENGINEERING SUPPORT EQUIPMENT	282,678	301,178	287,178	296,328
SUPPLY SUPPORT EQUIPMENT				
MATERIALS HANDLING EQUIPMENT	12,946	13,946	17,946	17,446
OTHER SUPPLY SUPPORT EQUIPMENT	15,872	17,872	18,372	18,622
FIRST DESTINATION TRANSPORTATION	5,785	5,785	5,785	5,785
SPECIAL PURPOSE SUPPLY SYSTEMS	73,383	73,383	73,383	73,383
TOTAL, SUPPLY SUPPORT EQUIPMENT	107,986	110,986	115,486	115,236
PERSONNEL AND COMMAND SUPPORT EQUIPMENT				
TRAINING DEVICES				
TRAINING SUPPORT EQUIPMENT	15,984	19,984	10,984	13,484
COMMAND SUPPORT EQUIPMENT				
COMMAND SUPPORT EQUIPMENT	60,768	62,268	60,673	57,943
EDUCATION SUPPORT EQUIPMENT	426	426	426	426
MEDICAL SUPPORT EQUIPMENT	8,772	8,772	9,772	9,772
OPERATING FORCES SUPPORT EQUIPMENT	7,925	10,925	10,925	10,925
MOBILE SENSOR PLATFORM	31,773	31,773	31,773	31,773
ENVIRONMENTAL SUPPORT EQUIPMENT	17,755	17,755	17,755	17,755
PHYSICAL SECURITY EQUIPMENT	238,276	191,476	127,528	194,176
TOTAL, PERSONNEL AND COMMAND SUPPORT EQUIPMENT	381,679	343,379	269,836	336,254
SPARES AND REPAIR PARTS	268,741	268,741	261,741	264,741
CLASSIFIED PROGRAMS	10,899	10,856	16,549	15,659
TOTAL, OTHER PROCUREMENT, NAVY	5,487,818	5,461,196	5,293,157	5,444,294

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**LM-2500 GAS TURBINE**	**8,644**	**6,894**	**8,644**	**6,894**
	Reduce FADEC shipsets from 5 to 3		-1,750		-1,750
2	**ALLISON 501K GAS TURBINE**	**22,208**	**21,696**	**25,608**	**24,096**
	Reduction in FADEC (GF015) unit cost		-512		-512
	Optical flash detection system			3,400	2,400
3	**OTHER NAVIGATION EQUIPMENT**	**30,747**	**26,409**	**30,747**	**25,913**
	Scalable ECDIS-N production rate reduction		-1,004	-3,000	-3,000
	INS ECP/FC kits		-3,334		-3,334
	AMPHIB integrated bridge system			3,000	1,500
5	**SUB PERISCOPES & IMAGING EQUIP**	**76,613**	**62,642**	**80,613**	**65,442**
	Hold procurement rate for type 8 rangefinder and IRST systems to FY05 level		-13,971		-13,971
	Photonic mast spares for SSGN class submarines			4,000	2,800
7	**FIREFIGHTING EQUIPMENT**	**31,710**	**35,710**	**31,710**	**35,110**
	Joint water activated release system		4,000		3,400
10	**SUBMARINE SUPPORT EQUIPMENT**	**19,912**	**20,912**	**15,912**	**16,912**
	High performance brush program		1,000		1,000
	Warm water operations excessive cost growth			-4,000	-4,000
11	**VIRGINIA CLASS SUPPORT EQUIPMENT**	**175,572**	**128,072**	**152,272**	**145,672**
	Integrated test and maintenance system		-8,300		0
	Technology insertion, refresh, and upgrades		-45,200		0
	Wireless non-tactical data processing system		6,000		5,100
	Funding ahead of need			-23,300	0
	Program reduction				-35,000
13	**STRATEGIC PLATFORM SUPPORT EQUIPMENT**	**70,429**	**78,429**	**11,024**	**14,824**
	Submarine common electronic equipment replacement Q-70		8,000		3,800
	Change in acquisition strategy (Note: Conference funding is included under line 24, "Standard Boats")			-59,405	-59,405
15	**CG MODERNIZATION**	**135,253**	**135,253**	**127,215**	**127,215**
	Baseline III upgrades			-8,038	-8,038
18	**ITEMS LESS THAN $5 MILLION**	**134,019**	**148,719**	**152,519**	**151,569**
	Machinery control surveillance system project		4,000	3,000	3,500
	Canned lube pump for LSD-41/49 class		2,000	3,500	2,000
	CVN propeller replacement program		3,000	4,000	3,400
	Aircraft carrier aircraft elevator modification		5,700	3,000	4,850
	Advanced control monitoring system			4,000	2,800
	Fuel and engine maintenance savings system (FEMSS) LSD 41/49 class ships			1,000	1,000
20	**SUBMARINE LIFE SUPPORT SYSTEM**	**13,672**	**13,672**	**13,672**	**14,672**
	Central atmosphere monitoring system IIA (CAMS IIA)				1,000
24	**STANDARD BOATS**	**15,671**	**18,671**	**11,671**	**63,071**
	Special operations swimmer/diver training craft		3,000		2,100
	Unjustified growth			-4,000	-4,000
	SSBN transit protection system (Note: Funding is transferred from Other Procurement, Navy, line 13)				45,300

P-1		Budget Request	House	Senate	Conference
	Life raft procurement				4,000
26	**OPERATING FORCES IPE**	**25,657**	**25,657**	**26,657**	**26,657**
	IPDE enhancement and DoD PDM interoperability program			1,000	1,000
28	**LCS MODULES**	**36,811**	**36,811**	**44,411**	**40,611**
	MT30 marine gas turbine spare engine			7,600	3,800
30	**RADAR SUPPORT**	**0**	**17,000**	**0**	**15,800**
	AN/SYS-2(V) 13 track management systems for FFG-7 ships		5,000		3,500
	Maritime small target and threat detector - enhanced detection processor (Note: Funding is transferred from RDT&E, Navy, line 168)				2,100
	SPS-67 radar backfit upgrade		12,000		10,200
32	**SPQ-9B RADAR**	**5,913**	**14,913**	**5,913**	**12,813**
	AN/SPQ-9B shipboard radar transmitter upgrade		3,000		1,800
	SPA-25G radar display refresher kits		6,000		5,100
33	**AN/SQQ-89 SURF ASW COMBAT SYSTEM**	**25,520**	**33,520**	**25,520**	**34,320**
	Improved performance sonar (IPS) commonality		8,000		8,800
34	**SSN ACOUSTICS**	**226,914**	**235,614**	**231,914**	**234,614**
	Submarine acoustic modernization installation (ARCI)		3,000	5,000	4,000
	Complementary submarine acoustic system imps		1,700		1,000
	Common depth sounder		2,000		1,000
	Submarine technology insertion (Note: SBR(S) N96-278 and N03-049)		2,000		1,700
35	**UNDERSEA WARFARE SUPPORT EQUIPMENT**	**13,962**	**15,962**	**13,962**	**15,662**
	Distributed engineering center for torpedo defense		2,000		1,700
37	**SUBMARINE ACOUSTIC WARFARE SYSTEM**	**27,332**	**30,332**	**24,332**	**25,832**
	Common acoustic sensor initiative		3,000		1,500
	Unjustified growth			-3,000	-3,000
38	**SSTD**	**22,898**	**30,898**	**22,898**	**28,698**
	AN/SLQ-25A torpedo countermeasure systems upgrades		8,000		5,800
44	**SHIPBOARD IW EXPLOIT**	**62,721**	**68,721**	**54,721**	**59,821**
	Tapered slot antenna		2,000		1,700
	Tactical COMINT/ELINT integration		4,000		3,400
	SSEE increment E -- buying 2 ahead of need			-8,000	-8,000
45	**SUBMARINE SUPPORT EQUIPMENT PROGRAM**	**92,806**	**92,806**	**97,306**	**95,956**
	BLQ-10 radar narrow band ESM technology refresh			4,500	3,150
46	**NAVY TACTICAL DATA SYSTEM**	**0**	**10,000**	**0**	**8,500**
	SVS for carriers and Wallops Island		2,000		1,700
	LHA Q-70 upgrade		3,000		2,550
	Fleet peripheral equipment fielding		2,000		1,700
	SSDS/ACDS shore site upgrades		3,000		2,550
47	**COOPERATIVE ENGAGEMENT CAPABILITY**	**16,474**	**21,474**	**16,474**	**20,724**
	Program increase		5,000		4,250

P-1		Budget Request	House	Senate	Conference
48	**GCCS-M EQUIPMENT**	**91,511**	**91,511**	**86,511**	**86,511**
	GCCS-M afloat cost growth			-5,000	-5,000
49	**NAVAL TACTICAL COMMAND SUPPORT SYSTEM (NTCSS)**	**59,226**	**62,226**	**44,226**	**51,776**
	Q-70-based IT-21 servers		3,000		2,550
	Execution			-15,000	-10,000
56	**OTHER TRAINING EQUIPMENT**	**62,027**	**42,000**	**40,027**	**40,027**
	Fund at FY05 level due to budget constraints		-20,027		0
	TSTC unjustified growth			-22,000	0
	Program reduction				-22,000
69	**RADIAC**	**9,783**	**13,783**	**9,783**	**13,183**
	Personal dosimeters		4,000		3,400
70	**GPETE**	**6,944**	**9,944**	**6,944**	**8,444**
	Allen telescope array		3,000		1,500
72	**EMI CONTROL INSTRUMENTATION**	**5,995**	**7,995**	**5,995**	**7,695**
	TREX network centric monitoring stations		2,000		1,700
76	**SHIP COMMUNICATIONS AUTOMATION**	**253,960**	**202,000**	**238,960**	**202,000**
	Reduction in growth due to budget constraints		-51,960		-51,960
	Tactical switching growth			-15,000	0
79	**SUBMARINE COMMUNICATION EQUIPMENT**	**127,409**	**128,909**	**112,409**	**128,409**
	Replace/upgrade LF Awase, Japan Helix House		1,500		1,000
	HDR buying ahead of need			-15,000	0
80	**SATELLITE COMMUNICATIONS SYSTEMS**	**71,754**	**78,954**	**71,754**	**75,354**
	Mini-DAMA communications set (AN/USC-42(v)(2))		7,200		3,600
84	**JEDMICS**	**0**	**0**	**8,000**	**6,800**
	PACOM agile coalition environment			8,000	6,800
86	**INFO SYSTEMS SECURITY PROGRAM (ISSP)**	**96,201**	**99,201**	**96,201**	**98,751**
	Intelligent agent security module (IASM)		3,000		2,550
88	**COAST GUARD EQUIPMENT**	**31,377**	**15,000**	**31,377**	**31,377**
	Reduction to growth		-16,377		0
91	**WEAPONS RANGE SUPPORT EQUIPMENT**	**46,622**	**52,322**	**56,622**	**60,072**
	Multispectral threat emitter system		3,000		2,100
	Smart target threats -- Southern California offshore range		2,700		1,350
	PMRF equipment			10,000	10,000
94	**AIRCRAFT LAUNCH & RECOVERY EQUIPMENT**	**27,042**	**24,000**	**27,042**	**24,000**
	Reduction to growth due to budget constraints		-3,042		0
	Unjustified request				-3,042
95	**METEOROLOGICAL EQUIPMENT**	**25,129**	**22,818**	**25,129**	**22,818**
	Hold Tactical Environmental Support System to 6 units		-2,311		-2,311
97	**AVIATION LIFE SUPPORT**	**26,946**	**26,946**	**27,846**	**25,646**
	CSEL transfer to title IX			-9,100	-9,100
	Multi climate protection system			6,000	3,000

P-1		Budget Request	House	Senate	Conference
	Joint aviation technical data integration program				2,000
	US Navy M-176 microphone and mask			4,000	2,800
99	**LAMPS MK III SHIPBOARD EQUIPMENT**	**18,152**	**20,152**	**18,152**	**19,852**
	AN/SRQ-4 LAMPS MK III		2,000		1,700
100	**OTHER AVIATION SUPPORT EQUIPMENT**	**6,458**	**12,458**	**6,458**	**11,558**
	Joint aviation logistics technical data integration system security solution		6,000		5,100
101	**NAVAL FIRES CONTROL SYSTEM**	**6,057**	**4,347**	**6,057**	**4,347**
	Smooth out procurement and installation rate		-1,710		-1,710
104	**RAM GMLS**	**17,488**	**22,488**	**29,488**	**25,888**
	Phalanx SeaRAM		5,000	12,000	8,400
105	**SHIP SELF DEFENSE SYSTEM**	**33,428**	**33,428**	**29,403**	**29,403**
	SSDS COTS replacement unjustified growth			-4,025	-4,025
106	**AEGIS SUPPORT EQUIPMENT**	**98,881**	**105,781**	**98,881**	**102,911**
	Aegis computer center upgrades		4,000		2,000
	Naval tactical fiber switch		2,900		2,030
112	**SSN COMBAT CONTROL SYSTEMS**	**138,180**	**135,199**	**138,180**	**133,899**
	SSGN sustaining support		-6,981		-6,981
	Virginia-class automation/manning reduction tech (Note: SBIR N03-046)		2,000		1,000
	Weapon launch systems technology insertion		2,000		1,700
114	**SURFACE ASW SUPPORT EQUIPMENT**	**4,603**	**4,603**	**7,103**	**6,353**
	MK 32 surface vessel torpedo tube (SVTT) remanufacture			2,500	1,750
116	**EXPLOSIVE ORDNANCE DISPOSAL EQUIPMENT**	**28,403**	**28,403**	**31,303**	**30,403**
	SCOUT high pressure air system			2,900	2,000
118	**ANTI-SHIP MISSILE DECOY SYSTEM**	**40,436**	**40,436**	**46,436**	**43,436**
	MK 53 NULKA decoy system			6,000	3,000
120	**SUBMARINE TRAINING DEVICE MODS**	**31,760**	**31,760**	**37,760**	**35,160**
	INTERLOCKS development tool			4,000	2,000
	Performance centric mission essential content delivery			2,000	1,400
123	**CONSTRUCTION & MAINTENANCE EQUIPMENT**	**31,033**	**44,033**	**35,533**	**40,133**
	Naval construction force construction and maintenance equipment		13,000		9,100
	Earthmoving equipment for U. S. Navy construction units (Note: Conference funding is included under line 123, "Naval construction force construction and maintenance equipment")			4,500	0
124	**FIRE FIGHTING EQUIPMENT**	**14,320**	**15,820**	**14,320**	**15,370**
	Firefighting, Naval District Washington		1,500		1,050
128	**ITEMS UNDER $5 MILLION**	**26,459**	**30,459**	**26,459**	**29,959**
	Digital stores management system (DSMS)		4,000		3,500
130	**MATERIALS HANDLING EQUIPMENT**	**12,946**	**13,946**	**17,946**	**17,446**

P-1		Budget Request	House	Senate	Conference
	NIROP industrial facilities materials staging area		1,000		1,000
	SeaBee loaders with six ton MHE capability			5,000	3,500
131	**OTHER SUPPLY SUPPORT EQUIPMENT**	**15,872**	**17,872**	**18,372**	**18,622**
	Serial number tracking system		2,000		1,000
	DWMS/RFID for improved operational logistics, warfighter support, and asset tracking and visibility			2,500	1,750
134	**TRAINING SUPPORT EQUIPMENT**	**15,984**	**19,984**	**10,984**	**13,484**
	Laser marksmanship training system for the Navy Reserve		3,000		1,500
	Virtual reality parachute simulator (ParaSim)		1,000		1,000
	Unjustified growth			-5,000	-5,000
135	**COMMAND SUPPORT EQUIPMENT**	**60,768**	**62,268**	**60,673**	**57,943**
	Man overboard identification system		1,500	9,100	6,370
	Navy Oracle ESL			-9,195	-9,195
137	**MEDICAL SUPPORT EQUIPMENT**	**8,772**	**8,772**	**9,772**	**9,772**
	Navy medical automated information technology insertion			1,000	1,000
139	**OPERATING FORCES SUPPORT EQUIPMENT**	**7,925**	**10,925**	**10,925**	**10,925**
	Envelope protective covers for weapons and deck equipment protection on surface combatants		3,000	3,000	3,000
142	**PHYSICAL SECURITY EQUIPMENT**	**238,276**	**191,476**	**127,528**	**194,176**
	Transfer to title IX		-48,800		0
	Body armor quick release systems for naval anti-terrorism		2,000		1,700
	SPS cost growth			-8,800	-8,800
	SPS transfer to title IX			-40,000	-40,000
	WRAS transfer to title IX			-66,948	0
	Navy Region Northwest remote sentry			2,000	1,200
	SEAFOX remote controlled surface vehicle			3,000	1,800
146	**SPARES AND REPAIR PARTS**	**268,741**	**268,741**	**261,741**	**264,741**
	Buying ahead of need			-7,000	-4,000
999	**CLASSIFIED PROGRAMS**	**10,899**	**10,856**	**16,549**	**15,659**
	Program adjustments		-43	5,650	4,760

SSBN TRANSIT PROTECTION SYSTEM

The conference agreement provides $70,700,000 in new budget authority for the SSBN Transit Protection System. The following table summarizes conference actions on this program:

Appropriation	Budget line	Conference agreement
Other Procurement, Navy (rescission of fiscal year 2005 funds)	13	−$43,000,000
Other Procurement, Navy	24	45,300,000
Weapons Procurement, Navy	30	5,200,000
Operation and Maintenance, Navy	N/A	19,200,000
Operation and Maintenance, Defense-Wide	N/A	1,000,000
Total, new budget authority		70,700,000

The conference agreement provides $70,700,000 for the Navy's restructured SSBN Transit Protection Program, including $45,300,000 in Other Procurement, Navy for the procurement of two 87-foot escort cutters and 11 medium escort vessels, and $5,200,000 in Weapons Procurement, Navy for weapons for larger screening vessels. In addition, the conferees provide $19,200,000 in Operation and Maintenance, Navy for the lease of not less than two large screening vessels during fiscal year 2006. The conferees would not oppose efforts by the Navy to provide additional resources to the program during fiscal year 2006 from existing Navy funds. However, while the conferees share the Navy's force protection concerns and provide significant funds for these efforts throughout this Act, the conferees are concerned about aspects of this approach created by the Navy's revised concept of operations. Given programmatic changes over the past year, the conferees believe it would be important to have an independent review of the current concept of operations. Therefore, the conferees direct the Office of Program Analysis and Evaluation to oversee a study that analyzes the Navy's concept of operations and explores alternatives to the current design, and include $1,000,000 in Operation and Maintenance, Defense-Wide for that purpose. The Office of Program Analysis and Evaluation is directed to present the results of its analysis to the congressional defense committees within 180 days of enactment of this Act.

Senate direction to withhold the obligation of funds (Senate Report No. 109–141) pending submission of a report on this program was satisfied when such report was submitted on October 12, 2005.

PROCUREMENT, MARINE CORPS

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

	(In thousands of dollars) Budget	House	Senate	Conference
PROCUREMENT, MARINE CORPS				
WEAPONS AND COMBAT VEHICLES				
TRACKED COMBAT VEHICLES				
AAV7A1 PIP	26,134	26,134	22,134	22,134
EXPEDITIONARY FIGHTING VEHICLE	30,359	30,359	30,359	30,359
LAV PIP	59,699	59,699	59,699	59,699
MODIFICATION KITS (ARMOR AND FIRE SUPPORT)	---	---	1,000	1,000
M1A1 FIREPOWER ENHANCEMENTS	33,454	33,454	33,454	33,454
ARTILLERY AND OTHER WEAPONS				
EXPEDITIONARY FIRE SUPPORT SYSTEM	5,965	5,965	5,965	5,965
155MM LIGHTWEIGHT TOWED HOWITZER	178,364	178,364	178,364	178,364
HIGH MOBILITY ARTILLERY ROCKET SYSTEM	176,795	146,795	176,795	156,795
WEAPONS AND COMBAT VEHICLES UNDER $5 MILLION	7,743	10,743	7,743	9,843
WEAPONS				
MODULAR WEAPON SYSTEM	23,604	23,604	13,604	13,604
OTHER SUPPORT				
MODIFICATION KITS	10,638	10,638	10,638	10,638
WEAPONS ENHANCEMENT PROGRAM	5,357	5,357	5,357	5,357
TOTAL, WEAPONS AND COMBAT VEHICLES	558,112	531,112	545,112	527,212
GUIDED MISSILES AND EQUIPMENT				
GUIDED MISSILES				
EADS MOD	1,997	1,997	1,997	1,997
COMPLEMENTARY LOW ALTITUDE WEAPON SYSTEM	442	442	442	442
OTHER SUPPORT				
MODIFICATION KITS	---	2,500	---	2,200
TOTAL, GUIDED MISSILES AND EQUIPMENT	2,439	4,939	2,439	4,639

	(In thousands of dollars) Budget	House	Senate	Conference
COMMUNICATIONS AND ELECTRONICS EQUIPMENT				
COMMAND AND CONTROL SYSTEMS				
UNIT OPERATIONS CENTER	952	952	5,752	4,352
REPAIR AND TEST EQUIPMENT				
REPAIR AND TEST EQUIPMENT	25,749	25,749	25,749	25,749
AUTO TEST SYSTEM	---	---	20,000	17,000
OTHER SUPPORT (TEL)				
COMBAT SUPPORT SYSTEM	23,757	23,757	27,257	25,857
MODIFICATION KITS	23,611	23,611	23,611	23,611
ITEMS UNDER $5 MILLION (COMM & ELEC)	2,043	2,043	2,043	2,043
AIR OPERATIONS C2 SYSTEMS	13,058	13,058	13,058	13,058
JOINT TACTICAL RADIO SYSTEMS	14,837	7,837	14,837	7,837
RADAR + EQUIPMENT (NON-TEL)				
RADAR SYSTEMS	12,167	12,167	12,167	12,167
INTELL/COMM EQUIPMENT (NON-TEL)				
TACTICAL REMOTE SENSOR SYSTEM	---	3,000	---	1,800
FIRE SUPPORT SYSTEM	33,460	33,460	13,460	13,460
INTELLIGENCE SUPPORT EQUIPMENT	65,973	67,973	50,873	52,573
NIGHT VISION EQUIPMENT	20,795	31,795	20,795	32,095
OTHER SUPPORT (NON-TEL)				
COMMON COMPUTER RESOURCES	48,589	48,589	48,589	48,589
COMMAND POST SYSTEMS	17,255	22,255	17,255	20,255
RADIO SYSTEMS	28,972	28,972	28,972	28,972
COMM SWITCHING & CONTROL SYSTEMS	54,324	54,324	54,324	54,324
COMM & ELEC INFRASTRUCTURE SUPPORT	17,805	20,005	20,005	20,005
TOTAL, COMMUNICATIONS AND ELECTRONICS EQUIPMENT	403,347	419,547	398,747	403,747

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SUPPORT VEHICLES				
ADMINISTRATIVE VEHICLES				
COMMERCIAL PASSENGER VEHICLES	775	775	775	775
COMMERCIAL CARGO VEHICLES	11,776	11,776	11,776	11,776
TACTICAL VEHICLES				
5/4T TRUCK HMMWV (MYP)	97,988	97,988	97,988	97,988
LIGHTWEIGHT PRIME MOVER	3,445	3,445	3,445	3,445
LOGISTICS VEHICLE SYSTEM REP	28,366	29,366	28,366	29,366
FAMILY OF TACTICAL TRAILERS	6,906	6,906	6,906	6,906
OTHER SUPPORT				
ITEMS LESS THAN $5 MILLION	3,748	3,748	3,748	3,748
TOTAL, SUPPORT VEHICLES	153,004	154,004	153,004	154,004
ENGINEER AND OTHER EQUIPMENT				
ENGINEER AND OTHER EQUIPMENT				
ENVIRONMENTAL CONTROL EQUIP ASSORT	3,450	3,450	3,450	3,450
BULK LIQUID EQUIPMENT	21,887	21,887	21,887	21,887
TACTICAL FUEL SYSTEMS	5,338	8,338	5,338	7,938
POWER EQUIPMENT ASSORTED	12,153	14,153	13,653	14,903
AMPHIBIOUS SUPPORT EQUIPMENT	16,105	16,105	16,105	16,105
EOD SYSTEMS	71,185	71,185	71,185	71,185
MATERIALS HANDLING EQUIPMENT				
PHYSICAL SECURITY EQUIPMENT	5,064	5,064	5,064	5,064
GARRISON MOBILE ENGR EQUIP	10,914	10,914	10,914	10,914
MATERIAL HANDLING EQUIP	21,132	21,132	21,132	21,132
FIRST DESTINATION TRANSPORTATION	3,421	3,421	3,421	3,421

	(In thousands of dollars)			
	Budget	House	Senate	Conference
GENERAL PROPERTY				
FIELD MEDICAL EQUIPMENT	2,459	4,459	2,459	3,859
TRAINING DEVICES	17,722	65,722	17,722	58,522
CONTAINER FAMILY	3,721	3,721	3,721	3,721
FAMILY OF CONSTRUCTION EQUIPMENT	19,745	20,745	19,745	20,745
FAMILY OF INTERNALLY TRANSPORTABLE VEH (ITV)	3,786	3,786	3,786	3,786
RAPID DEPLOYABLE KITCHEN	5,405	5,405	5,405	5,405
OTHER SUPPORT				
ITEMS LESS THAN $5 MILLION	10,412	10,412	10,412	10,412
TOTAL, ENGINEER AND OTHER EQUIPMENT	233,899	289,899	235,399	282,449
SPARES AND REPAIR PARTS	26,904	26,904	26,904	26,904
TOTAL, PROCUREMENT, MARINE CORPS	1,377,705	1,426,405	1,361,605	1,398,955

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**AAV7A1 PIP**	**26,134**	**26,134**	**22,134**	**22,134**
	Pricing inconsistencies			-4,000	-4,000
6	**MODIFICATION KITS (ARMOR AND FIRE SUPPORT)**	**0**	**0**	**1,000**	**1,000**
	MK 19 Modification Kits			1,000	1,000
12	**HIGH MOBILITY ARTILLERY ROCKET SYSTEM**	**176,795**	**146,795**	**176,795**	**156,795**
	Unit Cost growth		-30,000		-20,000
13	**WEAPONS AND COMBAT VEHICLES UNDER $5 MILLION**	**7,743**	**10,743**	**7,743**	**9,843**
	M9 Pistol Modernization Through Spares (P-MTS)		3,000		2,100
14	**MODULAR WEAPON SYSTEM**	**23,604**	**23,604**	**13,604**	**13,604**
	Transfer to Title IX			-10,000	-10,000
24	**MODIFICATION KITS**	**0**	**2,500**	**0**	**2,200**
	USMC Hitchhiker Baseline COC--Airborne Variant		2,500		2,200
25	**UNIT OPERATIONS CENTER**	**952**	**952**	**5,752**	**4,352**
	USMC Hitchhiker Baseline COC--Ground Variant			4,800	3,400
27	**AUTO TEST EQUIP SYS**	**0**	**0**	**20,000**	**17,000**
	Digitization of DoD Manuals			20,000	17,000
30	**COMBAT SUPPORT SYSTEM**	**23,757**	**23,757**	**27,257**	**25,857**
	Floodlight Set Upgrade/Replacement			3,500	2,100
37	**JOINT TACTICAL RADIO SYSTEMS**	**14,837**	**7,837**	**14,837**	**7,837**
	JTRS program reduction		-7,000		-7,000
41	**TACTICAL REMOTE SENSOR SYSTEM**	**0**	**3,000**	**0**	**1,800**
	Tactical Remote Sensor Systems (TRSS)		3,000		1,800
42	**FIRE SUPPORT SYSTEM**	**33,460**	**33,460**	**13,460**	**13,460**
	Transfer to Title IX			-20,000	-20,000
44	**INTELLIGENCE SUPPORT EQUIPMENT**	**65,973**	**67,973**	**50,873**	**52,573**
	BRITE M22 Imagery Dissemination Systems		2,000		1,700
	SURSS mod kits buying ahead of need			-5,100	-5,100
	Transfer to Title IX			-10,000	-10,000
48	**NIGHT VISION EQUIPMENT**	**20,795**	**31,795**	**20,795**	**32,095**
	Close Quarters Battle Sight (CQBS)		6,000		5,500
	Long Range Scout Sniper Night Sight (SSNS)		5,000		3,000
	AN/PSQ-18A, M203 Day/Night Sight (Note: transferred from Title IX)				2,800
50	**COMMAND POST SYSTEMS**	**17,255**	**22,255**	**17,255**	**20,255**
	Mobile Optical Sensor Suite (MOSS)		1,000		1,000
	EMI Flourescent Stringable Tent Lights for Active and Reserve		4,000		2,000
53	**COMM & ELEC INFRASTRUCTURE SUPPORT**	**17,805**	**20,005**	**20,005**	**20,005**
	USMC Continuity of Operations Program (COOP)		2,200	2,200	2,200

P-1		Budget Request	House	Senate	Conference
61	**LOGISTICS VEHICLE SYSTEM REP**	**28,366**	**29,366**	**28,366**	**29,366**
	Aviation Refueler		1,000		1,000
67	**TACTICAL FUEL SYSTEMS**	**5,338**	**8,338**	**5,338**	**7,938**
	Ground Expedient Refueling System		3,000		2,600
69	**POWER EQUIPMENT ASSORTED**	**12,153**	**14,153**	**13,653**	**14,903**
	2 kW Military Tactical Generators		2,000	1,500	1,750
	Mobile Transformers and Mobile Substations Demonstration Project				1,000
78	**FIELD MEDICAL EQUIPMENT**	**2,459**	**4,459**	**2,459**	**3,859**
	Hemacool (Portable Low-Power Blood Cooling and Storage)		2,000		1,400
80	**TRAINING DEVICES**	**17,722**	**65,722**	**17,722**	**58,522**
	MAGTFTC Range Transformation Initiative		48,000		40,800
82	**FAMILY OF CONSTRUCTION EQUIPMENT**	**19,745**	**20,745**	**19,745**	**20,745**
	Mobi-Mat		1,000		1,000

AIRCRAFT PROCUREMENT, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
AIRCRAFT PROCUREMENT, AIR FORCE				
COMBAT AIRCRAFT				
TACTICAL FORCES				
JOINT STRIKE FIGHTER (AP-CY)	152,377	---	152,377	120,000
F-22 RAPTOR	3,186,622	3,186,622	3,186,622	3,186,622
F-22 RAPTOR (AP-CY)	576,877	576,877	576,877	576,877
F-15E	---	---	65,000	65,000
TOTAL, COMBAT AIRCRAFT	3,915,876	3,763,499	3,980,876	3,948,499
AIRLIFT AIRCRAFT				
TACTICAL AIRLIFT				
C-17A (MYP)	2,790,859	2,790,859	2,790,859	2,790,859
C-17A (MYP) (AP-CY)	445,423	445,423	445,423	445,423
C-17 ICS	---	---	28,000	27,000
OTHER AIRLIFT				
C-130J	98,983	743,983	516,600	690,000
C-130J ADVANCE PROCUREMENT (CY)	---	90,000	90,000	80,000
TOTAL, AIRLIFT AIRCRAFT	3,335,265	4,070,265	3,870,882	4,033,282
TRAINER AIRCRAFT				
OPERATIONAL TRAINERS				
JPATS	333,307	333,307	333,307	333,307
OTHER AIRCRAFT				
HELICOPTERS				
V-22 OSPREY	233,793	222,243	233,793	222,243
V-22 OSPREY (AP-CY)	10,525	10,525	10,525	10,525
MISSION SUPPORT AIRCRAFT				
CIVIL AIR PATROL A/C	571	8,571	6,571	6,571
OTHER AIRCRAFT				
TARGET DRONES	82,907	82,907	82,907	82,907
HAEUAV	327,659	199,459	327,659	299,459
HAEUAV (AP-CY)	69,993	59,993	69,993	64,993
PREDATOR UAV	125,566	177,566	125,566	125,566
TOTAL, OTHER AIRCRAFT	851,014	761,264	857,014	812,264

	Budget	House	Senate	Conference
	(In thousands of dollars)			
MODIFICATION OF INSERVICE AIRCRAFT				
STRATEGIC AIRCRAFT				
B-2A	59,134	59,134	59,134	59,134
B-1B	27,875	26,075	45,375	37,675
B-52	145,025	110,225	153,025	130,225
F-117	17,221	17,221	7,621	9,621
TACTICAL AIRCRAFT				
A-10	52,159	52,159	52,159	52,159
F-15	151,518	225,718	171,418	225,118
F-16	380,960	402,460	433,960	419,960
F22 RAPTOR	53,992	53,992	53,992	53,992
AIRLIFT AIRCRAFT				
C-5	71,137	76,537	86,137	93,137
C-5 (AP-CY)	20,000	20,000	35,000	20,000
C-17A	260,826	176,826	176,826	176,826
C-21	3,924	10,424	3,924	7,924
C-32A	194	194	194	194
C-37A	382	382	45,382	45,382
TRAINER AIRCRAFT				
GLIDER MODS	3,174	3,174	3,174	3,174
T6 MODIFICATIONS	6,143	6,143	6,143	6,143
T-1	181	181	181	181
T-38	202,694	182,694	202,694	192,694
T-43	2,014	2,014	2,014	2,014
OTHER AIRCRAFT				
KC-10A (ATCA)	21,937	21,937	21,937	21,937
C-12	6,295	6,295	6,295	6,295
C-20 MODS	488	488	488	488
VC-25A MOD	978	978	978	978
C-40	194	194	194	194
C-130	185,651	176,451	176,851	172,951
C130J MODS	5,988	17,988	5,988	5,988
C-135	88,748	90,748	93,748	93,348
COMPASS CALL MODS	27,421	27,421	27,421	27,421
C-29A MODS	3,816	3,816	3,816	3,816
DARP	85,470	85,470	85,470	85,470

	Budget	House	Senate	Conference
	(In thousands of dollars)			
E-3	49,292	49,292	50,292	50,292
E-4	85,342	85,342	85,342	85,342
E-8	15,506	29,006	15,506	15,506
H-1	32,418	32,418	36,418	34,418
H-60	50,497	50,497	52,497	51,497
OTHER AIRCRAFT	70,953	46,953	156,953	76,553
PREDATOR MODS	30,286	30,286	30,286	30,286
CV-22 MODS	102	3,652	102	3,652
CLASSIFIED PROJECTS	---	---	4,000	2,000
TOTAL, MODIFICATION OF INSERVICE AIRCRAFT	2,219,935	2,184,785	2,392,935	2,303,985
AIRCRAFT SPARES AND REPAIR PARTS				
INDUSTRIAL FACILITIES	204,038	203,038	204,038	203,038
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES				
COMMON SUPPORT EQUIPMENT				
COMMON SUPPORT EQUIPMENT	124,420	124,420	124,420	124,420
POST PRODUCTION SUPPORT				
B-1	13,466	13,466	13,466	13,466
B-2A	7,304	7,304	7,304	7,304
B-2A	22,111	22,111	22,111	22,111
B-52	21,162	21,162	21,162	21,162
C-130	20,502	20,502	20,502	20,502
F-15 POST PRODUCTION SUPPORT	13,170	13,170	13,170	13,170
F-16 POST PRODUCTION SUPPORT	17,833	17,833	17,833	17,833
INDUSTRIAL PREPAREDNESS	22,360	22,360	22,360	22,360
WAR CONSUMABLES				
WAR CONSUMABLES	24,058	---	---	---
OTHER PRODUCTION CHARGES				
REPLEN SPARES/REPAIR PARTS	644,155	661,855	644,155	656,555
DEPOT MODERNIZATION	115,525	115,525	115,525	115,525
DARP				
DARP	68,432	68,432	68,432	68,432
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES	1,114,498	1,108,140	1,090,440	1,102,840
TOTAL, AIRCRAFT PROCUREMENT, AIR FORCE	11,973,933	12,424,298	12,729,492	12,737,215

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**JOINT STRIKE FIGHTER (AP-CY)**	**152,377**	**0**	**152,377**	**120,000**
	JSF Advance Procurement		-152,377		-32,377
5	**F-15E (AP)**	**0**	**0**	**65,000**	**65,000**
	Additional Aircraft			65,000	65,000
8	**C-17 ICS**	**0**	**0**	**28,000**	**27,000**
	PACAF C-17 Maintenance Training System			28,000	27,000
10	**C-130J**	**98,983**	**743,983**	**516,600**	**690,000**
	Full Funding of MYP Program		645,000		
	Restore 7 Aircraft			417,617	
	8 Aircraft				591,017
11	**C-130J ADVANCE PROCUREMENT (CY)**	**0**	**90,000**	**90,000**	**80,000**
	Advance Procurement for 9 MYP Program Aircraft		90,000	90,000	
	Advance Procurement for 8 MYP Program Aircraft				80,000
14	**V-22 OSPREY**	**233,793**	**222,243**	**233,793**	**222,243**
	AF Requested Transfer to P-62		-3,550		-3,550
	AF Requested Transfer to P-64		-8,000		-8,000
16	**CIVIL AIR PATROL A/C**	**571**	**8,571**	**6,571**	**6,571**
	Aircraft Replacement		8,000	6,000	6,000
18	**HAEUAV**	**327,659**	**199,459**	**327,659**	**299,459**
	Aircraft Delivery Delays		-110,000		-10,000
	Air Force Requested Transfer to RDTE, Global Hawk		-18,200		-18,200
19	**HAEUAV (AP-CY)**	**69,993**	**59,993**	**69,993**	**64,993**
	Advance Procurement for 1 Aircraft		-10,000		
	Advance Procurement				-5,000
20	**PREDATOR UAV**	**125,566**	**177,566**	**125,566**	**125,566**
	Predator BQM-9 Hunter Killer Remotely Operated Aircraft (Note: Transferred to RDTE, Navy)		52,000		0
22	**B-1B**	**27,875**	**26,075**	**45,375**	**37,675**
	DSUP Reprogramming		-1,800		-1,800
	B-1B Pneumatic Assisted Release (PAR) Bomb Rack Upgrade			3,500	1,800
	B-1 Aircraft Digital Communications Improvement			14,000	9,800
23	**B-52**	**145,025**	**110,225**	**153,025**	**130,225**
	CALCM Inflight Beyond Line of Sight Rapid Retasking / CONECT		-27,000	-19,900	-27,000
	DSUP Reprogramming		-7,800		-7,800
	B-52 Attrition Reserve			27,900	20,000
24	**F-117**	**17,221**	**17,221**	**7,621**	**9,621**
	Dual Radio Production			-5,700	-4,700
	SATCOM Antenna Production			-3,900	-2,900

P-1		Budget Request	House	Senate	Conference
26	**F-15**	**151,518**	**225,718**	**171,418**	**225,118**
	AESA V3 Radar Procurement		52,200		52,200
	AESA Attrition Reserve Array and Low Rate Test Equipment		20,000	19,900	20,000
	F-15 E Kit Modifications		2,000		1,400
27	**F-16**	**380,960**	**402,460**	**433,960**	**419,960**
	ANG Block 42 F-16 Engine Upgrade		15,000	30,000	21,000
	APG-68 V (10) Radar for F-16 Block 30 Aircraft for the AFRC		6,500		3,500
	F-16 Advanced Identification Friend of Foe (AIFF) Interrogator			8,000	3,500
	ANG F-16 Block 30 MTC			15,000	11,000
30	**C-5**	**71,137**	**76,537**	**86,137**	**93,137**
	C-5 Avionics Modernization Program (AMP) for the Air National Guard and Reserve C-5 Units		5,400	15,000	11,000
	C-5 Reliability Enhancement and Re-engining Program (RERP) (Note: Transferred from Line 31)			0	11,000
31	**C-5 (AP-CY)**	**20,000**	**20,000**	**35,000**	**20,000**
	C-5 Reliability Enhancement and Re-engining Program (RERP) (Note: Transferred to Line 30)			15,000	0
33	**C-17A**	**260,826**	**176,826**	**176,826**	**176,826**
	LAIRCM Installs - Transfer to Title IX		-84,000	-84,000	-84,000
34	**C-21**	**3,924**	**10,424**	**3,924**	**7,924**
	Minimum (RVSM) Upgrades		6,500		4,000
36	**C-37A**	**382**	**382**	**45,382**	**45,382**
	Additional aircraft			45,000	45,000
41	**T-38**	**202,694**	**182,694**	**202,694**	**192,694**
	Propulsion Modifications		-20,000		-10,000
49	**C-130**	**185,651**	**176,451**	**176,851**	**172,951**
	LAIRCM Installs - Transfer to Title IX		-7,200		-7,200
	Speaker Based Active Noise Cancellation System for ANG C-130 Aircraft		1,500		1,100
	AF Requested Transfer to R-71, EW Development, for the ALR-69A		-8,500	-8,500	-8,500
	Airborne Synthetic Aperture Radar System - 109th Airlift Group		2,000		1,000
	High Pressure Spray System for 910th Airlift Wing		3,000		1,500
	APN-241 Color Weather Radar for AFRC C-130H2			15,000	7,500
	Scathe View Communications Upgrade Program			5,000	3,500
	Senior Scout Intelligent Communications Exploitation (ICE) Program			5,000	3,500
	AMP			-25,300	-25,300
	AFFS for Western States Fire Fighting (Note: Transferred from Line 50)				10,200
50	**C130J MODS**	**5,988**	**17,988**	**5,988**	**5,988**
	AFFS for Western States Fire Fighting (Note: Transferred to Line 49)		12,000		0
51	**C-135**	**88,748**	**90,748**	**93,748**	**93,348**
	Global Air Traffic Management Program		2,000	2,000	2,000
	Emergency Vision Assurance System for ANG Tankers			3,000	2,600

P-1		Budget Request	House	Senate	Conference
55	**E-3**	**49,292**	**49,292**	**50,292**	**50,292**
	E-3 Rotary Coupler Improvement Program			1,000	1,000
57	**E-8**	**15,506**	**29,006**	**15,506**	**15,506**
	E-8C Joint Stars Re-Engine Initiative (Note: Transferred to RDTE, AF, Line 155)		13,500		0
58	**H-1**	**32,418**	**32,418**	**36,418**	**34,418**
	UH-1N Navigation Thermal Imaging Systems			4,000	2,000
59	**H-60**	**50,497**	**50,497**	**52,497**	**51,497**
	HH60G Weapon System Trainer/Operation Flight Trainer			2,000	1,000
60	**OTHER AIRCRAFT**	**70,953**	**46,953**	**156,953**	**76,553**
	A-10 MIDS JTRS Installs		-24,000	-25,000	-25,000
	Auxiliary Fuel Tanks			36,000	30,600
	PRV - Transfer from R&D,AF			75,000	0
62	**CV-22 MODS**	**102**	**3,652**	**102**	**3,652**
	AF Requested Transfer from P-14		3,550		3,550
63	**CLASSIFIED PROJECTS**	**0**	**0**	**4,000**	**2,000**
	Compass Call			4,000	2,000
64	**INDUSTRIAL FACILITIES**	**204,038**	**203,038**	**204,038**	**203,038**
	Execution		-9,000		-9,000
	AF Requested Transfer from P-14		8,000		8,000
74	**WAR CONSUMABLES**	**24,058**	**0**	**0**	**0**
	Transfer to Title IX		-24,058	-24,058	-24,058
75	**REPLEN SPARES/REPAIR PARTS**	**644,155**	**661,855**	**644,155**	**656,555**
	Sniper or Litening Advance Targeting Pod (Note: Only for Air Force Reserve A-10s at Whiteman AFB)		17,700		12,400

FUTURE YEARS PROCUREMENT STRATEGY FOR THE F/A–22 RAPTOR

The conferees direct the Secretary of Defense to report to the congressional defense committees, by March 30, 2006, on alternatives for the continued acquisition of the F/A–22. The report should consider, but not be limited to, the following: analyses of the advantages of a multiyear procurement program, of extending the F/A–22 procurement profile, and of the effects of F/A–22 procurement on the Joint Strike Fighter production line.

F/A–22 TITANIUM REQUIREMENTS

The conferees are aware of the potential impact that industry trends in the titanium market could have on the production timelines for the Lot 8 F/A–22 aircraft. The conferees are sensitive to this issue and encourage the Department of Defense to propose a comprehensive solution to the congressional defense committees not later than 90 days after enactment of this Act.

PREDATOR B

The conferees direct the Secretary of the Air Force, in conjunction with the Joint Staff, to provide the congressional defense committees a detailed written report on the deployment status of the MQ–9 in Iraq and the weaponization plan for the aircraft by February 3, 2006.

OPERATIONAL SUPPORT AIRCRAFT

The conferees direct that the Department of Defense maintain the current allocation of Operational Support Aircraft (OSA) assets to support Combatant Commanders and that the congressional defense committees be notified at least 30 days prior to any alteration of such assignments.

MISSILE PROCUREMENT, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
MISSILE PROCUREMENT, AIR FORCE				
BALLISTIC MISSILES				
MISSILE REPLACEMENT EQUIPMENT - BALLISTIC				
ADVANCED CRUISE MISSILE	2,027	2,027	2,027	2,027
LGM-30F/G MINUTEMAN II/III	41,635	41,635	38,635	38,635
OTHER MISSILES				
TACTICAL				
JASSM	150,238	2,000	100,000	100,000
JOINT STANDOFF WEAPON	971	971	971	971
SIDEWINDER (AIM-9X)	44,963	44,963	44,963	44,963
AMRAAM	120,668	120,668	2,668	104,468
PREDATOR HELLFIRE MISSILE	38,135	38,135	21,135	21,135
SMALL DIAMETER BOMB	59,052	59,052	54,052	54,052
INDUSTRIAL FACILITIES				
INDUSTRIAL FACILITIES	1,225	1,225	1,225	1,225
POLLUTION PREVENTION ACTIVITY	895	895	895	895
TOTAL, OTHER MISSILES	416,147	267,909	225,909	327,709
MODIFICATION OF INSERVICE MISSILES				
CLASS IV				
ADVANCED CRUISE MISSILE	3,251	3,251	3,251	3,251
MM III MODIFICATIONS	672,633	676,533	679,133	676,633
AGM-65D MAVERICK	233	233	---	---
AGM-88C HARM	38	38	---	---
AIR LAUNCH CRUISE MISSILE	24,764	24,764	24,764	24,764
TOTAL, MODIFICATION OF INSERVICE MISSILES	700,919	704,819	707,148	704,648

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SPARES AND REPAIR PARTS				
MISSILE SPARES/REPAIR PARTS	85,094	85,094	75,094	77,594
OTHER SUPPORT				
SPACE PROGRAMS				
ADVANCED EHF	528,978	528,978	528,978	528,978
WIDEBAND GAPFILLER SATELLITES	22,300	22,300	22,300	22,300
WIDEBAND GAPFILLER SATELLITES (AP-CY)	50,217	50,217	50,217	50,217
SPACEBORNE EQUIP (COMSEC)	9,575	9,575	9,575	9,575
GLOBAL POSITIONING (SPACE)	276,086	276,086	276,086	276,086
GLOBAL POSITIONING (SPACE) (AP-CY)	42,000	42,000	42,000	42,000
DEF METEOROLOGICAL SAT PROG(S	67,175	67,175	67,175	67,175
DEFENSE SUPPORT PROGRAM(SPACE	42,713	42,713	42,713	42,713
TITAN SPACE BOOSTERS(SPACE)	66,180	66,180	66,180	66,180
EVOLVED EXPENDABLE LAUNCH VEH	838,347	747,347	784,347	784,347
MEDIUM LAUNCH VEHICLE(SPACE)	111,166	111,166	111,166	111,166
SPECIAL PROGRAMS				
DEFENSE SPACE RECONN PROGRAM	320,606	320,606	320,606	320,606
SPECIAL UPDATE PROGRAMS	26,250	26,250	26,250	26,250
TOTAL, OTHER SUPPORT	2,401,593	2,310,593	2,347,593	2,347,593
CLASSIFIED PROGRAMS	1,842,872	1,650,872	1,672,568	1,676,268
TOTAL, MISSILE PROCUREMENT, AIR FORCE	5,490,287	5,062,949	5,068,974	5,174,474

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
2	**LGM-30F/G MINUTEMAN II/III**	**41,635**	**41,635**	**38,635**	**38,635**
	E35E Unjustified Growth			-3,000	-3,000
3	**JASSM**	**150,238**	**2,000**	**100,000**	**100,000**
	Contract Termination		-148,238		0
	Sustain Minimum Production			-50,238	-50,238
6	**AMRAAM**	**120,668**	**120,668**	**2,668**	**104,468**
	Program Reduction			-118,000	-16,200
7	**PREDATOR HELLFIRE MISSILE**	**38,135**	**38,135**	**21,135**	**21,135**
	Transfer to Title IX			-17,000	-17,000
8	**SMALL DIAMETER BOMB**	**59,052**	**59,052**	**54,052**	**54,052**
	Unit Cost Efficiencies			-5,000	-5,000
12	**MM III MODIFICATIONS**	**672,633**	**676,533**	**679,133**	**676,633**
	Propulsion System Rocket Engine (PSRE) Life Extension Program		3,900	3,000	3,000
	Propulsion Replacement Program (PRP)			8,500	6,000
	Buying ahead of need			-5,000	-5,000
13	**AGM-65D MAVERICK**	**233**	**233**	**0**	**0**
	Unjustified request			-233	-233
14	**AGM-88C HARM**	**38**	**38**	**0**	**0**
	Unjustified request			-38	-38
16	**MISSILE SPARES/REPAIR PARTS**	**85,094**	**85,094**	**75,094**	**77,594**
	Excessive growth			-10,000	-7,500
28	**EVOLVED EXPENDABLE LAUNCH VEHICLE**	**838,347**	**747,347**	**784,347**	**784,347**
	Defer Funding for SBIRS High Launch		-91,000	-54,000	-54,000

JOINT AIR-TO-SURFACE STANDOFF MISSILE

The conferees agree to provide $100,000,000 for the Joint Air-to-Surface Standoff Missile (JASSM) as proposed by the Senate. Of the funds provided, the conferees direct the following: that not more than $70,000,000 shall be for the purpose of maintaining missile hardware procurement at a minimum sustainable production rate; that of the remaining funds, not less than $20,000,000 shall be for testing and reliability improvement; that an additional 4 test shots be added to the JASSM weapons system evaluation program to evaluate the reliability of Lot 1 and Lot 2 missiles in storage; and, that the Program Manager submit to the congressional defense committees an updated JASSM test schedule no later than 30 days after the enactment of this Act, to include the requirements established in this paragraph.

EVOLVED EXPANDABLE LAUNCH VEHICLE (EELV)

The conferees support contracting procedures that facilitate competition, assure access to space, and lead to ''best value'' procurements. The conferees note that the Air Force is transitioning to a new EELV acquisition strategy that contractually splits launch services (including launch vehicles) from launch infrastructure. The conferees direct that launch services contracts provide an annual opportunity for companies to present their qualifications to meet objective criteria for reliability, mission assurance, oversight, and cost credibility, and compete based on their ability to meet these criteria. The conferees further direct the elimination of multi-year ''allocations'' ''pre-awards,'' and ''block buys'' from Buy 3 and future EELV launch services contracts.

Concerning space launch infrastructure, the conferees understand the business case to maintain the EELV infrastructure and support the Buy-3 contracting procedure to award launch capabilities (infrastructure) contracts on a bi-annual basis.

PROCUREMENT OF AMMUNITION, AIR FORCE

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

	Budget	House	Senate	Conference
	(In thousands of dollars)			
PROCUREMENT OF AMMUNITION, AIR FORCE				
PROCUREMENT OF AMMO, AIR FORCE				
ROCKETS	36,302	36,302	36,302	36,302
CARTRIDGES	160,530	140,530	150,530	144,830
BOMBS				
PRACTICE BOMBS	14,278	14,278	14,278	14,278
GENERAL PURPOSE BOMBS	240,231	245,231	240,231	244,531
SENSOR FUZED WEAPON	120,379	120,379	120,379	120,379
JOINT DIRECT ATTACK MUNITION	223,285	223,285	223,285	223,285
SENSOR FUZED WEAPON - ER	---	15,700	---	15,700
FLARE, IR MJU-7B CAD/PAD	21,212	21,212	21,212	21,212
EXPLOSIVE ORDINANCE DISPOSAL I1063	2,958	2,958	2,958	2,958
SPARES AND REPAIR PARTS	4,354	4,354	4,354	4,354
MODIFICATIONS LESS THAN $5M	892	892	892	892
ITEMS LESS THAN $5,000,000	3,948	3,948	3,948	3,948
FUZES				
FLARES	143,620	143,620	127,144	133,620
FUZES	53,176	53,176	44,556	44,556
TOTAL, PROCUREMENT OF AMMO, AIR FORCE	1,025,165	1,025,865	990,069	1,010,845
WEAPONS				
SMALL ARMS	6,042	6,042	6,042	6,042
TOTAL, PROCUREMENT OF AMMUNITION, AIR FORCE	1,031,207	1,031,907	996,111	1,016,887

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
3	**CARTRIDGES**	**160,530**	**140,530**	**150,530**	**144,830**
	Execution		-25,000		-20,000
	PGU-14 API, 30mm Ammunition		5,000		4,300
	30MM TP PGU-15/B, B116 unit cost savings			-10,000	0
5	**GENERAL PURPOSE BOMBS**	**240,231**	**245,231**	**240,231**	**244,531**
	Enhanced Paveway III		5,000		4,300
New	**SENSOR FUZED WEAPON - ER**	**0**	**15,700**	**0**	**15,700**
	(Note: Transfer from RDTE, Air Force, Line 79, Munitions Dispenser Development)		15,700		15,700
16	**FLARES**	**143,620**	**143,620**	**127,144**	**133,620**
	MJU 10/B IR CM FLARE L461			-16,476	-10,000
17	**FUZES**	**53,176**	**53,176**	**44,556**	**44,556**
	FMU 139			-8,620	-8,620

OTHER PROCUREMENT, AIR FORCE

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

	(In thousands of dollars) Budget	House	Senate	Conference
OTHER PROCUREMENT, AIR FORCE				
VEHICULAR EQUIPMENT				
PASSENGER CARRYING VEHICLES				
ARMORED VEHICLE	503	503	503	503
PASSENGER CARRYING VEHICLE	14,399	14,399	14,399	14,399
CARGO + UTILITY VEHICLES				
FAMILY MEDIUM TACTICAL VEHICLE	13,058	13,058	13,058	13,058
HIGH MOBILITY VEHICLE (MYP)	3,257	3,257	3,257	3,257
CAP VEHICLES	821	821	821	821
SPECIAL PURPOSE VEHICLES				
HMMWV, ARMORED	2,190	2,190	2,190	2,190
HMWWV, UP-ARMORED	11,058	11,058	11,058	11,058
FIRE FIGHTING EQUIPMENT				
TRUCK CRASH P-19	21,414	21,414	21,414	21,414
MATERIALS HANDLING EQUIPMENT				
HALVERSEN LOADER	16,311	23,311	16,311	22,311
BASE MAINTENANCE SUPPORT				
RUNWAY SNOW REMOVAL & CLEANING	22,026	22,026	22,026	22,026
ITEMS LESS THAN $5M	10,546	10,546	10,546	10,546
TOTAL, VEHICULAR EQUIPMENT	115,583	122,583	115,583	121,583
ELECTRONICS AND TELECOMMUNICATIONS EQUIP				
COMM SECURITY EQUIPMENT(COMSEC)				
COMSEC EQUIPMENT	58,176	58,176	58,176	58,176
MODIFICATIONS (COMSEC)	2,399	2,399	2,399	2,399
INTELLIGENCE PROGRAMS				
INTELLIGENCE TRAINING EQUIPMENT	4,744	4,744	4,744	4,744
INTELLIGENCE COMM EQUIP	1,523	1,523	1,523	1,523
ELECTRONICS PROGRAMS				
AIR TRAFFIC CTRL/LAND SYS (AT	16,795	19,795	16,795	35,045
NATIONAL AIRSPACE SYSTEM	51,919	58,919	51,919	55,419
THEATER AIR CONTROL SYS IMPRO	76,752	51,852	76,752	66,852
WEATHER OBSERVE/FORECAST	35,723	35,723	35,723	35,723
STRATEGIC COMMAND AND CONTROL	44,690	44,690	44,690	44,690
CHEYENNE MOUNTAIN COMPLEX	23,009	23,009	23,009	23,009
DRUG INTERDICTION PROGRAM	416	416	416	416

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SPECIAL COMM-ELECTRONICS PROJECTS				
GENERAL INFORMATION TECHNOLOGY	110,997	114,997	125,997	121,597
AF GLOBAL COMMAND & CONTROL S	11,891	11,891	11,891	11,891
MOBILITY COMMAND AND CONTROL	9,488	9,488	9,488	9,488
AIR FORCE PHYSICAL SECURITY S	35,910	36,910	35,910	37,910
COMBAT TRAINING RANGES	36,096	45,096	50,696	58,696
MINIMUM ESSENTIAL EMERGENCY COM	20,545	---	20,545	---
C3 COUNTERMEASURES	4,517	4,517	4,517	4,517
GCSS-AF FOS	12,738	12,738	12,738	12,738
THEATER BATTLE MGT C2 SYS	41,709	44,709	41,709	41,709
AIR OPERATIONS CENTER (AOC)	21,816	21,816	21,816	21,816
AIR FORCE COMMUNICATIONS				
BASE INFORMATION INFRASTRUCTURE	374,926	378,426	324,926	352,826
USCENTCOM	31,059	31,059	31,059	31,059
DISA PROGRAMS				
SPACE BASED IR SENSOR PROG SP	3,689	3,689	3,689	3,689
NAVSTAR GPS SPACE	9,096	9,096	9,096	9,096
NUDET DETECTION SYS (NDS) SPA	9,396	9,396	9,396	9,396
AF SATELLITE CONTROL NETWORK	51,778	51,778	51,778	51,778
SPACELIFT RANGE SYSTEM SPACE	114,189	114,189	106,189	108,189
MILSATCOM SPACE	28,720	28,720	28,720	28,720
SPACE MODS SPACE	25,063	25,063	25,063	25,063
ORGANIZATION AND BASE				
TACTICAL C-E EQUIPMENT	131,120	131,120	127,570	129,120
COMBAT SURVIVOR EVADER LOCATE	24,726	24,726	7,226	7,226
RADIO EQUIPMENT	7,458	7,458	7,458	7,458
TV EQUIPMENT (AFRTV)	5,871	5,871	5,871	5,871
CCTV/AUDIOVISUAL EQUIPMENT	3,193	3,193	3,193	3,193
BASE COMM INFRASTRUCTURE	107,007	110,507	121,207	122,307
ITEMS LESS THAN $5M	3,662	3,662	3,662	3,662
MODIFICATIONS				
COMM ELECT MODS	24,714	24,714	24,714	24,714
TOTAL, ELECTRONICS AND TELECOMMUNICATIONS EQUIP	1,577,520	1,566,075	1,542,270	1,571,725

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OTHER BASE MAINTENANCE AND SUPPORT EQUIP				
PERSONAL SAFETY AND RESCUE EQUIP				
NIGHT VISION GOGGLES	11,965	11,965	11,965	11,965
ITEMS LESS THAN $5M	---	3,800	3,000	2,100
DEPOT PLANT + MATERIALS HANDLING EQ				
MECHANIZED MATERIAL HANDLING	14,617	17,617	17,617	17,617
BASE SUPPORT EQUIPMENT				
BASE PROCURED EQUIPMENT	23,188	32,288	23,188	26,488
MEDICAL/DENTAL EQUIPMENT	14,695	16,695	14,695	15,695
AIR BASE OPERABILITY	5,463	5,463	5,463	5,463
PRODUCTIVITY ENHANCING CAPITA	5,324	5,324	5,324	5,324
MOBILITY EQUIPMENT	23,370	23,370	23,370	23,370
AIR CONDITIONERS	---	1,000	---	---
ITEMS LESS THAN $5M	28,693	28,693	28,693	28,693
SPECIAL SUPPORT PROJECTS				
DARP RC135	21,507	21,507	21,507	21,507
DARP, MRIGS	147,952	147,952	155,952	153,552
SPECIAL UPDATE PROGRAM	270,788	270,788	270,788	270,788
DEFENSE SPACE RECONNAISSANCE	14,631	14,631	14,631	14,631
TOTAL, OTHER BASE MAINTENANCE AND SUPPORT EQUIP	582,193	601,093	596,193	597,193
SPARE AND REPAIR PARTS				
SPARES AND REPAIR PARTS	30,340	30,340	30,340	30,340
CLASSIFIED PROGRAMS	11,697,053	11,417,123	11,764,053	11,739,873
TOTAL, OTHER PROCUREMENT, AIR FORCE	14,002,689	13,737,214	14,048,439	14,060,714

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1	Budget Request	House	Senate	Conference
26 HALVORSEN LOADER	**16,311**	**23,311**	**16,311**	**22,311**
Halvorsen Loaders		7,000		6,000
40 AIR TRAFFIC CTRL/LAND SYS	**16,795**	**19,795**	**16,795**	**35,045**
Automatic Asset Following System Pilot Project at McEntire Air Base		3,000		1,000
242 ATAS ANG Mobile Approach Control System (MACS) (Note: Transfer from RDTE, AF, Line 182)				17,250
41 NATIONAL AIRSPACE SYSTEM	**51,919**	**58,919**	**51,919**	**55,419**
DASR/DAAS (Note: only for Whiteman AFB)		5,000		3,500
Airborne Threat Detection Capability Expansion (Note: Transferred to RDTE, D-W, Line 27)		2,000		0
42 THEATER AIR CONTROL SYSTEM IMPROVEMENTS	**76,752**	**51,852**	**76,752**	**66,852**
Execution Delays		-15,000		0
AF Requested Transfer to R-145, for BCS-M Spiral 3 Software Development		-9,900		-9,900
48 GENERAL INFORMATION TECHNOLOGY	**110,997**	**114,997**	**125,997**	**121,597**
Worldwide Warehouse Redistribution System		2,000		1,400
Pocket J Production		2,000		1,700
Joint Interface Control Officer Support System			-10,000	-10,000
Palmtop Emergency Action for Chemical (PEAC)			7,000	3,500
Science and Engineering Lab Integration (SELDI)			5,000	2,500
11th AF Link 16			13,000	8,500
Eagle Vision IV (Note: Transferred from Line 56)		0		3,000
51 AIR FORCE PHYSICAL SECURITY SYSTEMS	**35,910**	**36,910**	**35,910**	**37,910**
Force Protection Near Real Time Surveillance System		1,000		1,000
Advanced Video Surveillance Equipment (Note: Transferred from Operation and Maintenance, Air National Guard)				1,000
52 COMBAT TRAINING RANGES	**36,096**	**45,096**	**50,696**	**58,696**
UMTE Modernization		8,000	9,000	8,000
Joint Threat Emitter - Townsend Range Complex		1,000		1,000
Delay for Joint Threat Emitters for Joint National Training Capability			-8,000	0
Cope Thunder Link 16 Terminal			1,600	1,600
Red Integrated Air Defense			12,000	12,000
53 MINIMUM ESSENTIAL EMERGENCY COMMUNICATIONS	**20,545**	**0**	**20,545**	**0**
GEMS		-20,545		-20,545
56 THEATER BATTLE MGT C2 SYSTEMS	**41,709**	**44,709**	**41,709**	**41,709**
Eagle Vision IV (Note: Transferred to Line 48)		3,000		0
58 BASE INFORMATION INFRASTRUCTURE	**374,926**	**378,426**	**324,926**	**352,826**
AFRC COOP, March AFB		3,500		2,900
Network Operations/Information Assurance			-50,000	-25,000
65 SPACELIFT RANGE SYSTEM SPACE	**114,189**	**114,189**	**106,189**	**108,189**
Reduction for Support Costs			-8,000	-6,000

P-1	Budget Request	House	Senate	Conference
68 TACTICAL C-E EQUIPMENT	**131,120**	**131,120**	**127,570**	**129,120**
LITES Contract Termination			-3,550	-2,000
69 COMBAT SURVIVOR EVADER LOCATE	**24,726**	**24,726**	**7,226**	**7,226**
CSEL Transfer to R&D Air Force for development of TAC/TAG			-17,500	-17,500
73 BASE COMM INFRASTRUCTURE	**107,007**	**110,507**	**121,207**	**122,307**
Digital Deployed Training Campus for ANG		3,500		1,700
Secure Wireless LAN Infrastructure for Point of Maintenance 126th Air Refueling Wing (IL ANG)			2,000	1,400
Air National Guard Network Operations and Security Center			1,000	1,000
GIG-BE ALCOM Expansion			11,200	11,200
80 ITEMS LESS THAN $5 MILLION	**0**	**3,800**	**3,000**	**2,100**
MA-16 Aircraft Inertia Reels (Note: Transferred to O&M, Air National Guard)		1,800		0
Life Support Radio Test Sets for ANG (Note: Transferred to O&M, Air National Guard)		2,000		0
Advanced Mission Extender Device (AMXD) Kits			3,000	2,100
81 MECHANIZED MATERIAL HANDLING	**14,617**	**17,617**	**17,617**	**17,617**
Point of Maintenance/Combat Ammunition System (POMX/CAS) Initiative		3,000	3,000	3,000
85 BASE PROCURED EQUIPMENT	**23,188**	**32,288**	**23,188**	**26,488**
Engineered Building Machines		1,500		1,300
Combat Arms Training System (CATS) for the ANG (Note: Transferred to Operation and Maintenance, Air National Guard)		4,000		0
EST 2000 Trainers for the Air National Guard (Note: Transferred to Operation and Maintenance, Air National Guard)		3,600		0
Laser Marksmanship Training System				2,000
86 MEDICAL/DENTAL EQUIPMENT	**14,695**	**16,695**	**14,695**	**15,695**
Expeditionary Deployable Oxygen Concentration System (EDOCS) and Mobile Oxygen Storage Tank (MOST)		2,000		1,000
92 AIR CONDITIONERS	**0**	**1,000**	**0**	**0**
ANG Survey Systems (Note: Transferred to Operation and Maintenance, Air National Guard)		1,000		0
97 DARP, MRIGS	**147,952**	**147,952**	**155,952**	**153,552**
161st Intelligence Squadron Equipment			8,000	5,600

PROCUREMENT, DEFENSE-WIDE

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

	(In thousands of dollars) Budget	House	Senate	Conference
PROCUREMENT, DEFENSE-WIDE				
MAJOR EQUIPMENT				
MAJOR EQUIPMENT, OSD				
MAJOR EQUIPMENT, OSD	98,045	105,045	103,045	102,045
MAJOR EQUIPMENT, NSA				
INFORMATION SYSTEM SECURITY PROGRAM	7,790	7,790	7,790	7,790
MAJOR EQUIPMENT, WHS	26,307	26,307	26,307	26,307
MAJOR EQUIPMENT, DISA				
INFORMATION SYSTEMS SECURITY	27,072	27,072	27,072	27,072
DEFENSE MESSAGE SYSTEM	8,912	8,912	8,912	8,912
GLOBAL COMMAND AND CONTROL SYS	5,498	5,498	5,498	5,498
GLOBAL COMBAT SUPPORT SYSTEM	2,686	2,686	2,686	2,686
TELEPORT PROGRAM	98,320	98,320	98,320	98,320
ITEMS LESS THAN $5M	33,491	33,491	33,491	33,491
DEFENSE INFORMATION SYSTEMS NETWORK	25,568	25,568	25,568	25,568
MAJOR EQUIPMENT, DLA				
MAJOR EQUIPMENT	8,328	8,328	8,328	8,328
MAJOR EQUIPMENT, DCAA				
MAJOR EQUIPMENT ITEMS LESS THAN $5M	1,497	1,497	1,497	1,497
MAJOR EQUIPMENT, TJS				
MAJOR EQUIPMENT, TJS	42,473	42,473	42,473	42,473
MAJOR EQUIPMENT, DHRA				
PERSONNEL ADMINISTRATION	7,496	7,496	7,496	7,496
DEFENSE THREAT REDUCTION AGENCY				
VEHICLES	200	200	200	200

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OTHER MAJOR EQUIPMENT	16,319	16,319	16,319	16,319
OTHER MAJOR EQUIPMENT	780	780	780	780
MAJOR EQUIPMENT, AFIS MAJOR EQUIPMENT, AFIS	6,521	6,521	6,521	6,521
MAJOR EQUIPMENT, DODDE AUTOMATION/EDUCATIONAL SUPPORT & LOGISTICS	1,500	1,500	1,500	1,500
MAJOR EQUIPMENT, DCMA MAJOR EQUIPMENT	12,068	12,068	12,068	12,068
MAJOR EQUIPMENT, DTSA MAJOR EQUIPMENT	407	407	407	407
TOTAL, MAJOR EQUIPMENT	431,278	438,278	436,278	435,278
SPECIAL OPERATIONS COMMAND AVIATION PROGRAMS SOF ROTARY WING UPGRADES	129,748	136,748	132,448	139,348
SOF TRAINING SYSTEMS	13,897	13,897	13,897	13,897
MH-130H AIR REFUELING SYSTEM	18,268	18,268	18,268	18,268
MH-47 SLEP	83,737	83,737	83,737	83,737
MH-60 SLEP	29,629	29,629	29,629	29,629
MC-130H COMBAT TALON II	66,288	66,288	66,288	66,288
CV-22 SOF MODIFICATION	117,923	117,923	117,923	117,923
C-130 MODIFICATIONS	67,270	67,270	51,970	61,970
AIRCRAFT SUPPORT	1,045	1,045	1,045	1,045
ADVANCED SEAL DELIVERY SYS (AP-CY)	71,694	71,694	71,694	---
SHIPBUILDING ADVANCED SEAL DELIVERY SYS	12,350	12,350	12,350	21,000
MK VIII MOD 1 - SEAL DELIVERY VEH	2,151	2,151	2,151	2,151
AMMUNITION PROGRAMS SOF ORDNANCE REPLENISHMENT	38,126	28,026	36,126	20,026
SOF ORDNANCE ACQUISITION	11,158	11,158	6,758	6,758

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OTHER PROCUREMENT PROGRAMS				
COMM EQUIPMENT & ELECTRONICS	69,898	65,296	69,898	64,296
SOF INTELLIGENCE SYSTEMS	27,642	30,642	32,142	30,892
SOF SMALL ARMS & WEAPONS	119,372	124,872	84,372	88,572
MARITIME EQUIPMENT MODS	2,275	2,275	2,275	2,275
SPECIAL APPLICATIONS FOR CONTINGENCIES	16,511	16,511	16,511	16,511
SOF COMBATANT CRAFT SYSTEMS	17,732	17,732	19,232	19,232
SPARES AND REPAIR PARTS	5,114	2,114	5,114	2,114
TACTICAL VEHICLES	4,541	4,541	4,541	4,541
SOF MARITIME EQUIPMENT	1,088	1,088	1,088	1,088
MISCELLANEOUS EQUIPMENT	22,271	23,771	22,271	23,271
SOF OPERATIONAL ENHANCEMENTS	233,824	234,824	199,824	221,724
PSYOP EQUIPMENT	46,649	46,649	36,649	36,649
EMERGENT CRITICAL COMBAT MISSION NEEDS EQUIPMENT	---	43,000	---	21,000
TOTAL, SPECIAL OPERATIONS COMMAND	1,230,201	1,273,499	1,138,201	1,114,205
CHEMICAL/BIOLOGICAL DEFENSE				
CBDP				
INSTALLATION FORCE PROTECTION	198,045	198,045	208,245	205,245
INDIVIDUAL PROTECTION	97,183	97,183	97,183	97,183
DECONTAMINATION	2,950	2,950	2,950	2,950
JOINT BIOLOGICAL DEFENSE PROGRAM	62,341	62,341	62,341	62,341
COLLECTIVE PROTECTION	31,841	31,841	31,841	31,841
CONTAMINATION AVOIDANCE	258,299	258,299	269,177	264,377
TOTAL, CHEMICAL/BIOLOGICAL DEFENSE	650,659	650,659	671,737	663,937
CLASSIFIED PROGRAMS	365,694	365,694	326,034	360,544
TOTAL, PROCUREMENT, DEFENSE-WIDE	2,677,832	2,728,130	2,572,250	2,573,964

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

P-1		Budget Request	House	Senate	Conference
1	**MAJOR EQUIPMENT, OSD**	**98,045**	**105,045**	**103,045**	**102,045**
	W-P HPC Modernization (Transferred to RDTE,DW Line 45)		3,000		0
	AHPCRC - Supercomputer Procurement		4,000	5,000	4,000
33	**SOF ROTARY WING UPGRADES**	**129,748**	**136,748**	**132,448**	**139,348**
	MH-47 D/E Infrared Exhaust Suppressor (Note: only for the procurement of Infrared Suppression Kits for SOCOM MH-47 helicopters) (Includes transfer from Title IX P,DW)		7,000		7,700
	AN/ARS - 6 V12 Personnel Locator System			**2,700**	1,900
41	**C-130 MODIFICATIONS..**	**67,270**	**67,270**	**51,970**	**61,970**
	AMP Delays			-2,300	-2,300
	30 MM Rephasing			-13,000	-3,000
43	**ADVANCED SEAL DELIVERY SYS (AP-CY)**	**71,694**	**71,694**	**{71,694}**	**0**
	Program Restructure				-71,694
44	**ADVANCED SEAL DELIVERY SYS**	**12,350**	**12,350**	**12,350**	**21,000**
	Program Restructure				8,650
46	**SOF ORDNANCE REPLENISHMENT**	**38,126**	**28,026**	**36,126**	**20,026**
	Reduction based on Supplemental funding		-12,100		-12,100
	M 153 Time Delayed Firing Device/Sympathetic Detonator (TDFD/SUDET)		2,000	8,000	4,000
	Transfer to Title IX			-10,000	-10,000
47	**SOF ORDNANCE ACQUISITION**	**11,158**	**11,158**	**6,758**	**6,758**
	ALGL Ammunition			-4,400	-4,400
48	**COMM EQUIPMENT & ELECTRONICS**	**69,898**	**65,296**	**69,898**	**64,296**
	C41AS Expansion		-6,602		-6,602
	Software Radio Anywave Base Station		2,000		1,000
49	**SOF INTELLIGENCE SYSTEMS**	**27,642**	**30,642**	**32,142**	**30,892**
	Miniature Multi-band Beacons		2,000	4,500	**2,250**
	Joint Threat Warning System-Air (JTWS-AIR)		1,000		**1,000**
50	**SOF SMALL ARMS & WEAPONS**	**119,372**	**124,872**	**84,372**	**88,572**
	Nickel Boron Coating for Small Arms		2,000		1,700
	Low Profile Night Vision Goggles		1,000		1,000
	Green/Infrared Illumination Pointing Laser (GRI2P)		2,000		1,000
	Universal Night Sight		500		500
	Transfer to Title IX			-35,000	-35,000
54	**SOF COMBATANT CRAFT SYSTEMS**	**17,732**	**17,732**	**19,232**	**19,232**
	Rigid Hull Inflatable Boat Procurement			1,500	1,500
55	**SPARES AND REPAIR PARTS**	**5,114**	**2,114**	**5,114**	**2,114**
	Reduction based on previous experience		-3,000		-3,000
62	**MISCELLANEOUS EQUIPMENT**	**22,271**	**23,771**	**22,271**	**23,271**
	Tracking and Locating Devices		1,500		1,000

P-1		Budget Request	House	Senate	Conference
64	**SOF OPERATIONAL ENHANCEMENTS**	**233,824**	**234,824**	**199,824**	**221,724**
	SWORDS Mobile Weapon System for Force Protection (Includes transfer from Title IX)		1,000		1,400
	Helmet Mount Track system			5,000	5,000
	Classified Adjustment			-39,000	-19,500
	M1/M2 Gunfire/Sniper Detection System				1,000
65	**PSYOP EQUIPMENT**	**46,649**	**46,649**	**36,649**	**36,649**
	Slow Execution			-10,000	-10,000
65A	**EMERGENT CRITICAL COMBAT MISSION NEEDS EQUIPMENT**	**0**	**43,000**	**0**	**21,000**
66	**INSTALLATION FORCE PROTECTION**	**198,045**	**198,045**	**208,245**	**205,245**
	Military Mail Screening Equipment			10,200	7,200
71	**CONTAMINATION AVOIDANCE**	**258,299**	**258,299**	**269,177**	**264,377**
	M22 Automatic Chemical Agent Alarm (ACADA)			16,000	11,200
	JCAD Program Delays			-5,122	-5,122
999	**CLASSIFIED PROGRAMS**	**365,694**	**365,694**	**326,034**	**360,544**

ADVANCED SEAL DELIVERY SYSTEM (ASDS)

Since program inception ASDS has experienced design, construction, performance, and reliability challenges. Since November of this year, the conferees have been made aware of additional reliability concerns with the first ASDS. Based on these concerns, Special Operations Command has again decided to delay construction of the second ASDS. The conferees find this decision prudent and thus recommend a realignment of the resources provided in both the House and Senate bills for advance procurement of the second ASDS. The conferees recommend increasing research and development funding by $21,160,000 to conduct critical system reviews, address obsolescence and improve technologies. The conferees recommend increasing procurement funding by $8,650,000 to address modernization, and equipment shortfalls and operation and maintenance funding by $10,100,000 for unforeseen depot and fleet maintenance. The conferees continue to be frustrated by the chronic problems with the ASDS and expect both the Command and the Navy to dramatically increase the level of technical engineering and management oversight dedicated to this program.

NATIONAL GUARD AND RESERVE EQUIPMENT

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
NATIONAL GUARD & RESERVE EQUIPMENT				
NATIONAL GUARD & RESERVE EQUIPMENT	---	---	422,000	---
ARMY RESERVE MISCELLANEOUS EQUIPMENT	---	---	---	30,000
NAVY RESERVE MISCELLANEOUS EQUIPMENT	---	---	---	30,000
MARINE CORPS RESERVE MISCELLANEOUS EQUIPMENT	---	---	---	30,000
AIR FORCE RESERVE MISCELLANEOUS EQUIPMENT	---	---	---	30,000
TOTAL, RESERVE EQUIPMENT	---	---	---	120,000
ARMY NATIONAL GUARD MISCELLANEOUS EQUIPMENT	---	---	---	30,000
AIR NATIONAL GUARD MISCELLANEOUS EQUIPMENT	---	---	---	30,000
TOTAL, NATIONAL GUARD EQUIPMENT	---	---	---	60,000
TOTAL, NATIONAL GUARD & RESERVE EQUIPMENT	---	---	422,000	180,000

NATIONAL GUARD AND RESERVE EQUIPMENT

The conferees agree that National Guard and Reserve forces are integral to our efforts in Iraq and Afghanistan and play a critical role in our Nation's response to national disasters. The conferees are aware that the equipment needs of our Reserve Component forces far exceed the amounts provided in the budget request for those items and agree to provide a total of $4,131,653,000 for guard and reserve equipment. The funding provided in the conference agreement is located in the following accounts: $2,654,353,000 as requested in the budget throughout the procurement accounts; $265,000,000 in addition to the budget request throughout the procurement accounts; $32,300,000 in the operation and maintenance accounts; $180,000,000 in the National Guard and Reserve Equipment account; $100,000,000 for Army Reserve equipment in Title IX for contingency operations; $700,000,000 for the Army National Guard in Title IX; and $200,000,000 for the Air National Guard in Title IX.

The House provided specific funding in many of the procurement accounts as requested in the Budget. The Senate provided funding in the National Guard and Reserve Equipment account. The conferees agree to provide the funding identified above in the Guard and Reserve Equipment account and in Title IX, and expect the Department to provide at a minimum the following amounts to the Guard and Reserve components in the following procurement accounts:

Aircraft Procurement, Army	$317,750,000
Missile Procurement Army	$150,000,000
Procurement of Weapons and Tracked Combat Vehicles, Army	$614,800,000
Procurement of Ammunition, Army	$119,000,000
Other Procurement, Army	$841,100,000
Aircraft Procurement, Navy	$57,779,000
Procurement of Ammunition, Navy and Marine Corps	$19,562,000
Other Procurement, Navy	$45,212,000
Aircraft Procurement, Air Force	$466,300,000
Procurement of Ammunition, Air Force	$164,800,000
Other Procurement, Air Force	$160,050,000

ITEMS OF SPECIAL INTEREST

The conferees agree that the National Guard and Reserve equipment program shall be executed by the heads of the Guard and Reserve components with priority consideration for miscellaneous equipment appropriations given to the following items: Radio Test Sets, F–15 Enhanced GPS/INS—Air National Guard, Heavy Expanded Mobility Tactical Trucks (HEMTT), M777A1 Lw 155mm Howitzers, Heli-Basket Module Technology, Helicopter Maintenance Work Platform Systems, High Mobility Multi-Purpose Wheeled Vehicles (HMMWVs), Joint Helmet Mounted Cueing Systems, M4K Forklifts, CMHS Medical Readiness Systems, MW24C Loaders, Night Vision Devices, MK6 Assisted Take-Off replacement, SINCGARS, LAIRCM, V–3 AESA Radar, Small Arms, Apache Helicopter Bladefold Kits, F–16 Full Mission Training Simulators, Light Medium Tactical Vehicle (LMTV), Medium Tactical Vehicle (MTV), PLS Trailers, LITENING Targeting Pods, Aviation Maintenance Fall Protection Platforms, Autonomous Air Combat Evaluation System (ACE), Advanced Targeting Pods for A–10s, IMD-HUMS, Service Life Extension Program for Aviation Equipment, Joint CONUS Communications Support Environment, Forward Osmosis Water Filtration Program, APG–68V(10) Radar, DFIRST, Combo PAK, Crashworthy External Fuel Systems (CEFs), F–16 Falcon BRU–57 Smart Rack for the Air National Guard, Joint Threat Emitters, AB-FIST, Up-Armored HMMWVs, Tactical Truck Crew Trainers, and Laser Marksmanship Training Systems.

DEFENSE PRODUCTION ACT PURCHASES

The conferees agree to provide a total of $58,248,000 for the Defense Production Act Purchases appropriation instead of $28,573,000 as proposed by the House and $68,573,000 as proposed by the Senate.

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

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS

[In thousands of dollars]

Project	House	Senate	Conference
Amplifying fluorescent polymer based IED detection devices	$2,000		$1,200
Flexible aerogel material supplier initiative	2,000	$5,000	2,500
ALON and spinel optical ceramics	3,000		1,500
Thermal battery industrial base infrastructure	3,000		2,550
Hydrogen ion implantation equipment		4,000	2,800
Ceramic armor manufacturing to protect armed forces		5,000	3,500
Advanced metal composite process		8,000	6,800
Miniature compressor development		5,000	2,500
POSS nanotechnology engineering scale-up initiative		7,500	6,375
Reactive plastic CO2 absorbent production capacity		7,500	3,750
Read out integrated circuit manufacturing improvement		4,000	2,400
High performance coatings production initiative	3,868	3,868	3,868
Beryllium supply industrial base	6,000	9,000	7,800
High performance batteries and fuel cells production initiative	5,800	6,800	6,800
Boron fiber production initiative			1,000
Next generation radiation hardened microprocessors	2,905	2,905	2,905
Total	28,573	68,573	58,248

AMPLIFYING FLUORESCENT POLYMER-BASED IED DETECTION DEVICES

The conferees have been advised that a fluorescent polymer-based technology for IED detection has shown great promise in Iraq and has had some very significant independent test results demonstrating that it can be beneficial in the war on terror. Therefore, the conferees direct the Technical Support Working Group to review these tests and the technology to determine its applicability to the mission of defeating IEDs. The Technical Support Working Group is to report back to the congressional defense Committees within 60 days of enactment of this Act regarding the technical feasibility of the technology and its status in the acquisition process.

TITLE IV—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
RECAPITULATION				
Research, Development, Test and Evaluation, Army	9,733,824	10,827,174	10,520,592	11,172,397
Research, Development, Test and Evaluation, Navy	18,037,991	18,481,862	18,557,904	18,993,135
Research, Development, Test and Evaluation, Air Force	22,612,351	22,664,868	21,859,010	21,999,649
Research, Development, Test and Evaluation, Defense-Wide	18,803,416	19,514,530	19,301,618	19,798,599
Operational Test and Evaluation, Defense	168,458	168,458	168,458	168,458
GRAND TOTAL	69,356,040	71,656,892	70,407,582	72,132,238

SPECIAL INTEREST ITEMS

Items for which additional funds have been provided as shown in the project level tables or in paragraphs using the phrase ''only for'' or ''only to'' in this report are congressional interest items for the purpose of the Base for Reprogramming (DD 1414). Each of these items must be carried on the DD Form 1414 at the stated amount, or a revised amount if changed during conference or otherwise specifically addressed in the conference report. These items remain special interest items whether or not they are repeated in a subsequent conference report.

REPROGRAMMING GUIDANCE FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION ACCOUNTS

The conferees direct the Department of Defense to continue to follow the reprogramming guidance specified in the Statement of the Managers on the fiscal year 2005 Department of Defense Appropriations Act (House Report 108–622). Specifically, the dollar threshold for reprogramming procurement funds will remain at $20,000,000, and at $10,000,000 for research, development, test and evaluation. The Department shall continue to follow the limitation that prior approval reprogrammings are set at either the specified dollar threshold or 20% of the procurement or research, development, test and evaluation line, whichever is less. These thresholds are cumulative. Therefore, if the combined value of transfers into or out of a procurement (P–1) or research, development, test and evaluation (R–1) line exceeds[5] the identified threshold, the Department of Defense must submit a prior approval reprogramming to the congressional defense committees. In addition, guidelines on the application of prior approval reprogramming procedures for congressional special interest items are established elsewhere in this statement.

JOINT TACTICAL RADIO SYSTEM (JTRS)

The conferees direct the Secretary of Defense to submit a report to the congressional defense committees not later than January 30, 2006, on the status of JTRS. The report shall include the following elements: mitigation plans of the Military Services to compensate for the restructuring of the JTRS program including a detailed description of the legacy or other radios required as well as detailed estimates of the cost of these plans; an explanation of Army plans to meet Future Combat System requirements associated with all developmental spirals as a result of the JTRS program revisions, to include a detailed description of the compatibility between legacy radios and the Army's Warfighter Information Network-Tactical (WIN–T) as well as the compatibility between JTRS and WIN–T; and a summary of DoD acquisition decisions including the results of the Defense Acquisition Board (DAB) meetings held in August and November 2005 to rebaseline this program. In addition, the conferees direct the Government Accountability Office (GAO) to continue its ongoing review of the JTRS program to include a review of technical, management, cost and schedule issues associated with the program.

In addition, the conferees urge the Department to formally establish the Joint Program Executive Office (JPEO) organization for JTRS, specify its authorities, and resource it appropriately to accomplish its mission. The conferees also urge the Department to establish associated operation and maintenance funding to establish and provide for the operating expenses of this organization. Finally, the conferees direct the Secretary of Defense to provide a report on the organization, authorities, and plan to resource the JPEO within 90 days of enactment of this Act.

The table below summarizes reductions to the JTRS program included in the conference agreement:

[$thousands]

Fiscal Year 2006 Reductions:	
Aircraft Procurement, Army	−12,300
Procurement, Marine Corps	−7,000
Aircraft Procurement, Air Force	−25,000
Research, Development, Test and Evaluation, Army	−94,600
Research, Development, Test and Evaluation, Navy (including Marine Corps programs)	−84,900
Research, Development, Test and Evaluation, Air Force	−41,900
Total	−265,700
Rescissions:	
Other Procurement, Army FY 05/07	−68,637
Total	−68,637
Grand Total	−334,337

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

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

	(In thousands of dollars) Budget	House	Senate	Conference
RESEARCH, DEVELOPMENT, TEST & EVAL, ARMY				
BASIC RESEARCH				
IN-HOUSE LABORATORY INDEPENDENT RESEARCH	20,542	23,542	20,542	21,542
DEFENSE RESEARCH SCIENCES	137,898	162,498	159,398	176,048
UNIVERSITY RESEARCH INITIATIVES	67,201	71,001	78,201	78,101
UNIVERSITY AND INDUSTRY RESEARCH CENTERS	81,953	94,453	103,578	101,953
TOTAL, BASIC RESEARCH	307,594	351,494	361,719	377,644
APPLIED RESEARCH				
MATERIALS TECHNOLOGY	17,559	30,259	40,059	35,559
SENSORS AND ELECTRONIC SURVIVABILITY	32,147	48,147	48,647	52,247
TRACTOR HIP	7,804	7,804	7,804	7,804
AVIATION TECHNOLOGY	34,295	42,295	34,295	39,995
ELECTRONIC WARFARE TECHNOLOGY	19,129	27,629	29,129	29,729
MISSILE TECHNOLOGY	62,524	66,024	110,524	92,024
ADVANCED WEAPONS TECHNOLOGY	21,139	27,139	41,639	37,239
ADVANCED CONCEPTS AND SIMULATION	16,013	23,013	25,013	27,813
COMBAT VEHICLE AND AUTOMOTIVE TECHNOLOGY	64,883	102,583	78,383	94,283
BALLISTICS TECHNOLOGY	49,163	52,163	51,163	52,763
CHEMICAL, SMOKE AND EQUIPMENT DEFEATING TECHNOLOGY	2,519	13,019	12,519	10,719
JOINT SERVICE SMALL ARMS PROGRAM	5,703	6,703	5,703	6,703
WEAPONS AND MUNITIONS TECHNOLOGY	37,824	106,124	100,624	127,079
ELECTRONICS AND ELECTRONIC DEVICES	39,554	81,454	63,554	93,254
NIGHT VISION TECHNOLOGY	23,823	38,123	23,823	32,123
COUNTERMINE SYSTEMS	19,293	22,293	27,293	29,593
HUMAN FACTORS ENGINEERING TECHNOLOGY	17,482	31,482	21,482	28,832
ENVIRONMENTAL QUALITY TECHNOLOGY	16,417	16,417	27,417	18,117
COMMAND, CONTROL, COMMUNICATIONS TECHNOLOGY	21,787	56,787	23,787	50,037
COMPUTER AND SOFTWARE TECHNOLOGY	3,590	3,590	4,890	4,590
MILITARY ENGINEERING TECHNOLOGY	47,046	51,346	49,046	51,046
MANPOWER/PERSONNEL/TRAINING TECHNOLOGY	15,207	15,207	19,207	15,207

	Budget	House	Senate	Conference
	(In thousands of dollars)			
WARFIGHTER TECHNOLOGY	21,707	36,407	45,907	48,357
MEDICAL TECHNOLOGY	74,694	280,844	163,894	283,844
TOTAL, APPLIED RESEARCH	671,302	1,186,852	1,055,802	1,268,957
ADVANCED TECHNOLOGY DEVELOPMENT				
WARFIGHTER ADVANCED TECHNOLOGY	63,754	79,454	72,754	78,554
MEDICAL ADVANCED TECHNOLOGY	45,160	318,710	132,510	305,135
AVIATION ADVANCED TECHNOLOGY	48,318	90,018	103,218	108,118
WEAPONS AND MUNITIONS ADVANCED TECHNOLOGY	74,927	103,427	89,927	103,327
COMBAT VEHICLE AND AUTOMOTIVE ADVANCED TECHNOLOGY	142,866	238,566	213,266	245,866
COMMAND, CONTROL, COMMUNICATIONS ADVANCED TECHNOLOGY	12,066	13,866	12,066	13,066
MANPOWER, PERSONNEL AND TRAINING ADVANCED TECHNOLOGY	6,783	7,783	12,783	10,383
ELECTRONIC WARFARE ADVANCED TECHNOLOGY	45,322	63,322	55,322	61,922
TRACTOR HIKE	8,777	8,777	8,777	8,777
NEXT GENERATION TRAINING & SIMULATION SYSTEMS	19,982	22,682	28,982	28,332
TRACTOR ROSE	4,956	4,956	4,956	4,956
EXPLOSIVES DEMILITARIZATION TECHNOLOGY	9,865	13,465	24,445	21,345
MILITARY HIV RESEARCH	6,842	16,842	6,842	13,842
COMBATING TERRORISM, TECHNOLOGY DEVELOPMENT	6,306	11,306	10,306	10,306
GLOBAL SURVEILLANCE/AIR DEFENSE/PRECISION STRIKE TECHN	12,111	12,111	12,111	12,111
ELECTRONIC WARFARE TECHNOLOGY	16,801	25,801	14,801	22,601
MISSILE AND ROCKET ADVANCED TECHNOLOGY	70,066	92,066	109,566	115,666
TRACTOR CAGE	15,406	15,406	15,406	15,406
LANDMINE WARFARE AND BARRIER ADVANCED TECHNOLOGY	25,327	25,327	32,227	30,527
JOINT SERVICE SMALL ARMS PROGRAM	6,581	6,581	8,581	7,581
NIGHT VISION ADVANCED TECHNOLOGY	51,761	110,561	69,761	103,161
ENVIRONMENTAL QUALITY TECHNOLOGY DEMONSTRATIONS	12,606	16,606	12,606	16,006
MILITARY ENGINEERING ADVANCED TECHNOLOGY	7,301	20,401	20,301	21,701
ADVANCED TACTICAL COMPUTER SCIENCE & SENSOR TECHNOLOGY	42,475	55,575	38,075	46,275
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT	756,359	1,373,609	1,109,589	1,404,964

	Budget	House	Senate	Conference
	(In thousands of dollars)			
DEMONSTRATION & VALIDATION				
UNIQUE ITEM IDENTIFICATION (UID)	1,500	1,500	1,500	1,500
ARMY MISSILE DEFENSE SYSTEMS INTEGRATION	14,573	80,223	54,323	82,673
ARMY MISSILE DEFENSE SYSTEMS INTEGRATION (DEM/VAL)	9,284	10,784	58,584	48,884
AIR AND MISSILE DEFENSE SYSTEMS ENGINEERING	83,063	99,763	100,063	101,863
LANDMINE WARFARE AND BARRIER - ADV DEV	---	2,500	---	---
SMOKE, OBSCURANT AND TARGET DEFEATING SYS-ADV DEV	5,733	5,733	5,733	5,733
TANK AND MEDIUM CALIBER AMMUNITION	---	6,000	6,000	8,400
ADVANCED TANK ARMAMENT SYSTEM (ATAS)	26,712	26,712	26,712	26,712
SOLDIER SUPPORT AND SURVIVABILITY	3,393	3,393	3,393	3,393
TACTICAL ELECTRONIC SURVEILLANCE SYSTEM - ADV DEV	18,907	18,907	18,907	18,907
NIGHT VISION SYSTEMS ADVANCED DEVELOPMENT	6,885	6,885	6,885	6,885
ENVIRONMENTAL QUALITY TECHNOLOGY	5,166	42,816	21,866	35,766
WARFIGHTER INFORMATION NETWORK-TACTICAL (DEM/VAL)	131,081	87,181	131,081	99,481
NATO RESEARCH AND DEVELOPMENT	4,902	4,902	4,902	4,902
AVIATION - ADV DEV	6,249	7,249	6,249	7,249
LOGISTICS AND ENGINEER EQUIPMENT - ADV DEV	13,375	13,375	13,375	13,375
COMBAT SERVICE SUPPORT CONTROL SYSTEM EVALUATION	10,659	10,659	10,659	10,659
MEDICAL SYSTEMS - ADV DEV	10,134	14,634	25,934	23,484
SOLDIER SYSTEMS - ADVANCED DEVELOPMENT	10,595	12,595	10,595	12,295
INTEGRATED BROADCAST SERVICE (JMIP/DISTP)	2,762	2,762	2,762	2,762
TOTAL, DEMONSTRATION & VALIDATION	364,973	458,573	509,523	514,923
ENGINEERING & MANUFACTURING DEVELOPMENT				
AIRCRAFT AVIONICS	23,451	31,451	13,451	13,451
ARMED, DEPLOYABLE OH-58D	13,964	13,964	93,206	93,206
ELECTRONIC WARFARE DEVELOPMENT	32,179	34,179	32,179	33,879
JOINT TACTICAL RADIO	156,665	156,665	156,665	141,565
ALL SOURCE ANALYSIS SYSTEM	7,973	9,973	7,973	9,173
TRACTOR CAGE	16,099	16,099	16,099	16,099
COMMON MISSILE	---	45,000	---	26,000

	(In thousands of dollars)			
	Budget	House	Senate	Conference
INFANTRY SUPPORT WEAPONS	34,627	45,927	39,627	54,027
MEDIUM TACTICAL VEHICLES	1,886	14,486	1,886	18,786
FAMILY OF HEAVY TACTICAL VEHICLES	3,415	6,415	15,415	21,215
AIR TRAFFIC CONTROL	4,508	4,508	4,508	4,508
LIGHT TACTICAL WHEELED VEHICLES	---	12,000	---	7,500
ARMORED SYSTEMS MODERNIZATION (ASM)-ENG DEV	3,065,629	2,616,629	2,965,629	2,785,829
NON-LIGHT OF SIGHT LAUNCH SYSTEM	231,554	233,154	235,554	234,554
NON-LINE OF SIGHT CANNON	107,587	157,587	107,587	148,387
NIGHT VISION SYSTEMS - SDD	26,449	28,449	28,949	29,399
COMBAT FEEDING, CLOTHING, AND EQUIPMENT	3,383	3,383	3,383	3,383
NON-SYSTEM TRAINING DEVICES - SDD	61,090	61,090	61,090	61,090
AIR DEFENSE COMMAND, CONTROL AND INTELLIGENCE -SDD	29,012	29,012	29,012	29,012
CONSTRUCTIVE SIMULATION SYSTEMS DEVELOPMENT	40,572	40,572	40,572	40,572
AUTOMATIC TEST EQUIPMENT DEVELOPMENT	54	2,554	54	2,254
DISTRIBUTIVE INTERACTIVE SIMULATIONS (DIS) -ENGINEER	22,057	23,457	32,057	30,057
COMBINED ARMS TACTICAL TRAINER (CATT) CORE	37,471	49,471	42,971	43,971
JOINT NETWORK MANAGEMENT SYSTEM	5,092	5,092	5,092	5,092
AVIATION - SDD	---	---	2,000	1,400
WEAPONS AND MUNITIONS - SDD	87,034	110,534	87,034	105,534
LOGISTICS AND ENGINEER EQUIPMENT - SDD	13,353	13,353	14,353	14,353
COMMAND, CONTROL, COMMUNICATIONS SYSTEMS - SDD	393,062	323,562	225,062	323,562
MEDICAL MATERIEL/MEDICAL BIOLOGICAL DEFENSE EQUIPMENT	5,627	18,127	10,627	16,727
LANDMINE WARFARE/BARRIER - SDD	80,560	75,560	80,560	75,560
ARTILLERY MUNITIONS	113,368	115,368	113,368	116,368
COMBAT IDENTIFICATION	2,973	2,973	7,973	5,473
ARMY TACTICAL COMMAND & CONTROL HARDWARE & SOFTWARE	66,980	66,980	66,980	66,980
RADAR DEVELOPMENT	5,080	5,080	5,080	5,080
GENERAL FUND ENTERPRISE BUSINESS SYSTEM (GFEBS)	71,119	71,119	71,119	71,119
FIREFINDER	46,061	46,061	46,061	46,061

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SOLDIER SYSTEMS - WARRIOR DEM/VAL	57,818	60,818	57,818	59,318
ARTILLERY SYSTEMS	5,476	5,476	5,476	5,476
PATRIOT/MEADS COMBINED AGGREGATE PROGRAM (CAP)	288,785	288,785	288,785	288,785
INFORMATION TECHNOLOGY DEVELOPMENT	63,662	65,662	65,662	67,062
TOTAL, ENGINEERING & MANUFACTURING DEVELOPMENT	5,225,675	4,910,575	5,080,917	5,121,867
RDT&E MANAGEMENT SUPPORT				
THREAT SIMULATOR DEVELOPMENT	23,796	28,196	25,796	29,296
TARGET SYSTEMS DEVELOPMENT	10,855	11,855	12,355	11,955
MAJOR T&E INVESTMENT	64,498	68,498	64,498	66,998
RAND ARROYO CENTER	23,800	23,800	23,800	23,800
ARMY KWAJALEIN ATOLL	154,535	155,535	154,535	155,535
CONCEPTS EXPERIMENTATION PROGRAM	31,653	38,653	31,653	39,053
ARMY TEST RANGES AND FACILITIES	369,943	369,943	369,943	369,943
ARMY TECHNICAL TEST INSTRUMENTATION AND TARGETS	62,687	66,687	68,187	69,287
SURVIVABILITY/LETHALITY ANALYSIS	38,306	42,306	43,306	42,306
DOD HIGH ENERGY LASER TEST FACILITY	17,688	17,688	20,688	19,788
AIRCRAFT CERTIFICATION	2,748	2,748	2,748	2,748
METEOROLOGICAL SUPPORT TO RDT&E ACTIVITIES	8,829	8,829	8,829	8,829
MATERIEL SYSTEMS ANALYSIS	15,517	15,517	15,517	15,517
EXPLOITATION OF FOREIGN ITEMS	4,710	4,710	4,710	4,710
SUPPORT OF OPERATIONAL TESTING	75,993	76,993	75,993	76,993
ARMY EVALUATION CENTER	57,305	57,305	57,305	57,305
SIMULATION & MODELING FOR ACQ, RQTS, & TNG (SMART)	9,437	5,437	9,437	5,437
PROGRAMWIDE ACTIVITIES	54,269	54,269	54,269	54,269
TECHNICAL INFORMATION ACTIVITIES	32,237	48,237	42,237	47,437
MUNITIONS STANDARDIZATION, EFFECTIVENESS AND SAFETY	16,922	37,622	28,922	38,072
ENVIRONMENTAL QUALITY TECHNOLOGY MGMT SUPPORT	4,014	4,014	4,014	4,014
MANAGEMENT HEADQUARTERS (RESEARCH AND DEVELOPMENT)	12,908	12,908	12,908	12,908
TOTAL, RDT&E MANAGEMENT SUPPORT	1,092,650	1,151,750	1,131,650	1,156,200

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OPERATIONAL SYSTEMS DEVELOPMENT				
MLRS PRODUCT IMPROVEMENT PROGRAM	114,297	114,297	116,297	115,297
WEAPONS CAPABILITY MODIFICATIONS UAV	---	---	9,000	5,400
JOINT LAND ATTACK CRUISE MISSILES DEFENSE (JLENS)	106,420	107,420	106,420	107,420
HIGH ALTITUDE AIRSHIP	---	---	17,500	---
ADV FIELD ARTILLERY TACTICAL DATA SYSTEM	16,064	16,064	17,064	17,064
COMBAT VEHICLE IMPROVEMENT PROGRAMS	12,030	16,030	17,030	17,530
MANEUVER CONTROL SYSTEM	44,903	41,403	44,903	41,403
AIRCRAFT MODIFICATIONS/PRODUCT IMPROVEMENT PROGRAMS	409,103	416,603	287,103	341,853
AIRCRAFT ENGINE COMPONENT IMPROVEMENT PROGRAM	2,066	2,066	2,066	2,066
DIGITIZATION	12,343	13,343	12,343	13,343
FORCE XXI BATTLE COMMAND, BRIGADE AND BELOW (FBCB2)	20,201	20,201	20,201	20,201
MISSILE/AIR DEFENSE PRODUCT IMPROVEMENT PROGRAM	16,188	16,188	16,188	16,188
OTHER MISSILE PRODUCT IMPROVEMENT PROGRAMS	23,560	23,560	18,681	18,681
TRACTOR CARD	6,797	6,797	6,797	6,797
JOINT TACTICAL COMMUNICATIONS PROGRAM (TRI-TAC)	24,906	24,906	24,906	24,906
JOINT TACTICAL GROUND SYSTEM	12,854	12,854	12,854	12,854
JOINT HIGH SPEED VESSEL (JHSV)	3,261	3,261	3,261	3,261
SECURITY AND INTELLIGENCE ACTIVITIES	2,992	13,492	4,992	11,292
INFORMATION SYSTEMS SECURITY PROGRAM	22,903	26,903	23,903	26,703
GLOBAL COMBAT SUPPORT SYSTEM	79,752	74,752	64,752	69,252
SATCOM GROUND ENVIRONMENT (SPACE)	58,659	58,659	58,659	58,659
WWMCCS/GLOBAL COMMAND AND CONTROL SYSTEM	13,647	13,647	13,647	13,647
JOINT COMMAND AND CONTROL PROGRAM (JC2)	1,696	1,696	1,696	1,696
TACTICAL UNMANNED AERIAL VEHICLES	139,610	142,610	156,610	150,810
AIRBORNE RECONNAISSANCE SYSTEMS	5,398	5,398	5,398	5,398
DISTRIBUTED COMMON GROUND SYSTEMS	91,587	98,837	91,587	93,187
AVIONICS COMPONENT IMPROVEMENT PROGRAM	994	994	994	994
END ITEM INDUSTRIAL PREPAREDNESS ACTIVITIES	68,505	96,805	112,005	112,405
NATO JOINT STARS	569	569	569	569

	Budget	House	Senate	Conference
	(In thousands of dollars)			
TACTICAL WHEELED VEHICLE PRODUCT IMPROVEMENT	---	20,000	---	14,000
SMALL BUSINESS INNOVATIVE RESEARCH	---	1,000	---	1,000
TOTAL, OPERATIONAL SYSTEMS DEVELOPMENT	1,311,305	1,390,355	1,267,426	1,323,876
CLASSIFIED PROGRAMS	3,966	3,966	3,966	3,966
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, ARMY	9,733,824	10,827,174	10,520,592	11,172,397

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[in thousands of dollars]

R-1		Budget Request	House	Senate	Conference
1	**IN-HOUSE LABORATORY INDEPENDENT RESEARCH**	**20,542**	**23,542**	**20,542**	**21,542**
	Tesla Human Whole-Body Research MRI		1,000		1,000
	Center for Ferroelectric-Photonics Nanodevices (Note: transferred to line 4)		2,000		0
2	**DEFENSE RESEARCH SCIENCES**	**137,898**	**162,498**	**159,398**	**176,048**
	Reduce program growth		-7,000		-7,000
	Advanced Carbon Nanotechnology Program		3,000	4,000	3,500
	Advanced Portable Power Institute		1,000		1,000
	Advanced Research and Technology Initiative		4,600		2,300
	Cyber TA (Note: only for CyberTA Phase 2 to develop real-time detection of emerging internet threats and develop solutions to actively guard against cyber-attacks, including $750,000 to demonstrate incorporation of IASM capabilities.)				5,500
	Desert Research Institute Desert Terrain Analysis for Enhancing Military Operations		1,000	3,000	2,100
	Functionally Integrated Reactive Surfaces Technologies Program		3,000		1,800
	Knowledge Integration and Management Center of Excellence		2,000		1,000
	National Research Consortium for Stress Induced Neurochemically-Based Mood Disorders		5,000		4,500
	PASIS (Perpetually Assailable and Secure Information Systems)		8,000		6,800
	Plasti-Bone Artificial Bone Graft Development				1,000
	Technology Commercialization and Management Network		4,000		3,400
	Advanced Ground Vehicle Reliability Research			1,000	1,000
	Brain Imaging and Deception Detection Research			2,500	1,250
	Biological Raman and Optical Imaging Program			1,000	1,000
	Document Exploitation Technology Upgrade			5,000	3,500
	Optical Technologies Research			3,000	4,100
	Terrain Processes Research to Optimize Battlefield Operations			2,000	1,400
3	**UNIVERSITY RESEARCH INITIATIVES**	**67,201**	**71,001**	**78,201**	**78,101**
	Laboratory for Engineered Human Protection		2,000		1,200
	Phase 2 SmartResponsive Nanocomposite (SRN) Systems		1,800		1,000
	Institute of Bioengineering and Nanoscience in Advanced Medicine				1,000
	Advanced Imaging Technology Research			1,000	1,000
	Burn and Shock Trauma Research			2,000	1,400
	High Resolution Analytical Transmission Electron Microscope			1,000	1,000
	Integrated Systems in Sensing, Imaging and Communications Research			2,000	1,400
	Low Temperature Vehicle Research			2,000	1,400
	Nanotechnology and Health Research			3,000	1,500

R-1		Budget Request	House	Senate	Conference
4	**UNIVERSITY AND INDUSTRY RESEARCH CENTERS**	**81,953**	**94,453**	**103,578**	**101,953**
	Modeling & Analysis of Response Structures		1,000		0
	Strategic Defense Systems Manufacturing Technology		2,000	3,000	2,000
	Photonics Research		4,500		1,700
	Advanced Steel Casting Technology for Weapons Systems		1,000	1,000	1,000
	Advanced, Multifunctional Composites for Joint Rapid Airfield Construction (JRAC)		500		500
	Centers of Excellence (HBCU/MI)		3,500		2,500
	Advanced Coating Systems for Ground-based Military Vehicles			1,625	1,200
	Advanced Sensors Research			1,000	1,000
	Automotive Research			2,000	1,700
	Ferroelectric Electronic - Photonic Nanodevices			4,000	2,000
	Nanoscience and Nanotechnology Research				1,000
	Nanotubes Optimized for Lightweight Exceptional Strength Composite Materials			4,000	2,000
	Next Generation Joining Technology Research			2,000	1,200
	Real Time Classification Through Wall Sensor			2,000	1,200
	Visualization for Training and Simulation in Urban Terrains			1,000	1,000
6	**MATERIALS TECHNOLOGY**	**17,559**	**30,259**	**40,059**	**35,559**
	Advanced Ceramic Armor in High Mobility Combat Vehicles		1,000		1,000
	Advanced Lightweight Composite Armor Materials for Ballistic Impact and Blast Protection		2,000		1,000
	Advanced Materials for Mine Detection and Blast Mitigation			3,000	1,500
	Composite Materials Technology for Future Combat System			3,000	1,500
	Future Affordable Multi-Utility Materials for Future Army Combat		2,500	4,000	3,000
	Lightweight Blast Containment Vessel Development			2,000	1,400
	LRIP LASSO			2,500	2,200
	MEMS Sensors for Rolling Bearings		3,200	2,000	2,000
	Multifunctional Nanostructured Materials for Future Combat System (FCS)		2,000	4,000	2,400
	Tactical Armor Manufacturing Technology (Note: only for a materials processing technology program for a unique polycrystalline ceramic with superior armor and optics qualities compared to present state-of-the-art materials)		2,000	2,000	2,000

R-1		Budget Request	House	Senate	Conference
7	**SENSORS AND ELECTRONIC SURVIVABILITY**	**32,147**	**48,147**	**48,647**	**52,247**
	Scalable High Efficiency Solid State Laser (SHESSL)		2,000	3,000	2,000
	Urban Warfare Analysis Center		5,000		3,000
	Network Enabled Combat Identification (CID)		3,000		1,500
	Disposable Sensors for Battlefield and Urban Warfare		3,000		1,500
	Wireless Networking and Smart Power for Small or Mini-UAVs		1,500		1,300
	Project 12		1,500		1,050
	Advanced Detection of Explosives Program				1,500
	Digital Radio Frequency Tags			4,000	2,800
	Optical Combat Identification System (OCIDS)			2,000	1,700
	Persistent Multi-Dimensional Surveillance In Non-Permissive Environments			2,000	1,000
	Small Airship Surveillance System			3,000	1,500
	SmartCam3D Technology			2,500	1,250
9	**AVIATION TECHNOLOGY**	**34,295**	**42,295**	**34,295**	**39,995**
	Aircraft Structural Condition Monitoring (ASCM) for Diagnostics and Prognostics		2,000		1,200
	Center for Rotorcraft Innovation		5,000		2,500
	Mono Tiltrotor Scaled Demonstrator				1,000
	Composite Small Main Rotor Blades		1,000		1,000
10	**ELECTRONIC WARFARE TECHNOLOGY**	**19,129**	**27,629**	**29,129**	**29,729**
	Silver Fox Unmanned Aerial Vehicle		4,500	4,000	4,000
	Xenon Light Source for Non-Lethal Deterrence from Small Unmanned Vehicles		2,000		1,400
	GLAVID for Force Protection		2,000		1,400
	Real-Time Laser Threat Warning Development			4,000	2,800
	Subterranean Target Identification			2,000	1,000
11	**MISSILE TECHNOLOGY**	**62,524**	**66,024**	**110,524**	**92,024**
	Reduce program growth for hypersonic missile technology		-4,500		-4,500
	MARIAH II Hypersonic Wind Tunnel Development Program		6,000	12,000	9,000
	Cruise Missile Defense Via Passive RF Detection		2,000		1,400
	Enhanced Area Protection and Survivability (EAPS)			5,000	3,500
	LENS X Hypervelocity Ground Testing			5,000	2,500
	Nanoscience Initiative for Next Generation Missiles			3,000	2,100
	Near Hermetic Packaging and Interconnection Technology			3,000	1,500
	Red Rain			3,000	2,100
	Unique Waveform Based Missile Technologies for Horizontal Integration and IED Detection			12,000	8,400
	Unmanned Systems Initiative at AMRDEC			5,000	3,500
12	**ADVANCED WEAPONS TECHNOLOGY**	**21,139**	**27,139**	**41,639**	**37,239**
	Solid-State High-Output Diode Arrays		5,000	2,500	2,500
	Single Crystal Chemical Vapor Deposition (CVD) Diamond Lens Elements for High-Energy Lasers		1,000		1,000
	Army Missile and Space Technology Initiative			18,000	12,600

R-1		Budget Request	House	Senate	Conference
13	**ADVANCED CONCEPTS AND SIMULATION**	**16,013**	**23,013**	**25,013**	**27,813**
	Automated Man-In-Simulant-Test (MIST)		1,000		1,000
	Photonics Center (Note: only for the integrated acoustic finding surveillance targeting robot platform)		4,000		3,400
	Institute for Creative Technologies		2,000		1,400
	Surveillance and Targeting Robot Platform (Red Owl)			9,000	6,000
14	**COMBAT VEHICLE AND AUTOMOTIVE TECHNOLOGY**	**64,883**	**102,583**	**78,383**	**94,283**
	Nanofluids for Advanced Military Mobility Systems		1,000		1,000
	Nano-Engineered Multi-Functional Transparent Armor		4,000		2,000
	Gaming Technology Software Initiative (GTSI)		2,000		1,000
	Advanced Affordable JP-8 PEM Fuel Cell Components for Army APU and Ground Vehicle Applications		4,000		2,000
	Center for Tribology and Coatings		2,000		1,800
	Light Utility Vehicle (LUV) (Note: only to continue work toward completing the prototype LUV)		5,000		3,500
	Liquid Desicant-Based Atmospheric Water Generation (Note: only for liquid desicant-based atmospheric water generation without reverse osmosis.)				500
	Family of Scalable Trailers (FAST) (Note: transferred to line 90)		2,500		0
	HAMMER		4,000		1,800
	Rapid Product Development and Deployment Portal		3,000		1,500
	Plasma JP-8 Fuel Reformer		2,700		1,600
	Hydrogen PEM Ambient Pressure Fuel Cell Medium/Heavy Duty Vehicle		4,000		2,000
	Transportable Synthetic Fuel Manufacturing Modules		2,000		1,000
	Advanced Electric Drive		1,500	3,500	2,100
	Defense Transportation Energy Research			3,000	2,100
	Ultra Light Cargo Vehicle			4,000	3,400
	Unmanned Vehicle Control Technologies			3,000	2,100
15	**BALLISTICS TECHNOLOGY**	**49,163**	**52,163**	**51,163**	**52,763**
	Advanced Tungsten Penetrators and Ballistic Materials		3,000		2,600
	Gun Barrel Coatings			2,000	1,000

R-1		Budget Request	House	Senate	Conference
16	**CHEMICAL, SMOKE AND EQUIPMENT DEFEATING TECHNOLOGY**	**2,519**	**13,019**	**12,519**	**10,719**
	Bioaerosol Sampling Systems for US Army Force Protection		2,000		1,200
	Fluorescence Activated Sensing Technology (FAST) Integrated Threat Management System (Note: transferred to RDTE,D-W line 5)		4,000		0
	Biotechnology Education Initiative		1,000		1,000
	Application of CHP-105 to Class A Biowarfare Agents		1,500		1,000
	Automated Multiplexed Diagnostic System for Biowarfare Agent Detection		2,000		1,000
	Battlefield Production of Modified Vaporous Hydrogen Peroxide for Field Decontamination			5,000	3,000
	Development/Operation of Test Range for Advanced Sensors and Obscurants			1,000	1,000
	Global Pathogen Portal (Note: transferred to RDTE,DW line 15)			4,000	0
17	**JOINT SERVICE SMALL ARMS PROGRAM**	**5,703**	**6,703**	**5,703**	**6,703**
	Joint Service Small Arms Program Advanced Recoil Reduction		1,000		1,000
18	**WEAPONS AND MUNITIONS TECHNOLOGY**	**37,824**	**106,124**	**100,624**	**127,079**
	Acoustic Counter Battery System (ACBS)		2,000		1,700
	Active Coatings Technology (ACT)		1,000	3,500	1,750
	Advanced Materials and Processes for Armament Structures (AMPAS)		10,800		6,400
	Alloy-Tungsten for Armor Piercing Ammunition		2,000		1,700
	Army Syst Engineering and Integration		2,000		1,400
	Armament Systems Engineering - ASEI2		4,000		2,800
	Armaments Systems Info Assurance		2,000		1,400
	Armor and Structures Transformation Initiative (ASTI)--Steel to Titanium				2,000
	Center for Integrated Security Logistics		2,000		1,400
	Developmental Mission Integration		4,000		2,800
	Dynamic Pulse Detonation		6,000		3,000
	Effects Planning and Course of Action Tool (EPCAT)		2,000		1,400
	Green Armaments/Rangesafe		4,000		2,800
	Integrated Emergency Operations Capabilities		6,000		5,100
	Less than lethal and scalable protection		3,000		2,100
	Micro-Laminate Ceramic Armor		5,000		2,000
	Nanoparticle Development for Energetic Materials and Protective Systems		2,500		2,200
	Perimeter Defense Technologies		2,000		1,400
	Remotely Operated Weapon/Sensor Technology		3,000		2,100
	Seamless Data to Display (SDD)		5,000		3,500
	Advanced Materials and Nanotechnology for Ammunition			3,000	1,800
	Advanced Technology Lightweight Armament System - Rarefaction Wave Gun			4,000	2,000
	Army Center of Excellence in Acoustics			6,300	5,400
	Electroconversion of Energetic Materials			7,500	3,750
	Engineered Surfaces for Weapons Systems' Life Extension			5,000	3,500
	Fatigue Odometer for Vehicle Components and Gun Barrels Project			4,000	2,400
	Micro/Nano Systems Technology Research			3,000	2,100
	Non-nuclear Earth Penetrator Operational Prototype (Note: only for the "Deep Digger" program)			7,000	3,500
	Polymer Cased 5.56mm Small Arms Ammunition			1,000	1,000

R-1		Budget Request	House	Senate	Conference
	Precision Manufacturing Initiative			4,000	2,800
	SLEUTH Tungsten Heavy Alloy Penetrator and Warhead Development			4,500	3,200
	Titanium Extraction Mining and Process Engineering Research			7,000	5,655
	Toxin Guard Research (Note: transferred from line 28)			0	1,000
	Transition Laser Engineered Net Shaping Technology			1,000	1,000
	Ultra Wide Band Sensors			2,000	1,200
19	**ELECTRONICS AND ELECTRONIC DEVICES**	**39,554**	**81,454**	**63,554**	**93,254**
	Advanced Oscillator Technology for Radar and Communications Systems		1,000		1,000
	Advanced Power Component Technologies		1,000		1,000
	Bipolar Wafer-cell Lithium-ion Batteries			1,000	1,000
	Carbon Dioxide Heating and Cooling Technology		1,800		1,000
	Conformal LI-ION Polymer Belt Battery for Urban 1st Responders		2,000		1,000
	Development of Clean Sources of Hydrogen for Fuel Cells		1,000		1,000
	Direct Methanol Fuel Cell Lifetime Improvement Program (DMFC-LIP)		4,000		2,000
	E-Beam Reticle and Lithography Inspection Tool (Note: only to continue development of a prototype Electronic Beam Reticle and Lithography Inspection tool)		4,000		2,000
	Field-Ruggedized Mid-Range Direct Methanol Fuel Cells		1,000		1,000
	Flexible Microelectronics in Support of Flexible Display Initiative (FDI)		2,000		1,000
	Flexible Polymer Multilaminate Packaging		3,000		2,600
	Future Soldier Hybrid Power Sources for the Battlefield			1,000	1,000
	Higher Energy Density Rechargeable Batteries Based on Stabilized Lithium Metal Powder (SLMP)		1,000		1,000
	Jet/Diesel-Fueled Military Fuel Cell System (Note: transferred from RDTE,D-W line 44)				3,600
	Liquid Silicone (Large Format Plate Type) Li Rechargeable Battery for the Future Force Warrior		1,000		1,000
	Lithium Air Metal Battery		1,000		2,200
	Lithium Carbide Monoflouride Military Battery Packs			1,000	2,500
	Manufacturing Technology Development of Advanced Components for High Power Solid-State Lasers		3,600		1,800
	Miniature Tactical Energy Systems Development			3,000	1,500
	Nanofluidic Electronic BioSensor Technologies for Defense Applications		1,500		1,000
	Novel Zinc Air Power Sources for Military Applications			2,000	1,400
	ONAMI Miniature Tactical Energy Systems Development		2,000		1,000
	PEM Fuel Cell Tactical Quiet Generators			1,000	1,000
	Portable Power Technology and Manufacture				2,000
	Portable Reforming on the Battlefield		1,000		1,000
	Portable Solid Oxide Fuel Cell SOFC/JP-8 Demonstrator		2,000	2,000	2,000
	Revolutionary 1.5V Alkaline		1,000		2,700
	Software Defined Radio Interoperability Initiative (Note: transferred to line 24)			2,000	0
	Soldier Fuel Cell System		2,000		1,400
	Soldier Portable Fuel Cell Power Using Solid Fuel Hydrogen Generator				1,500
	State of Charge Battery Life Indicator		2,000	2,000	2,000
	Thin Cylindrical Iron Disulfide Primary Battery		1,000	4,000	2,800
	Transcritical Carbon Dioxide (CO2) Environmental Control Unit			5,000	3,000

R-1		Budget Request	House	Senate	Conference
	Weapons of Mass Destruction Marking Set		2,000		1,700
20	**NIGHT VISION TECHNOLOGY**	**23,823**	**38,123**	**23,823**	**32,123**
	Compact Lightweight Solid State Glass Lasers for Military Applications		1,000		1,000
	Enhanced Micro-Image Display Technology		3,000		1,500
	Crystal Materials for Electro-Optic Imaging and Communication		1,500		1,300
	Diffractive Optics for Advanced Imaging		1,800		1,000
	Miniaturized Sensors for Small and Tactical Unmanned Aerial Vehicles (MINISENS)		2,000		1,000
	Next Generation Focal Plane Array (FPA)		5,000		2,500
21	**COUNTERMINE SYSTEMS**	**19,293**	**22,293**	**27,293**	**29,593**
	Stoichiometric Explosive Detector System		2,000		1,000
	Quantum Research Facility		1,000		4,000
	Biological Detection of Unexploded Ordnance and Land Mines			4,000	2,800
	Explosives Detection and Mitigation - INL			3,000	1,500
	Small Synthetic Aperture Radar (SAR) Buried Mine Detection			1,000	1,000
22	**HUMAN FACTORS ENGINEERING TECHNOLOGY**	**17,482**	**31,482**	**21,482**	**28,832**
	3rd Generation Omni-Directional Treadmill, LITE		4,500		3,500
	Team Performance and Optimization in Agent and Human Agent Teams		4,000	4,000	4,000
	MANPRINT		5,500		3,850
23	**ENVIRONMENTAL QUALITY TECHNOLOGY**	**16,417**	**16,417**	**27,417**	**18,117**
	Advanced Bio-Based Binders			1,000	0
	Chemical Materials and Environmental Modeling Project			2,000	1,700
	Quantum Research Facility (Note: transferred to line 21)			8,000	0
24	**COMMAND, CONTROL, COMMUNICATIONS TECHNOLOGY**	**21,787**	**56,787**	**23,787**	**50,037**
	Lightweight Inter-theater Transportable Tactical Operations Center		5,000		4,300
	All Digital Transceiver (ADT) Development		1,000		500
	Integrated Lightweight Electronics Shelter		3,500		1,750
	HEAT - Heterogeneous Agent Teams for FCS Command and Control		2,000		1,000
	Portable Flexible Communication Display Device		3,000		1,500
	USB Data Acquisition for Voice Recognition/ Response		1,000		1,000
	Highly Mobile Large-Scale C4ISR Command Post Systems, C-130 Compatible Command Trailer		4,000		2,400
	Improved Bandwidth for Battle Communications		4,000		3,400
	Enhanced Wireless Digital Communications for Urban First Responders		7,000		6,000
	Digital Alert Display for Army Commanders		1,000		1,000
	Center for Urban Warfare Preparedness and Response		2,500		2,000
	Center for Integrated Systems in Sensing, Imaging, and Communications at Michigan Technological University		1,000		1,000
	Software Defined Radio Interoperability Initiative (Note: transferred from line 19)				1,000
	Ultra Wideband Chip Set			2,000	1,400
25	**COMPUTER AND SOFTWARE TECHNOLOGY**	**3,590**	**3,590**	**4,890**	**4,590**
	Software Reliability and Security Improvements			1,300	1,000

R-1		Budget Request	House	Senate	Conference
26	**MILITARY ENGINEERING TECHNOLOGY**	**47,046**	**51,346**	**49,046**	**51,046**
	Center for Geospatial Intelligence and Investigation		500		500
	Detonation Suppression System Pilot Program (Note: only for a materials processing technologies program for a detonation suppression system with the use of aluminum alloy mesh materials which mitigates explosions and suppresses fire for storage or vehicular tank/containers. The detonation suppression system must have an approved NATO stock number.)		1,500		1,000
	Fuel Cell Systems for the War Fighter		2,300		1,300
	Geosciences Research			2,000	1,200
27	**MANPOWER/PERSONNEL/TRAINING TECHNOLOGY**	**15,207**	**15,207**	**19,207**	**15,207**
	Language Instruction for the Troops			4,000	0
28	**WARFIGHTER TECHNOLOGY**	**21,707**	**36,407**	**45,907**	**48,357**
	GPS-Guided Parasail System		4,000		3,400
	Smart Apparel for Warriors (SAW), Next Generation ACU		1,000		1,000
	Electro-Textile		1,000		1,000
	Army Combat Uniform Advanced Fabric Treatment Technology Demonstration		1,000		1,000
	Soldier Systems Center 6.3		1,500		1,000
	Research on Structures and Composites in Construction for Force Protection		2,000		1,000
	Center for Geosciences Phase IV		2,700		1,700
	Advanced Warfighter Sustainment Systems for the 21st Century (AWSS-21)		1,500	3,500	1,750
	Biosecurity Research for Soldier Food Safety			3,700	2,600
	Development of Long Shelf-Life Fruits and Vegetables for Military Rations			3,000	1,800
	Improved Self Sintered Silicon Carbide to Meet Body Armor Protection			500	500
	Integrated, Unbreakable, Flexible Visible Infrared Lighting Surfaces for Shelters			4,000	2,800
	Mosaic Flexible Armor			1,000	1,000
	NBC Integrated Protection Membrane Shelters			5,000	4,300
	Toxin Guard Research (Note: transferred to line 18)			1,000	0
	Ultra Lightweight Flexible Photovoltaics for the Individual Warrior			2,500	1,800

R-1		Budget Request	House	Senate	Conference
29	**MEDICAL TECHNOLOGY**	**74,694**	**280,844**	**163,894**	**283,844**
	Advanced Proteomics for Clinical Applications		2,000		1,000
	Alzheimer's Patient Corroborative Care Program		2,000		0
	Antidotes Against Combat Injuries		1,000		1,000
	Applied and Clinical Prosthetic Research Program at the Walter Reed Amputee Center		10,000		5,500
	Basic Clinical Translational Genetics Research (Note: only for Maine Institute for Human Genetics and Health)				2,000
	Biological and Immunological Infectious Agent and Cancer Vaccine Research		2,700		2,300
	Biomarkers: Evaluating and Treating Acute and Chronic TBI		2,500		2,200
	Blood Based Therapy for Traumatic Brain Injury		1,900		1,000
	Bone Health and Military Medical Readiness		1,000		1,000
	Broad Spectrum Anti-Viral Host Oriented Therapeutics				1,000
	Cancer Prevention through Remote Biological Detection		2,000		1,000
	Center for Advanced Surgical and Interventional Technology (CASIT)		8,000		6,800
	Center for Diagnosis of Pathogens		1,000		1,000
	Clinical Trials using Piezoelectric Dry Powder Inhalation Device		4,000		3,400
	Combat Stress Intervention Program		2,000		1,700
	Copper Air Quality Program		2,000		1,000
	CRF Spinal Chord Injury Clinical Trials Research Initiative		5,000		3,000
	Defense and Veterans Head Injury Program (Note: funding provided in the Defense Health Program)		2,000		0
	Defense Graduate Psychology Education Program (Note: transferred to RDTE, N Line 130)		4,000		0
	Development of a Continuous Monitor for Sensing Glucose and Lactate		1,000		1,000
	Development of Biomedical Assistive Technologies for Disabled Service Members		1,000		1,000
	Digital Imaging and Catheterization Equipment Project				1,000
	Early and Rapid Analyzer for Heart Attack Diagnosis		1,000		500
	Evaluation of p75 protein for Non-surgical Treatment of Central Nervous System Trauma		1,300		1,100
	Genetic Reassortment by Mismatched Repair Biowarfare Therapy Program		1,000		1,000
	IC4 Program (Integrated Medicine, Communications, Compassion, Chronic, Care Program)		3,000		2,100
	ImPACT Battlefield Head Injury Diagnosis and Triage Program		1,000		500
	Improving Soldier Recovery from Catastrophic Bone Injuries		3,000		1,800
	Infrastructure Support for Clinical Trials of Orphan Retinal Degenerative Diseases		3,000		2,600
	Invitro Surrogate Lung Test Bed		1,000		1,000
	Life Science Research Initiative				500
	Medical Area Network for Virtual Technology (MANVT)		6,000		5,100

R-1	Budget Request	House	Senate	Conference
Medical Image Database Holographic Archiving Library System (Note: to provide for advanced prototyping demonstrations of this system for the Army. The storage, distribution, retrieval, and analysis of Picture and Archived (PACS) medical documents are critical factors for the administration of timely medical care. MIDHALS will integrate available holographic data storage technology with other storage systems to deliver a combined storage and retrieval capability.)		3,000	2,000	2,000
Medical Resource Conservation Technology System		4,000		2,800
MIL-CAM (Complementary and Alternative Medicine Research for Military Operations and Healthcare)		1,000	6,000	5,000
Military Molecular Medicine Initiative (M3I) (Note: only for the continuation of a public/private effort, in coordination with a rural non-profit biomedical research institute and a non-profit medical foundation, to provide a consolidated program of molecular studies of chronic diseases including breast cancer, diabetes, heart disease, and obesity, in the areas of risk assessment, diagnosis, treatment, and research for the Department of Defense.)		25,000		21,300
Military Nutrition Research: Personnel Readiness and Warfighter Performance (Note: transferred from BLIN 31)		2,500		2,000
Mobile Electronic Health Records Initiative		2,000		1,000
MCIS Portable Clinical Information Initiative				1,000
Nanofabricated Bioartificial Kidney		2,700		1,600
Neural Controlled Prosthetic Device for Amputees		2,000		1,700
Neutron Therapy		1,600		1,800
Non-Electric Disposable IV Infusion Pump		3,000		2,100
Northern California Institute for Research and Education		4,700		3,300
Online Health Services Optimization				1,000
Orthopedic Extremity Trauma Research		15,000		7,500
Orthopedic Implant Design and Manufacturing for Traumatic Injuries		1,300		1,000
Orthopedic Trauma Research Center		1,000		1,000
Center for Traumatic Amputee Rehabilitation and Research		1,200		1,000
Pain and Neuroscience Center Research (Note: only for a public/private effort among DOD Medical Treatment Facilities and a primary health care center to provide a comprehensive program in pain and neurosciences for DoD medical beneficiaries.)		14,000		11,900
Personal Medical Record (PMR)		1,000		1,000
Post-Traumatic Stress Syndrome Center		500		500
Prevention of Compartment Syndrome		1,000	2,000	1,000
Preventive Medicine Research Institute		2,000		1,400
Protein Hydrogel		1,800		1,000
Rapid Wound Healing Technology Development Project		1,000		1,000
Rare Blood Program		1,000		1,000
Remote Acoustic Hemostasis/Image-Guide HIFU Therapy		2,000		1,400
Scleroderma Research		500		500
Silver Foam Technologies Healing Research		2,000		1,200
Synchrotron-Based Scanning Research		10,000		8,500
Targeted Nano-Therapeutics for Advanced Breast & Prostate Cancers		2,000		1,000
TEDCO-MRASC Applied Research Demonstration Project		1,000	1,000	1,000

R-1		Budget Request	House	Senate	Conference
	TexSHIELD (Texas Science, Humanitarian Intervention, Education and Leadership for Disasters)		8,100		5,700
	Tissue Replacement and Repair for Battlefield Injuries		2,000		1,000
	Transportable Pathogen Reduction and Blood Safety System		2,500		1,250
	Trauma Prevention, Treatment and Rehabilitation, Ryder Trauma Center		1,350		1,000
	Type 1 Diabetes Regeneration Project		4,000		3,400
	Ultra High Speed MEMS Electromagnetic Cell Sorter		3,000	5,800	3,000
	USP Laser Scalpel				1,000
	Adult Stem Cells for Wound Healing and Immune Reconstruction			4,000	2,800
	Automated Medical Emergency Intravascular Access			3,000	1,500
	Bio-Foam Bleeding Sealant for Battlefield Trauma			2,600	1,300
	Biomedical Sciences and Technology			2,500	1,800
	Colorimetric PDA-Based Sensor for Rapid Pathogen Detection			7,000	4,200
	Combat Casualty Care - Battlefield Wounds			4,000	2,800
	Computational Proteomics			1,000	1,000
	Control of Inflammation and Tissue Repair			5,000	2,500
	Hibernation Genomics (UAF)			3,000	2,600
	HSDI			7,000	6,000
	Integrative Healing Practices for Veterans (VET-HEAL)			3,500	2,500
	Military Biomaterials Research			4,000	2,000
	Molecular Switching Vaccines for Biodefense				2,100
	National Eye Evaluation and Research Network			3,500	2,500
	Plasma Discharge Medical Device Sterilization Technology			2,500	1,750
	Platelet Gels for Treatment of Traumatic Injuries			3,000	0
	Post-Traumatic Stress Disorder Research			1,000	1,000
	Respiratory Biodefense Research				1,850
	Telemedicine and Surgical Innovation Research			2,000	1,200
	Vaccine Research in Biodefense and Emerging Infections			1,000	1,000
	Vaccines and Therapeutics to Counter Biological Threats			4,000	2,800
	Vascular Graft Development on Elastin Biomatrices (Note: transferred to BLIN 31)			4,800	0
	Vigilance Surgical Safety System			4,000	4,000
30	**WARFIGHTER ADVANCED TECHNOLOGY**	**63,754**	**79,454**	**72,754**	**78,554**
	Reduce program growth		-6,000		-6,000
	Joint Precision Airdrop System (JPADS) - 2k lb Resupply Requirement & Support		2,700		1,300
	Multi-Layer Coextrusion for High Performance Packaging Film		3,500		3,000
	Ration Packaging Materials and Systems for Meals-Ready-to-Eat		5,500	2,000	4,700
	Multifunctional Protective Packaging Technology		3,000		2,600
	Antimicrobial/Medical Base Layer Garment Technology		3,000		1,500
	Precision Airdrop System for Special Operations Forces		4,000		2,800
	Self-Decontaminating Selectively Permeable Membranes for Chem-Bio Protection			2,000	1,400
	Small Business Development and Transition			2,000	2,000
	Technology and Human Systems Integration Program			3,000	1,500

R-1		Budget Request	House	Senate	Conference
31	**MEDICAL ADVANCED TECHNOLOGY**	**45,160**	**318,710**	**132,510**	**305,135**
	Acute Care of Blast Effects and Head Injuries		2,000		1,000
	Advance of Non-Invasive Glucose Monitoring		2,000		1,700
	Advanced Diagnostic and Therapeutic Digital Technologies		2,000		1,000
	Advanced Proteomics Program		3,000		1,500
	Advanced Regenerative Medicine Skin Cell Therapies: Burn, Limb and Digit Treatment		2,500		2,200
	Advanced Technology for Vaccines and Biologics Initiative		5,000		4,250
	Advances in Breast Cancer Therapy		2,000		1,700
	Alliance for NanoHealth		3,600		2,100
	Anderson Cancer Center, Prostate Cancer Study		500		500
	Angiogenesis and Tissue Engineering Research		1,000		1,000
	Assistive Technology Research Center at the National Rehabilitation Hospital (Note: Only for assistive technology to support innovative applied technology programs for veterans, service members and their families at the Assistive Technology and Research Center at the National Rehabilitation Hospital)		3,000		2,600
	Battlefield Blood Sample Preparation		650		650
	Battlefield Exercise and Combat Related Spinal Cord Injury Research		2,700		1,300
	Battlefield Liquid Infusion System				500
	Behavioral Genomics Project		1,000		1,000
	BESCT Lung Cancer Research Program (MDACC)		9,500		6,700
	Biodefense Vaccine Development and Engineering		1,000		1,000
	Bioinformatics and Biotechnology Research Initiative		3,000		1,500
	Blood Safety and Decontamination		6,000		3,600
	Brain, Biology and Machine		3,000	2,000	2,000
	Cancer Biomolecular Markers Research				1,000
	Center for Proteomics		3,000		2,600
	Center for Targeted Cancer Therapy		1,000		1,000
	Center for Women's Cancer Genetics		3,000		1,500
	Center for Integration of Medicine and Innovative Technology		13,000		11,000
	Childhood Cancer Research (Note: only to support studies covering all principle cancers of infants, children and adolescents)		3,000		2,375
	Combat Medic Training		1,000		1,000
	Consortium on Preparedness at the NYU School of Medicine		1,000		1,000
	Dean and Betty Gallo Prostate Cancer Center		1,000		1,000
	Diagnostic and Therapeutic Cancer Care Equipment		5,000		4,300
	DMCT Medical/Training Technology Enhancement Initiative Pocket PC		1,500		1,100
	Exceptional Family Transitional Training Program (EFTT)		1,000		1,000
	Gallo Center - Department of Neurology		8,000		5,600
	Genomic Medicine Project and Gene Therapy		4,500		2,200
	Genomics and Computational Science Initiative		1,000		1,000
	Gynecologic Disease Program		4,000		3,400
	Hands-Free Electronic Health Record		1,000		1,000
	Hospital of the Future Program		3,000		1,500
	Infectious and Inflammatory Disease Center of Excellence		3,000		0
	Integrated Functional Materials Project		2,000		1,000
	Intelligent Orthopedic Fracture Implant Program		1,000		1,000
	Intravenous Membrane Oxygenator		2,700	1,000	1,800

R-1	Budget Request	House	Senate	Conference
IURTC (Note: only for research on the ability of gene manipulation to address health and disease outbreaks from biological and chemical weaponry)		500		500
Joint Collaborative Medical Information System (JCMIS)		3,000		2,600
Joint US-Norwegian Telemedicine Program		2,000		1,000
Joslin Diabetes		5,000		4,300
Marshall Island Diabetes				1,000
Maryland EMS and Shock Trauma as a Resuscitation Research Test Bed		2,000		1,000
Medical Information Network Decision Support (MINDS) Tool Development		2,000		1,000
Medical Pneumothorax Device (PTX)				1,000
Medviser Secure Telemedicine				2,000
Miami Children's Hospital Pediatric Brain Tumor and Neurological Disease Institute		3,000		1,500
Military Asthma Program		1,000		1,000
Military Family Mental Health Readiness System and Portal		1,500		1,000
Military Low Vision Research Program		1,000	4,000	2,000
Modeling and Managing the Impact of Sleep Deprivation (MMISD)		3,000		2,600
Muscular Dystrophy Research and Application		2,000		1,700
National Bioterrorism Civilian Medical Response Center		3,000	2,000	2,000
National Functional Genomics Center		10,000		5,000
National Functional Genomics Center (SNCC)		2,500		1,500
NCDR - Field Medical Robotics for Military Combat Casualty Care		1,000		1,000
Neurofibromatosis (NF) Research		20,000		17,000
Neuroprosthetics and Solutions for Spinal Chord Dysfunction		2,500		2,200
Neuroproteomics Center		3,600		1,800
Neurotoxin Exposure Treatment Research Program		26,500		23,000
New Radiation Therapy Systems: Applications to Human Cancer Treatment and Novel Drug Discovery (NCI)		3,000		1,500
Nightengale Personal Status Monitor System		2,000		1,200
Opthamology Training and Education (Wills Eye)				1,500
Orphan Disease Drug Discovery Program		2,000		1,700
Oxygen Diffusion Dressing for Battlefield Wounds		1,000		0
Picture Archiving and Communications Systems (PACS), Phase III		2,500		1,700
Plasma Sterilizer		1,000	3,000	1,500
Portable Digital X-Ray Machine				1,000
Project Collaboration				1,000
Project Genesis		3,000		2,100
Prostate Cancer DNA Detection Initiative		4,000		2,800
Proton Beam Therapy (Note: only to continue a civilian-military collaborative proton beam therapy initiative on the East Coast of the United States in conjunction with WRAMC to provide state-of-the-art radiation treatment as well as clinical and non-clinical research.)		10,000		8,500
Rapid Bio-Pathogen Detection Technology Program		1,000		1,000
Regional Medical Distributed Learning Center		1,000		1,000
Retinal Implants for the Restoration of Sight		2,000		1,700
Rugged Textile Electronic Garments (MH6)		1,000	2,200	1,100
Rural Health - CERMUSA		5,000		4,300
Spinal Muscular Atrophy Research		3,500		2,500
Surgical Wound Disinfection and Biological Agents		2,000		2,000
Technologies for Metabolic Monitoring		2,000	1,000	1,000
Thunderbolt				1,000

R-1	Budget Request	House	Senate	Conference
Tissue and Limb Transplantation Medical Technology Development (Note: transferred from RDTE,N Line 25)		4,500		3,500
Translational Genomics Research Institue				500
Ultra-high Resolution Display for Army Medicine		3,300		1,600
UMDNJ Cancer Initiative (Note: only to include the continuation of the Gallo Prostate Cancer Center)		1,000		1,000
Universal Medical/Surgical Product Catalog		4,000		2,800
UTCI Cancer Care Initiative		2,000		1,000
Veterinary Manpower Development for Defense		500		500
Gulf War Illness Research		(10,000)		(5,000)
Autonomous Non-Invasive Alcohol Testing			1,000	1,000
Bio-Surveillance in a Highly Mobile Population			1,500	1,100
Center for Minimally Invasive Technology			7,500	3,750
Fibrogen Bandages for Battlefield Wounds			5,000	2,500
Human Operator Performance Research			3,000	1,500
Medical Modeling and Simulation through Synthetic Genes			1,750	1,000
Metroplex Comprehensive Imaging Center			10,000	7,000
Military Nutrition Research: Personnel Readiness and Warfighter Performance (Note: transferred to BLIN 29)			2,000	0
Minimally Invasive Surgery Modeling and Simulation			1,500	1,100
National Tissue Engineering Center			3,500	1,750
Online Medical Training for Military Personnel			3,000	2,100
Pharmacological Countermeasures to Ionizing Radiation			2,500	1,250
PolyHeme Blood Substitute			5,000	3,500
Portable Ultra Sound Finger Probe			4,000	2,000
Pseudofolliculitis Barbae Skin Therapy System			1,000	1,000
Rural Electronic Medical Record (EMR)/Teleradiology System			2,000	1,200
SEA-Med Oral Health Program			500	500
Smart Prosthetic Devices Technology			1,000	1,000
Soldier Mounted Eye Tracking and Control Systems			3,500	2,500
Soldier Treatment and Regeneration Consortium			2,000	1,000
Tripler Army Medical Center eICU Remote Critical Care			1,000	1,000
Untethered Healthcare Program			2,000	1,000
Vascular Graft Development on Elastin Biomatrices (Note: transferred from BLIN 29)			3,000	4,600
Walter Reed Army Medical Center Wireless Network			1,400	1,000
Weight Measurements and Standards for Military Personnel			3,500	1,750

R-1		Budget Request	House	Senate	Conference
32	**AVIATION ADVANCED TECHNOLOGY**	**48,318**	**90,018**	**103,218**	**108,118**
	Advanced Performance for Military Helicopters		1,000		1,000
	Army/Joint Aviation Technical Data Integration (JADTI)		2,500		1,500
	Cutting Tools for Aerospace Materials		2,000		1,000
	Electromagnetic Weapons Systems for UAV Payloads		1,000		800
	Excalibur Unmanned Combat Aerial Vehicle			7,900	6,900
	Fuel Cells for Mobile Robotic System Projects		2,500	5,000	3,500
	Helicopter Nanocrystalline Diamond Rotor Blade Leading Edge Protection		2,000		1,000
	Helicopter Situational Awareness Enhancement in Zero Visibility Conditions		2,000		1,500
	Improved VAROC/Unmanned Aerial Vehicle Compression System Development			7,000	4,900
	Integrated Oil Debris and Condition Sensor for Condition-Based Maintenance			3,000	1,500
	Joint Ground Forces Interoperability		4,000		2,800
	Locust USA Heavy Fuel Burning Engines for UAVs		5,400		3,700
	Mission Execution Technology Implementation			3,000	2,100
	Multilayered Sacrificial Film Laminates for Helicopter Windscreens		1,500		1,000
	Portable Reconfigurable Tooling System		1,800		1,000
	Process Technologies for Replacement Part Production		6,000	2,000	6,000
	Reconfigurable Tooling Systems			2,000	1,400
	Remotely Piloted Airship Testbed		1,000		500
	UAV Guided Dispenser Unit		2,000		1,400
	Universal Control - Full Authority Digital Engine Control (FADEC)		2,000	4,000	2,000
	Unmanned Aerial Vehicle - Resupply		1,000	7,500	3,750
	Versatile Affordable Advanced Turbine Engine (VAATE)		4,000		2,400
	Vertical Takeoff and Landing Unmanned Aerial Vehicle			4,500	2,250
	VTDP Compound Helicopter Technology Flight Demonstration			5,000	3,500
	Wiring Traceout for Joint Aviation Technical Data Integration			4,000	2,400
33	**WEAPONS AND MUNITIONS ADVANCED TECHNOLOGY**	**74,927**	**103,427**	**89,927**	**103,327**
	Storage and Quality Requirements for Military MEMS		1,000		1,000
	Technology Demonstration for Prevention of Material Degradation (Transferred to RDTE,D-W Line 81)		3,000		0
	Advanced Technology Center (Note: only to continue a Partnership Intermediary Agreement begun in 2004 between a qualified non-profit corporation headquartered at Picatinny Arsenal and U.S. Army ARDEC)		1,000		1,000
	Armament Titanium Casting Advancement Program				1,000
	Rapid Insertion of Development Technology		4,000		2,800
	Disruptive Technology Acceleration		4,000		2,800
	Munitions Public Private Partnering		3,000		2,100
	Rapid Prototyping for Special Projects		4,000		2,800
	Demonstration of Corrosion Control Tool Kits for Effective Corrosion Removal and Surface Preparation		3,000		2,100
	National Nano Manufacturing Center (NNMC)		500		500
	Joint Manufacturing Technology Center		1,000		1,000
	Advanced Technology for Fabrication at Remote Sites		1,000		1,000
	Manufacturing of Precision Molded Aspheric Optics		1,000	4,000	2,800
	Digital Array Radar Technology Development (Note: transferred to line 54)		1,000		0
	Mid-Range Munition (MRM-KE), Project 232		1,000		1,000

R-1		Budget Request	House	Senate	Conference
	Electromagnetic Gun Technology Maturation and Demonstration Program				1,000
	Armament and RangeSafe Technology Initiatives			4,000	2,000
	Miniaturized RAMAN Chemical Identification System			4,000	2,000
	Nanotechnology Manufacturing Research			3,000	1,500
34	**COMBAT VEHICLE AND AUTOMOTIVE ADVANCED TECHNOLOGY**	**142,866**	**238,566**	**213,266**	**245,866**
	Advanced Battery Development		1,500		1,300
	Advanced Drivetrains for Enhanced Mobility and Safety		1,800		1,000
	Advanced Technology Integration Environment		2,000		1,000
	Advanced Thermal Management Controls		4,000	4,000	4,000
	Collaborative Development Approach for Non-line of Sight Cannon and Mortar			2,000	1,400
	All Composite Mil Vehicle		7,000		4,900
	Alternative Mobility Vehicles for Special Operations Forces		2,000		4,000
	Armored Composite Cab Development Program			4,000	2,000
	Battery Charging Technology		2,000		1,700
	CCMMC Lightweight Diesel Engine Initiative for Army Ground Vehicles		3,000		1,500
	Center for Innovative Materials Research (CIMR) at Lawrence Tech. University		1,000		1,000
	Center for Military Vehicle Technologies			11,800	8,100
	Combat Vehicle Research-Weight Reduction, Survivability & Mobility		1,000		1,000
	Commercially Based Logistical Support Trucks		5,000	7,500	5,000
	Component Optimization for Ground Systems (COGS)		3,000		1,500
	Composite Body Parts - Composite Armored Vehicle Technology Transition			4,000	2,800
	Composite Shelters for the Future Tactical Truck and Retrofit of Current Vehicle Shelters			3,000	2,600
	Counter Sniper/RPG self protection system		1,000		1,000
	Development of Logistical Fuel Processors to Meet Army/TARDEC/TACOM Needs		3,700		1,800
	Digital Humans and Virtual Reality Technologies for Future Combat System		1,300	2,000	1,400
	Electrochromatics Program				1,000
	Fastening and Joining Technology			2,000	1,400
	FREEDOM Software		1,000		1,000
	Full Spectrum Active Protection Close-In Layered Shield (FCLAS)			5,000	2,500
	Future Lightweight Military Trailer Chassis		4,000	5,000	4,000
	HAZ-MAT Material Vacuum System		2,000		1,700
	HEMTT Structural Weight/Cost Reduction and Efficient Armor Integration Initiative		3,600		2,500
	High Strength Powder Metal Gears for Vehicle Transmissions		1,700		1,000
	Hydraulic Hybrid Vehicle Technology for the U.S. Army		5,300	5,000	5,000
	Improved Abrams Track		4,300		2,100
	Joint Technology Evaluation and Analysis (JTEA) Program				500
	Light Weight Structural Composite Armor for Blast and Ballistic Protection		4,500		2,600
	Lightweight Composite Structural Armor for Ground Combat Vehicles		1,800		1,000
	Liquid Hydrogen Storage System		2,000		1,400
	Mobile Hydrogen Infrastructure (MHI)		2,000		500
	Next Generation Non-Tactical Vehicle Propulsion		3,000	2,000	2,000

R-1		Budget Request	House	Senate	Conference
	Non-Line of Sight Cannon (NLOS-C) and Mortar (NLOS-M) lightweight technologies including aluminum vehicle design technologies		2,700		1,900
	N-STEP Enabled Manufacturing Cell for Future Combat System		3,600	3,600	3,600
	On-Board Secure Telematics for Advanced Combat Vehicles		2,000		1,000
	Pacific Rim Environmental Degradation of Materials Research Program at UH			2,000	1,700
	PEM Fuel Cell-Based Ground Support Equipment		3,000		1,500
	Amphibious Personal Mobility Vehicle			3,000	2,600
	Rocket Propelled Grenade Vehicle Protection System		1,000	1,500	1,000
	Secure Pervasive Computing (PvC) for Advanced Combat Vehicles		4,000		2,800
	ShotSpotter Individual Soldier Worn Weapon Detection and Location System		900		900
	Solid Oxide Fuel Cell Materials and Manufacturing			3,000	2,100
	Split-Cycle Engine Technology (Note: only to build a working prototype of the split-cycle engine)		2,000		1,200
	3-D Advanced Battery Technology (3-D ABT)				2,500
	Virtual Explosives Detection-Image Matching (VED-Imatch)		2,000		1,000
35	**COMMAND, CONTROL, COMMUNICATIONS ADVANCED TECHNOLOGY**	**12,066**	**13,866**	**12,066**	**13,066**
	Communications and Electronics Cost Module (CECM)		1,800		1,000
36	**MANPOWER, PERSONNEL AND TRAINING ADVANCED TECHNOLOGY**	**6,783**	**7,783**	**12,783**	**10,383**
	Battle Command Team Training Program Phase II		1,000	3,000	2,100
	Modeling and Simulation Technologies for Homeland Defense/Security Training			3,000	1,500
37	**ELECTRONIC WARFARE ADVANCED TECHNOLOGY**	**45,322**	**63,322**	**55,322**	**61,922**
	Applied Communications and Information Networking (ACIN)		7,000	6,500	6,500
	Joint Unified Maritime Protection System (JUMPS)		2,000		1,700
	Rock Drill Battlefield Planning Tool		2,000		1,700
	Soldier/Sensor Intrusion Detection		2,000		1,700
	Portable and Mobile Emergency Broadband System		3,000	2,500	2,500
	Advanced Antenna Technologies		2,000		1,500
	TACOM Software Tools Supporting Structural Assessment of Wheeled Vehicles			1,000	1000
39	**NEXT GENERATION TRAINING & SIMULATION SYSTEMS**	**19,982**	**22,682**	**28,982**	**28,332**
	Medical Combined Arms Tactical Trainer - Hospital Based (MedCATT-HB)		2,700		1,350
	Vigilant Auto ID and Access Control System				500
	CAVE Automatic Virtual Environment - Desert Research Institute			4,000	4,000
	Institute for Creative Technologies Joint Fires and Effects Trainer System			5,000	2,500
41	**EXPLOSIVES DEMILITARIZATION TECHNOLOGY**	**9,865**	**13,465**	**24,445**	**21,345**
	Sierra Army Depot Cryofracture/Plasma Arc Demilitarization Program		3,600	2,500	2,500
	Explosive Demilitarization Technology			980	980
	HMX Requalification Program			2,000	1,400

R-1		Budget Request	House	Senate	Conference
	NAVAIR Systems Command Data Conversion Effort			1,500	1,300
	Western Area Demilitarization Facility - Hawthorne Army Depot			7,600	5,300
42	**MILITARY HIV RESEARCH**	**6,842**	**16,842**	**6,842**	**13,842**
	Test, Treatment and Preventive Vaccines		10,000		7,000
43	**COMBATING TERRORISM TECHNOLOGY DEVELOPMENT**	**6,306**	**11,306**	**10,306**	**10,306**
	Secure Commercially Interoperable Cell Phone Transmission System for Sensitive but Unclassified Information		2,000		1,000
	Advanced Mobile Microgrid Liquid Fueler		3,000	4,000	3,000
45	**ELECTRONIC WARFARE TECHNOLOGY**	**16,801**	**25,801**	**14,801**	**22,601**
	Portable, Level I Fusion Toolset		2,500		2,200
	US Army Future Force ELINT		4,500		3,200
	Short Range Electronic Detection (SHRED)		2,000		1,400
	Aerial Canopy MASINT Sensor (ACMS)				2,000
	Program Growth			-4,000	-4,000
	GeoFence Pipeline Monitoring and Safety Project			2,000	1,000
46	**MISSILE AND ROCKET ADVANCED TECHNOLOGY**	**70,066**	**92,066**	**109,566**	**115,666**
	Waterside Wide Area Tactical Coverage and Homing (WaterWATCH)		2,000		1,200
	Persistent Protective Surveillance for Rotary Winged Aircraft (Year 2)		3,000		1,800
	FTT50 High Efficiency Turbine Engine		5,000		2,500
	Compact Kinetic Energy		4,500		2,700
	Applied Counterspace Technology Testbed		7,500	24,000	20,500
	Close-in Active Protection System for Stryker Family of Vehicles (Note: transferred from Title IX)				6,000
	Missile Simulation Technology Rapid Assessment and Deployment of Systems Initiative			10,000	7,000
	Warfighter Protection and Homeland Security Lab			5,500	3,900
48	**LANDMINE WARFARE AND BARRIER ADVANCED TECHNOLOGY**	**25,327**	**25,327**	**32,227**	**30,527**
	Advanced Demining Technology			5,900	4,200
	Electromagnetic Detection and Imaging Transceiver (EDIT) Landmine Detector			1,000	1,000
49	**JOINT SERVICE SMALL ARMS PROGRAM**	**6,581**	**6,581**	**8,581**	**7,581**
	Lightweight Machine Gun and Ammunition			2,000	1,000
51	**NIGHT VISION ADVANCED TECHNOLOGY**	**51,761**	**110,561**	**69,761**	**103,161**
	Low Altitude Improvised Explosive Device Detection System (LAIDS)		2,000		1,000
	Buster Backpack UAV		8,000		5,600
	Advanced Passive Milimeter Wave Detection Initiative		4,000		0
	Pilot port security sensor technology initiative in Tampa Bay		5,000		4,300
	Sensor Technology for Force Protection/Camera Assisted Monitoring System		13,800		11,800
	Digital Night Vision (DNV) Systems		10,000		5,000
	Perimeter Security Technology Program		1,500		1,100
	Soldier Mobility and Rifle Targeting System (SMARTS)		1,500		1,000
	Intelligent Surveillance Sensor Suite		4,000		3,000

R-1		Budget Request	House	Senate	Conference
	Night Vision Advanced Technology (UPS Project)		6,000		4,200
	ISC Personal Miniature Thermal Vision System (PMTV)		2,000		1,000
	Portable Infrared Target Detection and Location Reporting System (COBRA-I PLUS)		1,000		1,000
	Cost Effective Targeting System			4,000	2,000
	Electron Bombarded Active Pixel Sensor Camera			4,000	2,800
	Enhanced Digital Electronic Night-Vision for Unmanned Ground Vehicles			4,000	2,800
	Night Vision Fusion			1,000	1,000
	Real-Time Geospatial Video Sensor Intelligence for NVESD			1,000	1,000
	Warfighter Position, Location and Tracking Sensor			4,000	2,800
52	**ENVIRONMENTAL QUALITY TECHNOLOGY DEMONSTRATIONS**	**12,606**	**16,606**	**12,606**	**16,006**
	Alternate Power Fuel Cell Demonstration at Ft. Irwin (Note: only for High Electrical Efficiency and Fault Tolerant Always-On Planar Solid Oxide Fuel Cell System Cluster Demonstration)		4,000		3,400
53	**MILITARY ENGINEERING ADVANCED TECHNOLOGY**	**7,301**	**20,401**	**20,301**	**21,701**
	GEDAC Demonstration		3,600		1,800
	Defense Applications of Stationary Carbonite Fuel Cells		3,000		1,500
	Integration of Commercial GIS capabilities into Army C4ISR		1,000		1,000
	Advanced Structures and Composites in Construction for Protective Structures		2,000	3,000	2,000
	Battlefield Production of Hydrogen for Fuel Cell Vehicles			2,000	1,400
	Fireproofing/Corrosion Resistant Coating System			1,500	1,100
	Fuel Cell Hybrid Generating System - Ramgen Technology		3,500	4,000	3,500
	Real-Time Drinking Water Security Program			1,000	1,000
	Reforming Technologies for Renewable and Flexible Fuel Sources			1,500	1,100
54	**ADVANCED TACTICAL COMPUTER SCIENCE AND SENSOR TECHNOLOGY**	**42,475**	**55,575**	**38,075**	**46,275**
	A Distributed, Scalable C2 Communication System		2,000		1,000
	Blast and Damage Assessment Risk Analysis and Mitigation Application (BADARAMA)		2,000		1,700
	Phraserlator		1,000		1,000
	Bi-Directional English-Iraqi Translation System for the Warfighter		2,600		1,300
	Radar Tags		3,000		0
	C4ISR Integrated Digital Environment Service Module (IDESM)		2,500		1,200
	Digital Array Radar Technology Development (Note: transferred from line 33)				1,000
	Net-Centric Multi-Sensor Enhancements and Support Operations				1,000
	Program Growth			-7,000	-7,000
	Hyperspectral Imaging and Synthetic Aperture Radar for UAVs			1,000	1,000
	MVMNT Program for Simulation Based Operations			600	600
	X-Band Interferometric Radar Development			1,000	1,000

R-1		Budget Request	House	Senate	Conference
56	**ARMY MISSILE DEFENSE SYSTEMS INTEGRATION**	**14,573**	**80,223**	**54,323**	**82,673**
	Advanced Battery Technology (Note only for Advanced Battery Development to be executed by the Space and Missile Defense Technical Center (SMDTC))		3,000		2,600
	Advanced Laser Electric Power				500
	Advanced Strap Down Seeker (ASDS)		2,500		1,200
	Aero Acoustic Test Facility (Phase II)		2,500		1,800
	Army Missile Defense - Advanced Electronics Rosebud Integration			3,000	1,800
	Army Missile Defense Integration of Thermo-Acoustic Piezo Energy Conversion			1,000	1,000
	Ballute Technology Development		1,400		1,000
	Biological Air Filtering System Technology (BAFST)		1,000		1,000
	Carbon Foam Program - Missile Defense			7,250	6,200
	Component Integrated Modeling and Simulation Test Analysis Environment		1,000		1,000
	Continuation of Microelectromechanical Systems and Nanotechnology		2,800		2,400
	Credible Threat Prediction Capability Development		4,000		2,400
	Dielectric Enhanced Sensor Systems (DESS)		3,000		2,100
	Global Infrasound Monitoring			3,000	2,600
	Integrated Composite Missile Structures			2,500	1,200
	Joint Wavelet Transform of Hyperspectral Data (JWaTH)		3,000		1,500
	Low Cost Avionics			2,000	1,000
	Low-Cost Surveillance System (LCSS)		1,000		1,000
	Mobile Optical Sensor Suite (MOSS)		1,000		1,000
	Multiple Component Army Flight Test		3,250		2,800
	Next Generation Interceptors Materials Research		6,200		3,100
	Next Generation Passive Sensors		2,500	3,000	2,600
	Radar Power Technology (RPT)		2,000		1,400
	Radar-on-a-Chip (RAD-CHIP) Research Program		2,000	1,000	1,500
	Standoff Hazardous Agent Detection and Evaluation System (SHADES) Research Program		2,000	4,000	2,000
	Standoff Sensor for Radionuclide Identification (SSRID)		3,000	8,000	4,000
	Tactical High Energy Laser (THEL) - Army		3,500		2,500
	Technology Transfer from Missile Defense for Improved Medical Imaging		1,000		1,000
	Thermal and Electronic Nanoscale Transport (TENT)		2,000		1,000
	Transfer Missile Power System - Onboard Vehicle Power			4,000	3,400
	UAV Platform for Sensor Package and Mission Profile Development		6,000		5,200
	Ultra Light UAV Sensor Platform		4,000		2,800
	Vertical Integration for Missile Defense Surveillance Data		2,000	1,000	1,500
57	**ARMY MISSILE DEFENSE SYSTEMS INTEGRATION (DEM/VAL)**	**9,284**	**10,784**	**58,584**	**48,884**
	Advanced Hypersonic Weapon (AHW)		1,500		1,000
	Allen Army Airfield Upgrades			16,000	15,100
	Low Cost Interceptor			15,000	10,500
	Near Space Long Loiter Sensor and Communications Platform			18,300	13,000

R-1		Budget Request	House	Senate	Conference
58	**AIR AND MISSILE DEFENSE SYSTEMS ENGINEERING**	**83,063**	**99,763**	**100,063**	**101,863**
	Army Extended Range Attack Missile (AERAM)		4,000	8,000	4,800
	AERAM Turbine Engine Development		5,000		4,000
	Geospatial Info Decision Support - SIAP (GIDS-SIAP)		5,000		3,500
	SituSpace Single Integrated Space Picture		2,700	5,000	2,700
	ASMD System of Systems Hardware in the Loop Test Bed			4,000	2,800
	Command Responder (Note: transferred from RDTE,AF line 142)				1,000
59	**LANDMINE WARFARE AND BARRIER - ADV DEV**	**0**	**2,500**	**0**	**0**
	AT4 Confined Space (AT4CS) Anti-Structure Tandem (Note: transferred to RDTE,D-W line 126)		2,500		0
61	**TANK AND MEDIUM CALIBER AMMUNITION**	**0**	**6,000**	**6,000**	**8,400**
	GPS Interference Suppression Unit		4,000		2,800
	Mid-Range Munition - CE		2,000		1,400
	Mid Range Munition - CE - TM3			6,000	4,200
66	**ENVIRONMENTAL QUALITY TECHNOLOGY DEM/VAL**	**5,166**	**42,816**	**21,866**	**35,766**
	Aberdeen Proving Ground Asbestos Conversion Facility		2,000		1,400
	Battlefield Plastic Biodiesel		5,500		3,300
	Casting Emissions Reduction Program		1,000	6,200	4,400
	Mission Critical ESOH Technology Transition		4,000		3,400
	No Rinse Decontamination of Battlefield Equipment		2,000		1,000
	Plasma Energy Pyrolysis System (PEPS) Gasification Unit		2,700		1,400
	Rapid Response Bio-Chem Decon, Liquid and Dry (Decon Green)		1,000	1,000	1,000
	Solid Waste Sustainability for Active and BRAC Installations		3,000		2,600
	Sustainable Installations Initiative		2,500		2,100
	Transportable Donovan Controlled Detonation Chamber		10,800		4,000
	Vanadium Technology Partnership		3,150		1,500
	Environmental Management System Pilot			3,000	2,000
	Environmental Security Initiative			1,000	1,000
	Magna Water District - Perchlorate and Arsenic Treatment			2,500	1,500
	Wellhead Treatment of Perchlorate Contaminated Wells (Note: transferred to RDTE, D-W line 41)			3,000	0
67	**WARFIGHTER INFORMATION NETWORK-TACTICAL - DEM/VAL**	**131,081**	**87,181**	**131,081**	**99,481**
	Schedule Concurrency		-43,900		-31,600
69	**AVIATION - ADV DEV**	**6,249**	**7,249**	**6,249**	**7,249**
	Improved Airborne Command and Control System (A2C2S) for Pennsylvania ARNG		1,000		1,000
73	**MEDICAL SYSTEMS - ADV DEV**	**10,134**	**14,634**	**25,934**	**23,484**
	Electro-osmotic Pain Therapy System for Adjustable Rate Implantable Drug Delivery		1,500		1,000
	Leishmania Diagnostic Test		1,000		1,000
	Lightweight Trauma Module		1,000		1,000
	Non-Invasive Medical Sensors - Enhanced		1,000		1,000
	Combat Support Hospital - Mobile Surgical Unit			8,300	4,100
	Future Medical Shelter System - 21st Century Military Hospital System			7,500	5,250

R-1		Budget Request	House	Senate	Conference
74	**SOLDIER SYSTEMS - ADVANCED DEVELOPMENT**	**10,595**	**12,595**	**10,595**	**12,295**
	New Metal Coating Technology for Greaseless Weapons (Note funds are available only to incorporate ASTM B607 Nickel Boron coatings on M2 .50 cal machine gun components, and M249 Squad Automatic Weapons (SAW))		2,000		1,700
78	**AIRCRAFT AVIONICS**	**23,451**	**31,451**	**13,451**	**13,451**
	ICNIA technology for JTRS radios/aviation		8,000		0
	JTRS Program Delay and Restructure			-10,000	-10,000
79	**ARMED, DEPLOYABLE OH-58D**	**13,964**	**13,964**	**93,206**	**93,206**
	Army Requested Transfer from APA, Line 3--ARH			70,000	70,000
	Army Requested Transfer from APA, Line 30--ARH Ground Support Equipment			9,242	9,242
81	**ELECTRONIC WARFARE DEVELOPMENT**	**32,179**	**34,179**	**32,179**	**33,879**
	Blue Marauder Enhanced System		2,000		1,700
82	**JOINT TACTICAL RADIO**	**156,665**	**156,665**	**156,665**	**141,565**
	JTRS Program Delay and Restructure				-15,100
83	**ALL SOURCE ANALYSIS SYSTEM**	**7,973**	**9,973**	**7,973**	**9,173**
	ACE-CCS Tactical Equipment Modernization		2,000		1,200
85	**COMMON MISSILE**	**0**	**45,000**	**0**	**26,000**
	Continued Joint Common Missile Development		45,000		26,000
86	**INFANTRY SUPPORT WEAPONS**	**34,627**	**45,927**	**39,627**	**54,027**
	Polymer 5.56mm Ammunition		1,300		1,000
	Type Classification of the Light Weight 5.56mm, 7.62x51mm, and .50cal		1,000		1,000
	Common Remotely Operated Weapons Station-Light (CROWS-Lightning)		4,000		2,400
	OICW Increment I (Transfer from WTCV,A)				10,000
	XM25 Advanced Airburst Weapon System		5,000	5,000	5,000
87	**MEDIUM TACTICAL VEHICLES**	**1,886**	**14,486**	**1,886**	**18,786**
	Medium Tactical Vehicles		12,600		10,000
	Embedded Diagnostic Systems Test Module (EDSTM) (Note: transferred from line 90)				3,900
	Medium Tactical Vehicle Modifications				3,000
90	**FAMILY OF HEAVY TACTICAL VEHICLES**	**3,415**	**6,415**	**15,415**	**21,215**
	Embedded Diagnostic Systems Test Module (EDSTM) (Note: transferred to line 87)		3,000		0
	Family of Scalable Trailers (FAST) (Note: transferred from line 14)				2,200
	Advanced Drivetrains for Enhanced Mobility and Safety			2,000	1,400
	Heavy Expanded Mobile Tactical Truck (HEMTT)--A3 (Note: transferred from Title IX)				7,200
	Future Tactical Truck System			10,000	7,000
92	**LIGHT TACTICAL WHEELED VEHICLES**	**0**	**12,000**	**0**	**7,500**
	PM Program for Bloc Improvement Program (HMMWV)		10,000		5,800
	VePRO-Vehicle Maintenance Prognostics System		2,000		1,700

R-1		Budget Request	House	Senate	Conference
93	**ARMORED SYSTEMS MODERNIZATION (ASM)-ENG DEV**	**3,065,629**	**2,616,629**	**2,965,629**	**2,785,829**
	Program Overhead/Excess Management Reserve		-449,000	-100,000	-279,800
94	**NON-LINE OF SIGHT LAUNCH SYSTEM**	**231,554**	**233,154**	**235,554**	**234,554**
	Non-Line of Sight - Launch System (NLOS-LS) turbojet engine-generator		1,600		1,000
	EnforcIT Anti-Tamper Software			4,000	2,000
95	**NON-LINE OF SIGHT CANNON**	**107,587**	**157,587**	**107,587**	**148,387**
	Development of NLOS-C preproduction vehicles		50,000		40,800
96	**NIGHT VISION SYSTEMS - SDD**	**26,449**	**28,449**	**28,949**	**29,399**
	Soldier Wearable Acoustic Targeting System (SWATS)		2,000		1,700
	Small Arms and Light Weapons, Soldier Mounted Detection and Location System			2,500	1,250
103	**AUTOMATIC TEST EQUIPMENT DEVELOPMENT**	**54**	**2,554**	**54**	**2,254**
	Integrated Family of Test Equipment		2,500		2,200
104	**DISTRIBUTIVE INTERACTIVE SIMULATIONS (DIS) - ENGINEER**	**22,057**	**23,457**	**32,057**	**30,057**
	Joint Training Integration and Evaluation Center (JTIEC)		1,400		1,000
	Army Space Modeling and Simulation			10,000	7,000
109	**COMBINED ARMS TACTICAL TRAINER (CATT) CORE**	**37,471**	**49,471**	**42,971**	**43,971**
	Army Aviation Combined Arms Tactical Trainer (AVCATT-A)		7,000	2,500	3,500
	Gunner-Crew Chief Station Trainer		5,000	3,000	3,000
111	**AVIATION - SDD**	**0**	**0**	**2,000**	**1,400**
	Aviation System Integration Facility and Rapid Equipment Fielding Office			2,000	1,400
112	**WEAPONS AND MUNITIONS - SDD**	**87,034**	**110,534**	**87,034**	**105,534**
	HYBRID Propellant for Medium and Large Caliber Ammunition		2,000		1,200
	Advanced Cannon Artillery Ammunition Programs Type Classification		15,000		12,800
	XM932 120mm Mortar - Short Range Practice Cartridge (SRPC)		1,500		1,000
	Reactive Materials Technology		5,000		3,500
113	**LOGISTICS AND ENGINEER EQUIPMENT - SDD**	**13,353**	**13,353**	**14,353**	**14,353**
	Advanced Medium Mobile Power Systems			1,000	1,000
114	**COMMAND, CONTROL, COMMUNICATIONS SYSTEMS - SDD**	**393,062**	**323,562**	**225,062**	**323,562**
	JTRS Cluster 1 Program Delay and Restructure		-55,500	-120,000	-55,500
	JTRS Cluster 5 Program Delay and Restructure		-14,000	-48,000	-14,000
115	**MEDICAL MATERIEL/MEDICAL BIOLOGICAL DEFENSE EQUIPMENT**	**5,627**	**18,127**	**10,627**	**16,727**
	Battlefield Respirator and Ventilator (BRAV)		4,000		2,000
	Biothreat Database Program		1,500		1,000
	Cartledge Infuser		1,000	1,000	1,000
	Life Support for Trauma and Transport (LSTAT)		4,000		2,000
	Oxygen Generation Advanced Development		2,000		1,700
	Chitosan Bandage Component			4,000	3,400

R-1		Budget Request	House	Senate	Conference
116	**LANDMINE WARFARE/BARRIER - SDD**	**80,560**	**75,560**	**80,560**	**75,560**
	Reduce program growth		-5,000		-5,000
117	**ARTILLERY MUNITIONS**	**113,368**	**115,368**	**113,368**	**116,368**
	Excalibur XM 982 Life Cycle Improvements		2,000		3,000
118	**COMBAT IDENTIFICATION**	**2,973**	**2,973**	**7,973**	**5,473**
	Command Post Platform			5,000	2,500
124	**SOLDIER SYSTEMS - WARRIOR DEM/VAL**	**57,818**	**60,818**	**57,818**	**59,318**
	Mounted Warrior Command and Control Heads Up Display (CSHUD) (Note: only for see-through, daylight readable, retinaly scanning helmet mounted display)		3,000		1,500
128	**INFORMATION TECHNOLOGY DEVELOPMENT**	**63,662**	**65,662**	**65,662**	**67,062**
	ARDEC Knowledgebase System		2,000		1,700
	Army Enterprise Human Resource System (eHRS)			2,000	1,700
129	**THREAT SIMULATOR DEVELOPMENT**	**23,796**	**28,196**	**25,796**	**29,296**
	Townsend Electronic Combat Training Range		2,000		1,400
	Threat Systems Management Office Satellite Operating Center - West (Project 976)		2,400		2,100
	Distributed RF/SAM Threat Systems			1,000	1,000
	Web Assured Response Protocol			1,000	1,000
130	**TARGET SYSTEMS DEVELOPMENT**	**10,855**	**11,855**	**12,355**	**11,955**
	Next Generation Ice Protection System for Unmanned Aerial Vehicles		1,000	1,500	1,100
131	**MAJOR T&E INVESTMENT**	**64,498**	**68,498**	**64,498**	**66,998**
	Vehicle Durability Simulator		1,000		1,000
	Network Centric Warfare - Digital Battlefield Instrumentation (NCW-DBI)		3,000		1,500
133	**ARMY KWAJALEIN ATOLL**	**154,535**	**155,535**	**154,535**	**155,535**
	Replacement Dome Tactical Operations and Control Center, US Kwajalein Atoll		1,000		1,000
134	**CONCEPTS EXPERIMENTATION PROGRAM**	**31,653**	**38,653**	**31,653**	**39,053**
	Automated Language Translation (Note: only for automatic translation software proven in deployments within the Federal Government and employing a new statistical approach to machine translation.)		3,500		2,500
	Online Arabic Language Learning Community--Pilot				2,400
	Biometric ID Device		2,000		1,000
	Handwritten Optical Character Recognition Software		500		500
	Automated Communications Support System for WARFIGHTERS, Intelligence Community, Linguists, and Analysts		1,000		1,000
137	**ARMY TECHNICAL TEST INSTRUMENTATION AND TARGETS**	**62,687**	**66,687**	**68,187**	**69,287**
	Dugway Testing and Infrastructure Upgrade		2,000		1,000
	Mobile Optical Tracking System		2,000		1,400
	Aberdeen Technology Transfer Initiative			1,500	1,100
	Accelerator-Based Neutron Production Study			1,000	1,000
	White Sands Missile Range Film Elimination			3,000	2,100

R-1		Budget Request	House	Senate	Conference
138	**SURVIVABILITY/LETHALITY ANALYSIS**	**38,306**	**42,306**	**43,306**	**42,306**
	Rotorcraft Survivability Assessment Facility		4,000	5,000	4,000
139	**DOD HIGH ENERGY LASER TEST FACILITY**	**17,688**	**17,688**	**20,688**	**19,788**
	High Energy Laser Test Facility Upgrade			3,000	2,100
144	**SUPPORT OF OPERATIONAL TESTING**	**75,993**	**76,993**	**75,993**	**76,993**
	MATTRACKS Track Conversion System for Light Wheeled Vehicles		1,000		1,000
146	**SIMULATION & MODELING FOR ACQ, RQTS, & TNG (SMART)**	**9,437**	**5,437**	**9,437**	**5,437**
	Reduce program growth		-4,000		-4,000
148	**TECHNICAL INFORMATION ACTIVITIES**	**32,237**	**48,237**	**42,237**	**47,437**
	Knowledge Integration and Management Center of Excellence		1,000		1,000
	Army High Performance Computing Research Center		15,000	8,000	12,800
	Knowledge System and Relational Database			2,000	1,400
149	**MUNITIONS STANDARDIZATION, EFFECTIVENESS AND SAFETY**	**16,922**	**37,622**	**28,922**	**38,072**
	Advanced Cluster Energetics (ACE)		2,000	3,000	2,000
	Advanced Munitions MANTECH		2,000		1,000
	Aluminum Matrix Composite Technology Partnership - Munitions			3,000	1,500
	Armament Research Development and Engineering Center, Picatinny Arsenal		3,000		0
	Depleted Uranium Sensing and Treatment for Removal (DUSTR)				4,000
	Gun Propellant Demilitarization		2,700		1,350
	Life Cycle Pilot Process		4,000		2,800
	Medium Caliber Metal Parts Upgrade			2,000	1,400
	MEMS Nano Consortium		3,000	3,000	3,000
	Rapid prototyping for Advanced Nanotech		1,000		1,000
	Small and Medium Caliber Armor Piercing Ammunition Improvements			1,000	1,000
	SMCA Munitions Integration		3,000		2,100
152	**MLRS PRODUCT IMPROVEMENT PROGRAM**	**114,297**	**114,297**	**116,297**	**115,297**
	HIMARS Command and Control			2,000	1,000
153S	**WEAPONS CAPABILITY MODIFICATIONS UAV**	**0**	**0**	**9,000**	**5,400**
	Alternate Payload Munition (AP-BLU)			4,000	2,400
	Guided Dispenser System for Unmanned Aerial Vehicles			5,000	3,000
153	**JOINT LAND ATTACK CRUISE MISSILE DEFENSE (JLENS)**	**106,420**	**107,420**	**106,420**	**107,420**
	MEMS Demonstration Radar System (MEMS DRS)		1,000		1,000
154A	**HIGH ALTITUDE AIRSHIP**	**0**	**0**	**17,500**	**0**
	Transferred to RDTE,D-W			10,000	0
	Conformal Embedded Rectennas for High Altitude Airships (Note: transferred to line 29 RDTE,DW)			5,000	0
	Hydrogen-Oxygen PEM Regenerative Fuel Cell for High Altitude Airships (Note: transferred to line 29 RDTE,DW)			2,500	0

R-1		Budget Request	House	Senate	Conference
155	**ADV FIELD ARTILLERY TACTICAL DATA SYSTEM**	**16,064**	**16,064**	**17,064**	**17,064**
	Gun Display Unit-Replacement, Block II			1,000	1,000
156	**COMBAT VEHICLE IMPROVEMENT PROGRAMS**	**12,030**	**16,030**	**17,030**	**17,530**
	Combat Vehicle Electronics for Current and Future Systems		4,000		2,000
	Abrams M1A1 Vehicle Prognostics Development			5,000	3,500
157	**MANEUVER CONTROL SYSTEM**	**44,903**	**41,403**	**44,903**	**41,403**
	Command Post of the Future reduce program growth		-3,500		-3,500
158	**AIRCRAFT MODIFICATIONS/PRODUCT IMPROVEMENT PROGRAMS**	**409,103**	**416,603**	**287,103**	**341,853**
	CH-47 Maintenance Analysis Safety and Training Program		4,500		3,900
	Communication High Accuracy Locations Systems (CHALS)		1,000		1,000
	Army Distribution Mission Training System (ADMT)		2,000		0
	CH-47 Integrated Mechanical Diagnostics (IMDS) Demonstration (Note: transferred from Title IX)				19,500
	ACS Program Delay			-130,000	-98,650
	Helicopter Autonomous Landing System (HALS) for Blackhawks			8,000	7,000
160	**DIGITIZATION**	**12,343**	**13,343**	**12,343**	**13,343**
	Digitization Support To Fort Hood - University XXI		1,000		1,000
163	**OTHER MISSILE PRODUCT IMPROVEMENT PROGRAMS**	**23,560**	**23,560**	**18,681**	**18,681**
	APKWS Simulator Upgrade			-4,879	-4,879
172	**SECURITY AND INTELLIGENCE ACTIVITIES**	**2,992**	**13,492**	**4,992**	**11,292**
	Global Anti-Terrorist Activity Analysis Capability at INSCOM Info Dominance Center		3,500		2,100
	Joint Visualization System (JVS)		3,000		2,600
	Enemy Prisoner of War Biometric Records				600
	Portable Iris Enrollment and Recognition (PIER) Device		4,000	2,000	3,000
173	**INFORMATION SYSTEMS SECURITY PROGRAM**	**22,903**	**26,903**	**23,903**	**26,703**
	Army Information Dominance Center Mobile Object Technology		4,000		2,800
	Retinal/Iris Multimodal Biometrics Technology for Secure Identification			1,000	1,000
174	**GLOBAL COMBAT SUPPORT SYSTEM**	**79,752**	**74,752**	**64,752**	**69,252**
	Funding ahead of need		-8,000	-15,000	-12,000
	Army Legacy Logistics Systems Modernization (SAMS-E)		3,000		1,500
179	**TACTICAL UNMANNED AERIAL VEHICLES**	**139,610**	**142,610**	**156,610**	**150,810**
	I-GNAT ER Remotely Operated Aircraft System		3,000		1,500
	Small Platform Modern Signal Communications Intelligence (COMINT)			7,000	4,900
	Tactical Hyperspectral Imaging System for the Shadow UAV			4,000	1,800
	Tactical Unmanned Aerial Vehicle Testing and Engineering Support			3,000	1,500
	UAV to Soldier Real Time Video Link			3,000	1,500

R-1	Budget Request	House	Senate	Conference
181 DISTRIBUTED COMMON GROUND SYSTEMS	**91,587**	**98,837**	**91,587**	**93,187**
Funding ahead of need		-10,000		-10,000
Distributed Common Ground Station - Army		1,500		1,100
Automatic Target Cueing System		5,000		3,000
National Defense Imagery Processing Program (NDIP)		6,750		4,100
Intelligence Data Exchange for Execution and Planning, Distributed Common Ground System		4,000		3,400
183 END ITEM INDUSTRIAL PREPAREDNESS ACTIVITIES	**68,505**	**96,805**	**112,005**	**112,405**
Advanced Modeling Technology - Large Structure Titanium Machining Initiative		1,000	4,500	2,250
Ammo Technical & Engineering Data Manufacturing Tech Management		1,000		0
Center for Optics Manufacturing		2,500		1,250
Durable Gun Barrel Steel				1,000
Electrodeposited Coatings Systems for Munitions			4,000	2,400
Laser Engineered Net Shaping (LENS) Manufacturing Qualification			3,000	2,100
Laser Peening for Army Helicopters			3,000	1,800
Lean Munitions		2,000	4,500	2,250
Legacy Aerospace Gear Drive Re-engineering Initiative			4,000	2,000
Low Cost Domestic Titanium Reduction to Powder Initiative			4,000	2,800
Manufacturing Metrology for Weapon System Production and Sustainment			1,000	1,000
Manufacturing Systems Demonstration			4,000	2,800
Materials Joining for Army Weapons Systems			3,000	1,800
National Center for Manufacturing and Machining		5,000		4,300
Packaging and Interconnection Technology			3,000	0
Reactive Atom Plasma (RAP) Processing		3,000		2,600
Small Manufacturers Defense (SMD) Initiative				1,000
Smart Machine Platform Initiative		4,000		2,000
Spring Suspended Airless Tires for Convoy Protection		6,000		6,000
Super-pulse Laser Processing Technology			3,500	1,750
Vehicle Common Armor - Affordable Modular Manufacturing Process (VCAMP)		2,800		1,400
Virtual Parts Engineering Research Center		1,000	2,000	1,400
Tactical Wheeled Vehicle Product Improvement NEW Program	**0**	**20,000**	**0**	**14,000**
Tactical Wheeled Vehicle Product Improvement Program		20,000		14,000
135 SMALL BUSINESS INNOVATIVE RESEARCH	**0**	**1,000**	**0**	**1,000**
SBIR Phase III/RDECOM/CERDEC Space and Terrestrial Communications		1,000		1,000

JOINT COMMON MISSILE (JCM)

The conferees support continuation of this program noting that this is the first program to have successfully completed the requirements determination process implemented in the Joint Capabilities Integration and Development System (JCIDS). The conferees recommend that the Department of Defense reevaluate the decision to terminate this program and, accordingly, provide $30,000,000 above the budget request to continue development of the JCM. Of this amount, $26,000,000 is provided in Research, Development, Test and Evaluation, Army, and $4,000,000 is provided in Research, Development, Test and Evaluation, Navy. In addition, the conferees direct the Secretary of Defense to submit a report to the congressional defense committees no later than January 30, 2006, that explains how the Department of Defense will mitigate the capability gaps identified in the JCIDS analysis and provides a cost comparison analysis of continuing the JCM program versus JCM termination and continued procurement of legacy air-to-ground missiles to fulfill mission requirements.

FUTURE COMBAT SYSTEM (FCS)

The Statement of the Managers accompanying the Department of Defense Appropriations Act for fiscal year 2005 (House Report 108–622) established a structure for budget preparation and execution for FCS which included broadly defined projects within the Armored Systems Modernization program element. In addition, the statement directed the Army to establish separate program elements for the Non Line of Sight Launch System (NLOS–LS) and the Non Line of Sight Cannon (NLOS–C). The conferees believe that this remains a reasonable structure, and direct the Army to continue to use this as the basis for executing appropriations provided by the Congress, and as the basis for preparing the fiscal year 2007 and subsequent budget submissions. This funding structure includes the following components:

Program Element 0604645A Armored Systems Modernization to include the following projects:

F52—FCS Reconnaissance Platforms & Sensors

F53—FCS Unmanned Ground Vehicles

F54—Unattended Sensors

F55—Sustainment

F57—F57 Manned Ground Vehicles

F61—System of Systems Engineering and Program Management

Program Element 0604646A Non Line of Sight Launch System (NLOS–LS)

Program Element 0604647 A Non Line of Sight Cannon (NLOS–C)

The conferees direct the Secretary of the Army to report to the congressional defense committees within 30 days of enactment of this Act on the plan to distribute the $2,785,829,000 provided by the conference agreement for the Armored Systems Modernization program element (PE 0604645A) to each of the projects listed above. The conferees designate these projects as congressional special interest items for the purpose of prior approval reprogrammings as discussed elsewhere in this report. The NLOS–LS and NLOS–C program elements are subject to normal prior approval reprogramming procedures as described elsewhere in this report. In addition, the conferees direct the Army to provide a report to the congressional defense committees not later than January 15, 2006, which provides a detailed list and description of the systems and technologies to be included in each of the FCS developmental spirals.

NON-LINE-OF-SIGHT CANNON (NLOS–C)

The conferees note that the Army provided the congressional defense committees with a report on September 28, 2005, pursuant to language included in the report accompanying the House-passed version of the fiscal year 2006 Department of Defense Appropriations Act. The conferees find the report encouraging because it indicates that the Army plans to produce a self-propelled Future Combat System non-line-of-sight cannon indirect fire capability to equip the future force as required by section 216 of the National Defense Authorization Act for fiscal year 2003, and section 8121 of the Department of Defense Appropriations Act for fiscal year 2003. The conferees note that each annual Department of Defense Appropriations Act since 2003 has included similar language. The conferees are further encouraged by the Army's plan to produce a quantity of eight pre-production prototypes, and to begin fielding these guns starting in 2008. Accordingly, the conference agreement provides $148,387,000, an increase of $40,800,000 above the budget request, to enable the Army to continue this effort.

MULTI-SENSOR ARCHITECTURE

The conferees agree to recommend additional funding for obtaining, evaluating, and integrating new sensors into the Cerberus architecture. These would include fiber optic perimeter sensors, medium range millimeter wave radars, and low cost thermal imaging surveillance sensors. Evaluation and integration of these sensors are to be managed by the Army Night Vision Electronic Sensor Division.

FLEXIBLE ELECTRONICS RESEARCH INITIATIVE FOR ARMY SOLDIERS (FERIAS)

The conferees recognize the importance of developing new materials for flexible electronics technologies that will have broad impact for multiple military applications. The combination of these new materials and technologies will lead to soldiers receiving information in real time on maps and displays, imrroving both military communications and soldier safety. The resiliency of these devices could also increase the lifetime and reliability of current display applications in harsh environments, including the battlefield.

The conferees direct the Army Research Laboratory (ARL) to continue to aggressively pursue and take all necessary steps to develop new technologies that will enable flexible electronics to become an integral part of the Army's transformation. The conferees also direct ARL to collaborate with the leading developers of flexible display technology to fully develop the Flexible Electronics Research Initiative for Army Soldiers (FERIAS).

APPLIED AND CLINICAL PROSTHETIC RESEARCH

The conferees support the Army's effort to sustain a collaborative applied and clinical prosthetic research activity at the Walter Reed Army Medical Center Amputee Care Center, and provide $5,500,000 to further develop this program to advance prosthetic technological achievement through applied and clinical research activities. Included in this amount is funding for continuation of the effort to improve and harden microprocessor knee componentry.

PREVENTIVE MEDICINE

The conferees remain concerned about rising personnel costs, especially health care costs, as a percent of the total Department budget. Eliminating or reducing health care services to our military members, retirees, and their families, however, is not a viable alternative to reigning in future increases in health care costs. As such, the conferees applaud the preventive medicine programs being undertaken by the tri-service community, and see these programs as vital to controlling the rising costs of treating diseases, including cardiovascular diseases, cancer, and diabetes. The conferees encourage the continuation and future development of programs that stress early detection and individual lifestyle changes to promote a healthier military community.

CHIROPRACTIC CARE

The conferees note military personnel receive chiropractic health care benefits. Further, chiropractic medicine is an established and sought after form of treatment in military medical facilities. The conferees, therefore, encourage the Army to evaluate establishing a research facility that supports chiropractic medicine for military applications.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

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

	(In thousands of dollars) Budget	House	Senate	Conference
RESEARCH, DEVELOPMENT, TEST & EVAL, NAVY				
BASIC RESEARCH				
UNIVERSITY RESEARCH INITIATIVES	75,910	92,410	79,410	87,810
IN-HOUSE LABORATORY INDEPENDENT RESEARCH	15,500	15,500	18,500	17,600
DEFENSE RESEARCH SCIENCES	356,885	372,785	372,385	376,485
TOTAL, BASIC RESEARCH	448,295	480,695	470,295	481,895
APPLIED RESEARCH				
POWER PROJECTION APPLIED RESEARCH	94,148	114,098	123,648	136,898
FORCE PROTECTION APPLIED RESEARCH	101,650	125,150	141,650	139,550
MARINE CORPS LANDING FORCE TECHNOLOGY	37,590	37,590	39,090	38,590
MATERIALS, ELECTRONICS AND COMPUTER TECHNOLOGY	---	---	2,500	1,500
COMMON PICTURE APPLIED RESEARCH	57,693	70,393	112,193	105,643
WARFIGHTER SUSTAINMENT APPLIED RESEARCH	82,856	107,500	101,856	111,306
RF SYSTEMS APPLIED RESEARCH	47,302	59,002	60,802	67,052
OCEAN WARFIGHTING ENVIRONMENT APPLIED RESEARCH	49,793	64,393	52,293	63,218
JOINT NON-LETHAL WEAPONS APPLIED RESEARCH	6,000	10,000	6,000	9,000
UNDERSEA WARFARE APPLIED RESEARCH	71,362	78,362	83,162	85,562
MINE AND EXPEDITIONARY WARFARE APPLIED RESEARCH	49,520	49,520	50,520	49,620
TOTAL, APPLIED RESEARCH	597,914	716,008	773,714	807,939
ADVANCED TECHNOLOGY DEVELOPMENT				
POWER PROJECTION ADVANCED TECHNOLOGY	82,538	112,638	135,538	137,288
FORCE PROTECTION ADVANCED TECHNOLOGY	71,488	157,388	125,988	166,688
COMMON PICTURE ADVANCED TECHNOLOGY	60,589	71,389	67,989	73,989
WARFIGHTER SUSTAINMENT ADVANCED TECHNOLOGY	68,540	95,495	87,040	98,295
RF SYSTEMS ADVANCED TECHNOLOGY	75,070	95,070	90,070	102,120
MARINE CORPS ADVANCED TECHNOLOGY DEMONSTRATION (ATD)	56,434	82,134	80,634	89,034
JOINT NON-LETHAL WEAPONS TECHNOLOGY DEVELOPMENT	2,394	2,394	2,394	2,394
NAVY TECHNICAL INFORMATION PRESENTATION SYSTEM	187,943	189,443	175,943	183,043
WARFIGHTER PROTECTION ADVANCED TECHNOLOGY	16,068	60,768	29,568	59,568
UNDERSEA WARFARE ADVANCED TECHNOLOGY	27,603	30,103	30,603	35,553

	Budget	House	Senate	Conference
	(In thousands of dollars)			
NAVY WARFIGHTING EXPERIMENTS AND DEMONSTRATIONS	49,288	49,288	49,288	49,288
MINE AND EXPEDITIONARY WARFARE ADVANCED TECHNOLOGY	31,897	35,097	33,897	35,597
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT	729,852	981,207	908,952	1,032,857
DEMONSTRATION & VALIDATION				
AIR/OCEAN TACTICAL APPLICATIONS	27,094	29,594	30,594	31,594
AVIATION SURVIVABILITY	6,255	41,455	27,605	44,355
DEPLOYABLE JOINT COMMAND AND CONTROL	41,464	41,464	41,464	41,464
ASW SYSTEMS DEVELOPMENT	7,050	12,050	16,050	19,050
TACTICAL AIRBORNE RECONNAISSANCE	3,938	3,938	3,938	3,938
ADVANCED COMBAT SYSTEMS TECHNOLOGY	30,166	36,166	30,166	34,066
SURFACE AND SHALLOW WATER MINE COUNTERMEASURES	122,122	122,122	121,122	120,522
SURFACE SHIP TORPEDO DEFENSE	47,039	53,039	53,039	53,839
CARRIER SYSTEMS DEVELOPMENT	167,823	169,823	167,823	170,823
SHIPBOARD SYSTEM COMPONENT DEVELOPMENT	22,150	43,550	44,900	51,250
PILOT FISH	141,369	141,369	141,369	141,369
RETRACT LARCH	82,717	82,717	82,717	82,717
RETRACT JUNIPER	54,887	54,887	54,887	54,887
RADIOLOGICAL CONTROL	1,845	1,845	1,845	1,845
SURFACE ASW	17,343	23,343	21,843	23,693
SSGN CONVERSION	24,020	28,520	24,020	24,020
ADVANCED SUBMARINE SYSTEM DEVELOPMENT	162,953	182,953	162,953	162,053
SUBMARINE TACTICAL WARFARE SYSTEMS	7,125	7,125	7,125	7,125
SHIP CONCEPT ADVANCED DESIGN	11,899	15,899	20,899	21,399
SHIP PRELIMINARY DESIGN & FEASIBILITY STUDIES	27,021	27,021	27,021	27,021
ADVANCED NUCLEAR POWER SYSTEMS	168,373	168,373	168,373	168,373
ADVANCED SURFACE MACHINERY SYSTEMS	---	6,000	---	5,100
CHALK EAGLE	116,230	116,230	116,230	116,230
LITTORAL COMBAT SHIP (LCS)	576,454	581,954	581,454	582,654
COMBAT SYSTEM INTEGRATION	76,975	82,975	91,975	93,475
CONVENTIONAL MUNITIONS	36,940	36,940	36,940	36,940

	Budget	House	Senate	Conference
	(In thousands of dollars)			
MARINE CORPS ASSAULT VEHICLES	253,675	253,675	253,675	253,675
MARINE CORPS MINE/COUNTERMEASURES SYSTEMS - ADV DEV	3,265	3,265	3,265	3,265
MARINE CORPS GROUND COMBAT/SUPPORT SYSTEM	500	3,000	15,500	13,300
JOINT SERVICE EXPLOSIVE ORDNANCE DEVELOPMENT	34,418	23,218	34,418	34,418
COOPERATIVE ENGAGEMENT	88,135	103,135	88,135	100,935
OCEAN ENGINEERING TECHNOLOGY DEVELOPMENT	24,620	24,620	24,620	24,620
ENVIRONMENTAL PROTECTION	21,977	24,977	27,377	27,877
NAVY ENERGY PROGRAM	1,595	3,595	13,095	8,545
FACILITIES IMPROVEMENT	4,158	6,158	5,658	6,458
CHALK CORAL	52,769	52,769	52,769	52,769
NAVY LOGISTIC PRODUCTIVITY	8,909	24,009	10,909	20,709
RETRACT MAPLE	308,708	308,708	308,708	308,708
LINK PLUMERIA	81,723	79,823	81,723	81,723
RETRACT ELM	57,036	57,036	57,036	57,036
SHIP SELF DEFENSE	9,592	9,592	9,592	9,592
LINK EVERGREEN	58,153	58,153	58,153	58,153
SPECIAL PROCESSES	47,908	47,908	47,908	47,908
NATO RESEARCH AND DEVELOPMENT	10,335	10,335	10,335	10,335
LAND ATTACK TECHNOLOGY	14,195	72,695	38,195	74,195
NONLETHAL WEAPONS (DEM/VAL)	43,981	48,981	43,981	47,581
ALL SERVICE COMBAT IDENTIFICATION EVALUATION TEAM	15,696	15,696	15,696	15,696
JOINT PRECISION APPROACH AND LANDING SYSTEMS (DEM/VAL)	39,260	39,260	39,260	39,260
SINGLE INTEGRATED AIR PICTURE (SIAP) SYSTEM ENGINEER	36,721	36,721	36,721	36,721
COUNTER-DRUG RDT&E PROJECTS	---	3,400	11,000	8,150
TACTICAL AIR DIRECTIONAL INFRARED COUNTERMEASURES	9,956	9,956	9,956	9,956
HARD AND DEEPLY BURIED TARGET DEFEAT SYSTEM (HDBTDS)	---	---	12,000	7,200
SPACE & ELECTRONIC WARFARE (SEW) ARCHITECTURE/ENGINE	44,469	35,950	44,469	35,950
JOINT WARFARE TRANSFORMATION PROGRAMS	23,385	23,385	23,385	23,385
TOTAL, DEMONSTRATION & VALIDATION	3,276,391	3,491,372	3,453,891	3,537,922

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ENGINEERING & MANUFACTURING DEVELOPMENT				
OTHER HELO DEVELOPMENT	81,112	81,112	81,112	81,112
AV-8B AIRCRAFT - ENG DEV	15,556	15,556	15,556	15,556
STANDARDS DEVELOPMENT	84,308	81,308	86,308	85,508
MULTI-MISSION HELICOPTER UPGRADE DEVELOPMENT	48,144	50,144	48,144	49,844
AIR/OCEAN EQUIPMENT ENGINEERING	4,558	4,558	4,558	4,558
P-3 MODERNIZATION PROGRAM	7,401	11,101	8,401	10,751
WARFARE SUPPORT SYSTEM	2,275	2,275	2,275	2,275
TACTICAL COMMAND SYSTEM	51,177	64,177	56,177	64,777
ADVANCED HAWKEYE	629,682	629,682	579,682	623,682
H-1 UPGRADES	42,012	42,012	42,012	42,012
ACOUSTIC SEARCH SENSORS	29,522	38,522	29,522	34,022
V-22A	206,376	206,376	206,376	206,376
AIR CREW SYSTEMS DEVELOPMENT	10,902	14,102	10,902	13,652
EA-18	409,097	400,000	409,097	400,000
ELECTRONIC WARFARE DEVELOPMENT	42,667	42,667	45,167	43,917
VHXX EXECUTIVE HELO DEVELOPMENT	935,932	935,932	935,932	935,932
JOINT TACTICAL RADIO SYSTEM - NAVY (JTRS-NAVY)	250,766	204,000	220,766	172,366
SC-21 TOTAL SHIP SYSTEM ENGINEERING	1,114,791	757,000	1,127,791	1,156,891
SURFACE COMBATANT COMBAT SYSTEM ENGINEERING	216,313	233,313	220,313	232,213
LPD-17 CLASS SYSTEMS INTEGRATION	11,443	11,443	11,443	11,443
SMALL DIAMETER BOMB (SDB)	9,965	9,965	9,965	9,965
STANDARD MISSILE IMPROVEMENTS	145,634	151,134	149,634	150,734
AIRBORNE MCM	54,659	54,659	54,659	54,659
SSN-688 AND TRIDENT MODERNIZATION	95,499	105,499	100,499	107,499
AIR CONTROL	10,151	10,151	13,151	11,651
ENHANCED MODULAR SIGNAL PROCESSOR	1,079	1,079	1,079	1,079
SHIPBOARD AVIATION SYSTEMS	33,029	33,029	42,529	38,279
COMBAT INFORMATION CENTER CONVERSION	6,908	7,908	6,908	7,908
NEW DESIGN SSN	155,807	169,307	193,807	177,907

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SSN-21 DEVELOPMENTS	2,928	2,928	2,928	2,928
SUBMARINE TACTICAL WARFARE SYSTEM	40,690	42,690	47,690	46,640
SHIP CONTRACT DESIGN/ LIVE FIRE T&E	55,672	58,672	55,672	58,272
NAVY TACTICAL COMPUTER RESOURCES	2,220	7,220	2,220	6,520
MINE DEVELOPMENT	15,392	15,392	15,392	15,392
LIGHTWEIGHT TORPEDO DEVELOPMENT	31,826	31,826	31,826	31,826
JOINT SERVICE EXPLOSIVE ORDNANCE DEVELOPMENT	8,880	8,880	8,880	8,880
PERSONNEL, TRAINING, SIMULATION, AND HUMAN FACTORS	3,097	6,097	3,097	5,197
BATTLE GROUP PASSIVE HORIZON EXTENSION SYSTEM	18,456	34,456	22,456	33,056
JOINT STANDOFF WEAPON SYSTEMS	13,517	13,517	13,517	13,517
SHIP SELF DEFENSE (DETECT & CONTROL)	45,931	56,931	49,931	57,331
SHIP SELF DEFENSE (ENGAGE: HARD KILL)	46,026	52,026	48,026	50,526
SHIP SELF DEFENSE (ENGAGE: SOFT KILL/EW)	24,012	40,212	33,012	33,912
INTELLIGENCE ENGINEERING	5,002	5,002	5,002	5,002
MEDICAL DEVELOPMENT	7,202	42,702	26,702	47,402
NAVIGATION/ID SYSTEM	52,717	52,717	47,717	47,717
DISTRIBUTED SURVEILLANCE SYSTEM	54,256	58,256	54,256	56,656
JOINT STRIKE FIGHTER (JSF) - EMD	2,393,013	2,399,213	2,269,013	2,305,113
SMART CARD	715	715	715	715
INFORMATION TECHNOLOGY DEVELOPMENT	19,150	22,750	19,150	25,650
INFORMATION TECHNOLOGY DEVELOPMENT	60,859	92,359	92,859	105,659
MULTINATIONAL INFORMATION SHARING (MNIS)	33,557	22,000	33,557	22,000
CH-53X	271,941	271,941	271,941	271,941
MULTI-MISSION MARITIME AIRCRAFT (MMA)	964,067	964,067	964,067	964,067
TOTAL, ENGINEERING & MANUFACTURING DEVELOPMENT	8,877,891	8,670,580	8,833,391	8,962,487
RDT&E MANAGEMENT SUPPORT				
THREAT SIMULATOR DEVELOPMENT	23,918	23,918	23,918	23,918
TARGET SYSTEMS DEVELOPMENT	52,963	41,555	52,963	41,555
MAJOR T&E INVESTMENT	39,682	39,682	41,682	41,082

	Budget	House	Senate	Conference
	(In thousands of dollars)			
STUDIES AND ANALYSIS SUPPORT - NAVY	9,629	10,208	9,629	9,008
CENTER FOR NAVAL ANALYSES	49,891	49,891	49,891	49,891
FLEET TACTICAL DEVELOPMENT	2,266	2,266	2,266	2,266
TECHNICAL INFORMATION SERVICES	714	9,714	26,714	28,914
MANAGEMENT, TECHNICAL & INTERNATIONAL SUPPORT	44,847	42,604	44,847	43,347
STRATEGIC TECHNICAL SUPPORT	3,451	3,451	3,451	3,451
RDT&E SCIENCE AND TECHNOLOGY MANAGEMENT	63,508	63,508	63,508	63,508
RDT&E INSTRUMENTATION MODERNIZATION	1,632	1,632	1,632	1,632
RDT&E SHIP AND AIRCRAFT SUPPORT	77,131	77,131	77,131	77,131
TEST AND EVALUATION SUPPORT	320,133	320,133	320,133	320,133
OPERATIONAL TEST AND EVALUATION CAPABILITY	13,101	13,101	13,101	13,101
NAVY SPACE AND ELECTRONIC WARFARE (SEW) SUPPORT	2,829	2,829	2,829	2,829
SEW SURVEILLANCE/RECONNAISSANCE SUPPORT	13,030	13,030	13,030	13,030
MARINE CORPS PROGRAM WIDE SUPPORT	28,224	38,224	30,224	36,624
SERVICE SUPPORT TO JFCOM, JNTC	10,000	18,500	10,000	18,300
TOTAL, RDT&E MANAGEMENT SUPPORT	756,949	771,377	786,949	789,720

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OPERATIONAL SYSTEMS DEVELOPMENT				
STRATEGIC SUB & WEAPONS SYSTEM SUPPORT	90,022	95,022	95,022	93,522
SSBN SECURITY TECHNOLOGY PROGRAM	44,063	44,063	44,063	44,063
SUBMARINE ACOUSTIC WARFARE DEVELOPMENT	8,527	9,527	8,527	9,527
NAVY STRATEGIC COMMUNICATIONS	31,443	38,143	31,443	35,543
RAPID TECHNOLOGY TRANSITION (RTT)	24,653	28,653	24,653	25,653
F/A-18 SQUADRONS	88,720	88,720	90,720	87,420
E-2 SQUADRONS	2,256	15,756	6,256	17,056
FLEET TELECOMMUNICATIONS (TACTICAL)	32,694	32,694	34,694	32,694
TOMAHAWK AND TOMAHAWK MISSION PLANNING CENTER (TMPC)	20,342	28,342	26,342	27,342
INTEGRATED SURVEILLANCE SYSTEM	23,453	25,453	29,453	31,003
AMPHIBIOUS TACTICAL SUPPORT UNITS	4,768	4,768	4,768	4,768
CONSOLIDATED TRAINING SYSTEMS DEVELOPMENT	42,248	43,248	42,248	44,248
CRYPTOLOGIC DIRECT SUPPORT	1,422	1,422	1,422	1,422
ELECTRONIC WARFARE (EW) READINESS SUPPORT	13,987	13,987	13,987	13,987
HARM IMPROVEMENT	90,832	97,332	80,832	85,932
TACTICAL DATA LINKS	86,364	86,364	86,364	88,164
SURFACE ASW COMBAT SYSTEM INTEGRATION	4,519	18,019	4,519	12,819
MK-48 ADCAP	21,619	21,619	21,619	21,619
AVIATION IMPROVEMENTS	81,546	94,546	83,546	96,151
NAVY SCIENCE ASSISTANCE PROGRAM	3,917	3,917	3,917	3,917
OPERATIONAL NUCLEAR POWER SYSTEMS	64,054	64,054	64,054	64,054
MARINE CORPS COMMUNICATIONS SYSTEMS	237,081	264,381	243,781	259,981
MARINE CORPS GROUND COMBAT/SUPPORTING ARMS SYSTEMS	48,409	71,909	68,009	73,709
MARINE CORPS COMBAT SERVICES SUPPORT	10,476	15,476	15,476	16,476
TACTICAL AIM MISSILES	9,384	9,384	9,384	9,384
ADVANCED MEDIUM RANGE AIR-TO-AIR MISSILE (AMRAAM)	3,584	3,584	3,584	3,584
SATELLITE COMMUNICATIONS (SPACE)	541,980	450,980	541,980	547,980
INFORMATION SYSTEMS SECURITY PROGRAM	28,660	20,700	28,660	22,000
JOINT COMMAND AND CONTROL PROGRAM (JC2)	5,000	5,000	5,000	5,000

	Budget	House	Senate	Conference
	(In thousands of dollars)			
COBRA JUDY	121,261	121,261	121,261	121,261
NAVY METEOROLOGICAL AND OCEAN SENSORS-SPACE (METOC)	9,122	11,122	9,122	10,122
JOINT C4ISR BATTLE CENTER (JBC)	55,326	49,326	55,326	52,326
JOINT MILITARY INTELLIGENCE PROGRAMS	4,290	4,290	4,290	4,290
TACTICAL UNMANNED AERIAL VEHICLES	99,349	106,799	115,162	118,862
AIRBORNE RECONNAISSANCE SYSTEMS	27,918	27,918	36,068	31,818
MANNED RECONNAISSANCE SYSTEMS	21,322	22,322	21,322	62,322
DISTRIBUTED COMMON GROUND SYSTEMS	12,354	16,354	12,354	12,354
AERIAL COMMON SENSOR (ACS) (JMIP)	133,642	134,642	13,642	37,000
MODELING AND SIMULATION SUPPORT	6,812	6,812	6,812	7,812
DEPOT MAINTENANCE (NON-IF)	10,012	13,012	10,012	12,612
INDUSTRIAL PREPAREDNESS	57,753	62,753	57,753	60,153
MARITIME TECHNOLOGY (MARITECH)	---	---	4,000	3,400
TOTAL, OPERATIONAL SYSTEMS DEVELOPMENT	2,225,184	2,273,674	2,181,447	2,313,350
CLASSIFIED PROGRAMS	1,125,515	1,096,949	1,149,265	1,066,965
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, NAVY	18,037,991	18,481,862	18,557,904	18,993,135

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

R-1		Budget Request	House	Senate	Conference
1	**UNIVERSITY RESEARCH INITIATIVES**	**75,910**	**92,410**	**79,410**	**87,810**
	Center for Southeastern Tropical Advanced Remote Sensing (CSTARS)		4,500	2,500	2,500
	Research infrastructure -- University of Washington APL		4,000		2,800
	National security training		3,000		1,800
	Center for Catastrophe Preparedness and Response, NYU		1,000		1,000
	Defense commercialization research initiative		4,000		2,800
	Multifunctional materials for naval structures			1,000	1,000
2	**IN-HOUSE LABORATORY INDEPENDENT RESEARCH**	**15,500**	**15,500**	**18,500**	**17,600**
	Navy S&T outreach			3,000	2,100
3	**DEFENSE RESEARCH SCIENCES**	**356,885**	**372,785**	**372,385**	**376,485**
	S&E education, career development, and outreach		-5,000		-5,000
	Center for Photochemical Sciences		1,000		1,000
	Intelligent autonomous networks and systems program ad hoc data communications		1,000		1,000
	Carbon nanotube-based radiation-hard non-volatile RAM		9,900		7,000
	Energetics S&T workforce revitalization initiative		4,000		2,800
	Navy use of UNOLS ships		5,000		4,250
	Bio-inspired materials -- applications in catalysis, magnetics, electronics and medicine			2,000	1,400
	Nanoelectronics and nanometrology initiative			5,000	2,500
	Neurobiologically inspired computational architectures and methodologies			2,000	1,400
	Rotational molded double wall hull using thermo-plastic cross-link material			2,500	1,250
	UNOLS research vessel			4,000	2,000
4	**POWER PROJECTION APPLIED RESEARCH**	**94,148**	**114,098**	**123,648**	**136,898**
	Electric weapons		-20,200		-5,000
	Oblique angle hyperspectral image fusion		1,650		1,650
	Work flow engine for off-line imagery		1,000		1,000
	High power FEL development for Navy applications		3,000		1,500
	Autonomous underwater vehicle docking and recharging station		3,000		2,100
	Retroreflecting optical communications for special operations		2,000		1,000
	DoD agile manufacturing center for castings technology (AMCast)		3,000		2,100
	Marine mammal research program		2,000		1,000
	Spectral beam combining fiber lasers		1,000		1,000
	Electronic motion actuation systems		3,600		2,200
	Ultra HD projection display		3,000		1,500
	High performance frequency modulated fiberoptic link		2,000		1,200
	High energy density capacitors for military applications		3,000		1,500
	Development processes for full scale production of silicon carbide wafers		2,000		1,700
	Millimeter terahertz imaging arrays		4,200		3,600
	Device integration of wide band gap semiconductors and multifunctional oxides		1,700		1,500
	Warheads of advanced reactive material enhanced nanocomposites (WARMEN)		3,000		0
	Navy security automation and future electro-robots		1,000		1,000
	Aircraft carrier surveillance system			5,000	3,500
	Combustion light gas gun			5,000	4,250

R-1		Budget Request	House	Senate	Conference
	Free electron laser			5,000	3,500
	MDETEC			1,000	1,000
	Multi-sensor hyperspectral system for day/night reconnaissance			3,000	2,600
	Silver Fox unmanned aerial vehicle			2,500	1,750
	Thermal management systems for high density electronics			8,000	5,600
5	**FORCE PROTECTION APPLIED RESEARCH**	**101,650**	**125,150**	**141,650**	**139,550**
	MK V patrol boat replacement craft prototype		5,000		2,500
	Magnetic refrigeration technology for naval applications		1,000	3,200	1,900
	Lithium ion battery for multiple Navy aircraft		1,500	3,000	1,500
	Facial recognition technology		2,000		1,400
	Low cost, rapid prototype/production technology for polymeric aircraft components initiative		2,000		1,000
	High efficiency quiet electric drive		1,500	3,000	1,500
	Thin film battery		2,000		1,400
	Secure infrastructure technology laboratory		8,000		6,800
	Lightweight ship structures		500		500
	Advanced fusion processor			3,000	2,600
	High frequency acoustic signal processor system			6,000	3,000
	Nano-magnetic materials for future military propulsion and energy systems			2,000	1,400
	NAVAIR corrosion modeling software project			3,000	2,100
	PEM fuel cell for vehicle sensors			1,000	1,000
	PMRF force protection lab			4,000	3,400
	Polymeric aircraft components			2,000	1,000
	Small watercraft propulsion demonstrator			3,000	1,500
	Undersea perimeter security technology			2,300	1,200
	Unmanned sea surface vehicles for maritime missions			4,500	2,200
6	**MARINE CORPS LANDING FORCE TECHNOLOGY**	**37,590**	**37,590**	**39,090**	**38,590**
	Advanced lead acid battery development for military vehicles			1,500	1,000
8	**MATERIALS, ELECTRONICS AND COMPUTER TECHNOLOGY**	**0**	**0**	**2,500**	**1,500**
	Agile manufacturing center for castings technology -- Keyport Naval Base			2,500	1,500
9	**COMMON PICTURE APPLIED RESEARCH**	**57,693**	**70,393**	**112,193**	**105,643**
	SensorNet common data highway (Note: Conference funding is provided under line 9, "SensorNet")		2,700		0
	Radio sensor module (RASM)		2,000		1,200
	Coordinated operation of unmanned vehicle for littoral waters		3,000		2,600
	Theater undersea warfare initiative		5,000	7,000	6,000
	AIREP			6,500	5,550
	Critical area protection systems high resolution situational awareness			1,000	1,500
	M2C2			7,000	6,500
	NAIF			6,000	5,100
	SensorNet			25,000	17,500
	Webster integration			2,000	1,000
	Expeditonary warfare testbed global information grid enterprise services (Note: House included funding under line 10, "Warfighter sustainment applied research")				1,000

R-1		Budget Request	House	Senate	Conference
10	**WARFIGHTER SUSTAINMENT APPLIED RESEARCH**	**82,856**	**107,500**	**101,856**	**111,306**
	Reduction in program growth due to budget constraints		-8,856		0
	Biosensors for defense applications		2,000	1,500	1,500
	Nonlinear systems research center (Note: Only for use by the West Virginia High Technology Consortium Foundation)		1,000		1,000
	Expeditonary warfare testbed global information grid enterprise services (Note: Conference funding is included under line 9, "Common picture applied research")		1,000		0
	Mast-mounted in port video force protection surveillance system		5,000		3,400
	Advanced fouling and corrosion control coatings		2,000	8,000	5,600
	Automated language translation tools for intelligence community		1,000		1,000
	POSS biofilm packaging materials		2,000		1,000
	Durability of composite materials and structures		2,500		1,250
	National Center for Advanced Secure Systems Research		4,000		2,800
	Titanium-based alloy for advanced aerospace applications		1,500		1,300
	Continuation of hydrate desalination technology		2,000		1,700
	Atmospheric water harvesting		1,000		1,000
	Virtual clinical learning lab		4,000		2,000
	Partnership simulation laboratory for military health professions and first responder education		2,000		1,000
	Environmental micro-biological energy harvesting		2,000		1,200
	Advanced magnetic resonance imaging		500		500
	Seabasing research			-7,500	-7,500
	Training technologies program execution			-3,000	-3,000
	Automated video threat recognition			2,500	1,800
	Friction stir welding			2,000	1,200
	Intelligent processing of multifunctional composite materials			3,000	1,500
	Methane desalination systems			1,000	1,000
	Multifunction composites for next Navy seaframes			3,500	2,500
	Optimizing adaptive warrior performance			2,000	1,700
	Rapid detection of biowarfare agents in water			3,000	1,500
	Transportable transponder landing system			3,000	1,500
11	**RF SYSTEMS APPLIED RESEARCH**	**47,302**	**59,002**	**60,802**	**67,052**
	Novel silicon carbide technology development		1,400		1,000
	Lithium-based battery development for asset tracking		1,800		1,000
	Broadband electronics for RF systems		2,500		1,250
	Wide bandgap materials for power electronics		3,000		2,600
	Center for microwave ferrites and multifunctional integrated circuits		1,000		1,000
	Core reparative medicine for traumatic injuries		1,000		1,000
	Reparative health initiative		1,000		1,000
	Advanced microwave ferrite research for RF systems			2,500	1,500
	Gallium nitride RF power technology			2,000	1,000
	Maritime synthetic range			7,000	6,700
	Pacific theater data fusion testbed			2,000	1,700

R-1		Budget Request	House	Senate	Conference
12	**OCEAN WARFIGHTING ENVIRONMENT APPLIED RESEARCH**	**49,793**	**64,393**	**52,293**	**63,218**
	Southeast Coastal Ocean Observing System (SEACOOS)		2,000		1,625
	New Jersey Coastal Observing System		1,000		1,000
	Continuation of research in ocean technology and autonomous marine sensors		5,600		4,800
	Coastal MASINT		6,000		4,200
	Integrated littoral sensor network			2,500	1,800
13	**JOINT NON-LETHAL WEAPONS APPLIED RESEARCH**	**6,000**	**10,000**	**6,000**	**9,000**
	Bioluminescence truth data measurement and signature detection		1,500		1,000
	Extended capability underwater optical imaging		1,500		1,000
	Enhance the open submarine model		1,000		1,000
14	**UNDERSEA WARFARE APPLIED RESEARCH**	**71,362**	**78,362**	**83,162**	**85,562**
	Prototype demonstration of point defense undersea weapon		4,000		2,500
	ATT (6.75 inch diameter) multi-mission weapon		2,000		1,700
	Tow cable shape estimation		1,000		1,000
	Acoustic littoral glider system			4,500	3,900
	High power, high duty transducers			3,300	2,300
	MEMS-IMU for an advanced underwater sensor			4,000	2,800
15	**MINE AND EXPEDITIONARY WARFARE APPLIED RESEARCH**	**49,520**	**49,520**	**50,520**	**49,620**
	Program execution			-3,000	-3,000
	Coordinated, heterogeneous teams of unmanned vehicles			3,000	2,100
	Hyperspectral imager for the coastal ocean			1,000	1,000
16	**POWER PROJECTION ADVANCED TECHNOLOGY**	**82,538**	**112,638**	**135,538**	**137,288**
	Terahertz detection system for IEDs/landmines		2,000		1,200
	Advanced panoramic sensor systems for UAVs		2,500	1,000	1,250
	DP-2 vectored thrust aircraft program		7,000		3,900
	Structurally integrated low observable coating system		6,000		4,200
	Low cost terminal imaging seeker		4,000		2,000
	Short pulse laser development for micromachining applications		2,200		1,900
	Advanced technologies for high velocity particle consolidation		1,000		1,000
	LADAR		1,000		1,000
	Long wavelength array		3,400	5,000	3,500
	Countermine LIDAR UAV-based system (CLUBS)		1,000		1,000
	Articulated stable ocean platform			1,000	1,000
	Bow lifting body ship research			7,000	6,000
	Excalibur unmanned combat aerial vehicle			1,000	1,000
	Expeditionary craft			9,000	9,000
	High speed anti-radiation demonstration -- airframe/propulsion section			10,000	5,000
	Information sharing for ISR targeting and engagement of mobile targets			3,000	1,500
	Low power polymer based infrared technology			3,000	1,500
	Quiet high speed propulsion			8,000	4,800
	Internal rotor urban flight vehicle (Note: For concept development)				500
	Smart instrument development for the Magdalena Ridge Observatory			5,000	3,500

R-1	Budget Request	House	Senate	Conference
17 FORCE PROTECTION ADVANCED TECHNOLOGY	**71,488**	**148,388**	**125,988**	**166,688**
High performance sandwich panel construction techniques		2,500	1,000	1,250
Unmanned force augmentation system		3,000	5,000	3,000
Multi-fuel portable fuel cell power project		1,000		1,000
M-65 bismaleimide carbon fiber prepreg resin system qualification for use with automated placement machines		4,500		2,700
ZEUS light strike vehicle hybrid electric pilot		1,000		1,000
At sea decontamination platform development and conceptual design		1,000		1,000
DD(X) advanced ship service fuel cell (SSFC) power plant		2,000		1,000
Enabling materials for MEMS fabrication and packaging		6,500		4,500
Multipolar motor		1,000		1,000
Wave powered electric power generating system for naval base		3,000		1,500
Porous silicon-based direct methanol fuel cell		3,500		1,750
Fourth generation naval propulsion permanent magnet motor		2,500		1,500
Wireless condition-based maintenance monitoring for shipyard equipment and facilities		5,400		3,200
Force protection digital direction finder		3,000		2,100
Project M		1,000		1,000
Universal solid state breaker		1,000		1,000
Integrated advanced communications terminal		1,000		1,000
Reduced ship crew by virtual presence		2,000		1,000
Electromagnetic rail gun test munition		1,500		1,100
Life cycle program support for unmanned systems		4,000		3,400
Aviation ground advanced technology		1,500		1,300
NCDR - Lightweight, ruggedized reconnaissance robot		1,500		1,300
Unmanned systems technologies for explosive ordnance disposal		1,500		1,300
Autonomous technologies in support of Sea Power 21		2,000		1,700
X Craft		15,000		10,500
Strategic mobility 21 deployment technology		3,000		2,600
Light strike medical evacuation vehicle pilot		2,000		1,700
Agile port and high speed ship technology			5,000	4,500
Copper-ceramic solid oxide fuel cell technology			1,000	1,000
High temperature superconducting generators		3,000	5,000	3,500
Large unmanned undersea vehicle test bed		3,000	6,000	4,200
Mobile manufacturing and repair cell		3,000	5,000	3,500
Planar solid oxide fuel cell cluster demonstration			6,000	5,100
Pure hydrogen supply from logistics fuel		3,000	1,500	2,500
Remote energetic material manufacturing for pyrotechnic infrared decoys			3,000	1,300
Ship service fuel cell			6,000	3,000
Wide bandgap semiconductor substrate materials			8,000	5,600
Superconducting DC homopolar motor for electric drive ships				1,200
Missile warning system				3,000
Wireless sensor system			2,000	1,400

R-1		Budget Request	House	Senate	Conference
18	**COMMON PICTURE ADVANCED TECHNOLOGY**	**60,589**	**71,389**	**67,989**	**73,989**
	Internet protocol version 6		1,000		1,000
	MIST affordable high resolution phased array radar		4,300		3,000
	Consolidated undersea situational awareness system (CUSAS)		2,000	3,400	2,900
	CIP advisor for global maritime awareness		1,000		1,000
	Maritime domain identification system		1,500		1,000
	Autonomous service aggregation for the expeditionary warfare testbed		1,000		1,000
	Shipboard automated reconstruction capability				1,500
	Improved shipboard combat information			4,000	2,000
19	**WARFIGHTER SUSTAINMENT ADVANCED TECHNOLOGY**	**68,540**	**95,495**	**87,040**	**98,295**
	Manpower and personnel development		-3,970		-3,970
	Littoral combat		-2,075		-2,075
	Protective apparel technology systems		3,000	3,000	3,000
	ONR virtual at sea training initiative		3,000		1,500
	Integrated asymmetric urban warfare		1,500		1,000
	Defense systems modernization and sustainment initiative		3,000	4,000	3,000
	Motion-coupled visual environment (MOCOVE)		1,000		1,000
	Autonomous sustainment cargo container delivery system		2,000		1,000
	Shipboard personal locator beacon		1,500		1,100
	Damage control onboard simulation		3,000		2,600
	Photonic machining of electronic materials		1,000		1,000
	SEAPRINT		6,000		4,200
	Intelligent work management		2,000		1,700
	CRESST skill set analysis		6,000		5,100
	Automated container and cargo handling system			4,000	2,000
	HEET			4,500	4,500
	Curve plate technology				1,000
	Wireless sensors for Navy aircraft			3,000	2,100
20	**RF SYSTEMS ADVANCED TECHNOLOGY**	**75,070**	**95,070**	**90,070**	**102,120**
	Horizon extension surveillance systems		2,000		1,400
	C band active array radar (CBAAR)		15,000		12,750
	Highly mobile tactical communications		3,000		2,600
	APY-6 real-time precision targeting radar			4,000	2,000
	Common affordable radar processor			8,000	6,800
	Joint electronic attack unmanned vehicles			3,000	1,500
21	**MARINE CORPS ADVANCED TECHNOLOGY DEMONSTRATION (ATD)**	**56,434**	**82,134**	**80,634**	**89,034**
	Telepresent rapid aiming platform (TRAP)		3,500		3,000
	C3RP		4,000		3,400
	Advanced deployable water purification technology		2,700		1,300
	Common Remotely Operated Weapon System (CROWS)		2,000		1,000
	ULTRA Program		2,000		0
	Craft Integrated Electronic Suite (CIES)		1,500		1,000
	Precision Approach and Landing System (PALS)		4,500		2,700
	Man-Portable Quadrupole Resonance Landmine Detection		3,000		2,600
	Armored patrol vehicle			3,000	1,500
	Expeditionary unit water purification II			11,000	8,700
	Laser integrated target engagement system			5,200	3,600

R-1		Budget Request	House	Senate	Conference
	Maritime air-ground task force situational awareness			1,000	1,000
	Mobile fire support system -- Dragonfire II		2,500	4,000	2,800
24	**NAVY TECHNICAL INFORMATION PRESENTATION SYSTEM**	**187,943**	**189,443**	**175,943**	**183,043**
	Joint experimentation visualization		1,500		2,000
	Program growth			-20,000	-12,500
	Modeling and simulation for urban operations			8,000	5,600
25	**WARFIGHTER PROTECTION ADVANCED TECHNOLOGY**	**16,068**	**60,768**	**29,568**	**59,568**
	Authentic tactical flight simulator operational validation		2,700		1,350
	Nursing telehealth research program		3,000		2,600
	C. W. Bill Young Marrow Donor Recruitment and Research Program		35,000		30,000
	Antioxidant micronutrient program for warfighter exposure		2,000		1,000
	Navy special warfare performance and injury prevention program		2,000		1,000
	High speed blood and fluid transfusion equipment			3,000	2,100
	Advanced warfighter protection -- composite tissue transplant				1,700
	Integrated warfighter biodefense program			7,500	3,750
	Tissue and limb transplantation medical technology development (Note: Conference funding is included under RDT&E, Army, line 31)			3,000	0
26	**UNDERSEA WARFARE ADVANCED TECHNOLOGY**	**27,603**	**30,103**	**30,603**	**35,553**
	Validation and implementation of sensor sweet spot selection algorithms		2,500		1,250
	Hawaii undersea vehicle test and training environment			2,000	1,700
	MPP/APB torpedo improvement program (Note: Only to continue MPP/ABP phase 3 SBIR technology insertion into naval torpedoes.)				4,000
	SAUVIM			1,000	1,000
29	**MINE AND EXPEDITIONARY WARFARE ADVANCED TECHNOLOGY**	**31,897**	**35,097**	**33,897**	**35,597**
	Upward looking sensor		1,200		1,000
	Modeling the warrior as a cognitive system		2,000		1,700
	Visual integrated bridge system			2,000	1,000
30	**AIR/OCEAN TACTICAL APPLICATIONS**	**27,094**	**29,594**	**30,594**	**31,594**
	3D-CMAPS		2,500	2,500	2,500
	Gateway system				1,000
	Littoral acoustic demonstration center			1,000	1,000
31	**AVIATION SURVIVABILITY**	**6,255**	**41,455**	**27,605**	**44,355**
	Ceramic air-deployed sensor		2,500		1,750
	Kingfisher II hybrid UAV/USV		5,000		3,500
	Smart visor		1,500		1,000
	Intelligent autonomy technology transition program		5,000		2,500
	Equipment life extension project		2,700		1,350
	Rotorcraft external airbag protection		1,000	4,000	2,800
	Agile laser eye protection		2,500	2,000	2,000
	Command chair active isolation		4,000		3,400
	Modular advanced vision system		5,000		2,300
	Advanced Maritime Technology Center		3,000		2,100

R-1		Budget Request	House	Senate	Conference
	Operational experimentation environment at Patuxent River, MD		3,000		2,100
	Aviation fire suppression production alignment			1,000	1,000
	Integrated manifold and tube ceramic oxygen generator			6,000	4,200
	Intelligent control systems for SWARM UAVs			4,350	3,700
	Integrated mission helmet (Note: Funding transferred from RDT&E, Air Force)				1,600
	Silver Fox UAV			4,000	2,800
33	**ASW SYSTEMS DEVELOPMENT**	**7,050**	**12,050**	**16,050**	**19,050**
	Tactical e-field buoy development program		5,000		3,500
	Electro-optic passive ASW (EPAS)			8,000	7,500
	Lithium battery sonobuoy packs			1,000	1,000
35	**ADVANCED COMBAT SYSTEMS TECHNOLOGY**	**30,166**	**36,166**	**30,166**	**34,066**
	Multiview data standards for the integrated digital environment		3,000		1,500
	High pressure pure air generator/second source		2,000		1,400
	Advanced combat system technology		1,000		1,000
36	**SURFACE AND SHALLOW WATER MINE COUNTERMEASURES**	**122,122**	**122,122**	**121,122**	**120,522**
	EMNS contract award delay			-3,000	-3,000
	Surface Navy integrated undersea tactical technology			2,000	1,400
37	**SURFACE SHIP TORPEDO DEFENSE**	**47,039**	**53,039**	**53,039**	**53,839**
	Low cost component development for anti-torpedo torpedo (ATT)		4,000	3,000	3,000
	SLQ-25A torpedo countermeasure improvement program		2,000		1,700
	Integrated multi-platform sonar system			3,000	2,100
38	**CARRIER SYSTEMS DEVELOPMENT**	**167,823**	**169,823**	**167,823**	**170,823**
	Ship security perimeter monitoring using millimeter wave radar		1,000		1,000
	Quips integration with CV tactical support center				1,000
	Sentinel Net		1,000		1,000
39	**SHIPBOARD SYSTEM COMPONENT DEVELOPMENT**	**22,150**	**43,550**	**44,900**	**51,250**
	Flash detection system for Navy 501 shipboard engines		3,000		1,500
	Electromagnetic launcher (rail gun)		4,200		2,950
	Smart machinery spaces system		4,200		3,950
	HTS AC synchronous propulsion motor		2,000	8,000	4,000
	Integrated power distribution system for next generation all-electric ship		6,000		3,000
	Alternative composition, low cost pipe for shipboard applications		2,000		1,700
	Amorphous metal permanent magnet generator			1,500	1,000
	Carbon foam program			2,250	2,000
	MTTC/IPI and National Surface Treatment Center			10,000	7,000
	Intelligent Systems Consortium NAVSEA-Carderock/SHSU				1,000
	Water mist fire protection systems			1,000	1,000
44	**SURFACE ASW**	**17,343**	**23,343**	**21,843**	**23,693**
	Medium offboard distributed acoustic sensors		2,000		1,000
	Automated readiness measurement system		1,000		500
	Continuous active sonar		3,000		2,600
	Improved surface vessel torpedo launcher			4,500	2,250

R-1		Budget Request	House	Senate	Conference
45	**SSGN CONVERSION**	**24,020**	**28,520**	**24,020**	**24,020**
	SSGN UUV integration program (Note: Conference funding is included under item 46, "SSGN/Unmanned undersea vehicle integration program")		4,500		0
46	**ADVANCED SUBMARINE SYSTEM DEVELOPMENT**	**162,953**	**182,953**	**162,953**	**162,053**
	Experimental research transformational submersible studies		3,000		2,600
	Inner and outer decoupler materials for hull arrays		5,000		3,000
	SSN navigation enhancement module		1,500		1,000
	Submarine tactical monitor (SubTaM)		4,500		2,500
	MPP/APB torpedo improvement program (Note: Conference funding is included under line 26, "Undersea warfare advanced technology")		6,000		0
	Program reduction			-20,000	-20,000
	SSGN/Unmanned undersea vehicle integration program			20,000	10,000
48	**SHIP CONCEPT ADVANCED DESIGN**	**11,899**	**15,899**	**20,899**	**21,399**
	HM&E data integration		2,000		0
	Video analysis research and development for shipboard assessments		2,000		1,700
	Autonomous maritime navigation program			8,000	6,800
	Security video distribution system for shipboard force protection			1,000	1,000
51	**ADVANCED SURFACE MACHINERY SYSTEMS**	**0**	**6,000**	**0**	**5,100**
	LCS advanced lightweight metals technology for aluminum intensive marine structures		2,000		1,700
	Advanced combatant materials research		4,000		3,400
53	**LITTORAL COMBAT SHIP (LCS)**	**576,454**	**581,954**	**581,454**	**582,654**
	Remote operation of active sonar technology (ROAST)		3,000	5,000	3,000
	ASW multistatic sensor mission planning upgrade; USN LCS mission package projects				1,000
	Unmanned surface vehicle concepts and technology solutions		2,500		2,200
54	**COMBAT SYSTEM INTEGRATION**	**76,975**	**82,975**	**91,975**	**93,475**
	Trouble report information data warehouse		1,000	2,000	1,000
	Optical line replaceable units		1,000		1,000
	Lasers for Navy applications		4,000		3,400
	Transportable laser induced plasma channel			13,000	11,100
58	**MARINE CORPS GROUND COMBAT/SUPPORT SYSTEM**	**500**	**3,000**	**15,500**	**13,300**
	Urban terrain target designator		1,000		1,000
	Modeling and simulation of warhead interactions		1,500		1,300
	Anti-sniper infrared targeting system			6,000	4,200
	Marine expeditionary rifle squad			2,000	1,400
	Neutralizing facility threats with novel technology			1,500	1,100
	Urban operating environment laboratory			5,500	3,800
59	**JOINT SERVICE EXPLOSIVE ORDNANCE DEVELOPMENT**	**34,418**	**23,218**	**34,418**	**34,418**
	Transfer of classified program to Title IX		-11,200		0

R-1		Budget Request	House	Senate	Conference
60	**COOPERATIVE ENGAGEMENT**	**88,135**	**103,135**	**88,135**	**100,935**
	Cooperative engagement capability tech refresh, integration into NIFC-CA		15,000		12,800
62	**ENVIRONMENTAL PROTECTION**	**21,977**	**24,977**	**27,377**	**27,877**
	Puget Sound anoxia research		2,500		1,800
	Invasive species eradication program		500		500
	Coatings and polymeric films development for naval applications			2,400	2,100
	Integrated marine mammal monitoring and protection system			3,000	1,500
63	**NAVY ENERGY PROGRAM**	**1,595**	**3,595**	**13,095**	**8,545**
	One megawatt molten carbonate fuel cell demonstrator -- Pearl Harbor Naval Station			7,500	3,750
	One megawatt molten carbonate fuel cell demonstrator -- Camp Pendleton		2,000	4,000	3,200
64	**FACILITIES IMPROVEMENT**	**4,158**	**6,158**	**5,658**	**6,458**
	Regenerative fuel cell back up power systems for land installations		2,000		1,200
	Playas instrumentation network design and development			1,500	1,100
66	**NAVY LOGISTIC PRODUCTIVITY**	**8,909**	**24,009**	**10,909**	**20,709**
	Navy Logistics Readiness Research Center		1,000		1,000
	SEALEGS system on chip-based radar warning receiver processor		3,600		1,800
	Logistics impact of lead free circuits and components		1,000		1,000
	Joint engineering data management information and control system (JEDMICS)		4,500		2,700
	Collaborative logistics productivity		5,000		4,300
	AIT-enabled aviation pack-up kit			2,000	1,000
68	**LINK PLUMERIA**	**81,723**	**79,823**	**81,723**	**81,723**
	Transfer of classified program to Title IX		-1,900		0
74	**LAND ATTACK TECHNOLOGY**	**14,195**	**72,695**	**38,195**	**74,195**
	Airborne tactical server (Note: Conference funding is included in line 179, "Tactical data links")		2,500		0
	Millennium gun system		2,000		4,000
	Advanced medium gun demonstrator		4,000		2,400
	Affordable weapon		50,000		35,000
	Ballistic trajectory extended range munition program			12,000	10,200
	MK 57mm gun/ammo transition and start-up			12,000	8,400
75	**NONLETHAL WEAPONS - DEM/VAL**	**43,981**	**48,981**	**43,981**	**47,581**
	Boat trap system for port security/watercraft interdiction		2,000		1,000
	National Center for Non-Lethal Technology Research, Development, Testing, and Training		3,000		2,600
79	**COUNTER-DRUG RDT&E PROJECTS**	**0**	**1,000**	**11,000**	**8,150**
	Force protection and installation management system		1,000		1,000
	76mm super rapid medium caliber gun for littoral combat ships			500	1,000
	Athena beta site			7,500	3,750
	Research of frequency selective surfaces and thermal signatures -- INL		2,400	3,000	2,400

R-1		Budget Request	House	Senate	Conference
81	**HARD AND DEEPLY BURIED TARGET DEFEAT SYSTEM (HDBTDS) PROGRAM**	**0**	**0**	**12,000**	**7,200**
	Submarine launched intermediate range ballistic missile			12,000	7,200
82	**SPACE AND ELECTRONIC WARFARE (SEW) ARCHITECTURE/ENGINEERING SUPPORT**	**44,469**	**35,950**	**44,469**	**35,950**
	Maritime battle center		-8,519		-8,519
86	**STANDARDS DEVELOPMENT**	**84,308**	**81,308**	**86,308**	**85,508**
	Reduction in program growth due to budget constraints		-7,000		-7,000
	DoD metrology research and development		4,000		2,000
	SCRAMscreen display technology (Note: Only for design, development, testing, and qualification of the E-2C replacement display)				4,500
	Advanced virtual test system project			2,000	1,700
87	**MULTI-MISSION HELICOPTER UPGRADE DEVELOPMENT**	**48,144**	**50,144**	**48,144**	**49,844**
	Multi-mission helicopter legacy subsystems improvement program		2,000		1,700
89	**P-3 MODERNIZATION PROGRAM**	**7,401**	**11,101**	**8,401**	**10,751**
	ALR-95 ESM system SEI networking and performance upgrade		2,700		1,350
	P-3C high resolution digital recorder		1,000		1,000
	Personal digital assistant maintenance application project			1,000	1,000
91	**TACTICAL COMMAND SYSTEM**	**51,177**	**64,177**	**56,177**	**64,777**
	Tactical 3D common operational picture		4,000		3,400
	UYQ-70-based IT-21 C4ISR upgrades		2,000		1,700
	Advanced technology sensor payloads		4,000		3,400
	ACETEF upgraded RDT&E capability		3,000		2,100
	Logistics common operating picture			4,000	2,000
	Naval special warfare UUV sensors and C2 - STTR			1,000	1,000
92	**ADVANCED HAWKEYE**	**629,682**	**629,682**	**579,682**	**623,682**
	Program execution			-50,000	-6,000
94	**ACOUSTIC SEARCH SENSORS**	**29,522**	**38,522**	**29,522**	**34,022**
	Automatic radar periscope detection and discrimination (ARPDD) (Note: Only for insertion into APS-137 radar system)		5,000		2,500
	Acoustic environmental sensor system		4,000		2,000
96	**AIR CREW SYSTEMS DEVELOPMENT**	**10,902**	**14,102**	**10,902**	**13,652**
	Night vision tube technology development		3,200		2,750
97	**EA-18**	**409,097**	**400,000**	**409,097**	**400,000**
	Program support costs		-9,097		-9,097
98	**ELECTRONIC WARFARE DEVELOPMENT**	**42,667**	**42,667**	**45,167**	**43,917**
	Infrared signature reduction to mitigate terrorist missile threats			2,500	1,250
100	**JOINT TACTICAL RADIO SYSTEM - NAVY (JTRS-NAVY)**	**250,766**	**204,000**	**220,766**	**172,366**
	Program delay and restructure - A/M/F JTRS		-50,766		-80,800

R-1		Budget Request	House	Senate	Conference
	Digital modular radio		4,000		2,400
	Airborne/Maritime/Fixed JTRS			-30,000	0
101	**SC-21 TOTAL SHIP SYSTEM ENGINEERING**	**1,114,791**	**757,000**	**1,127,791**	**1,156,891**
	DD(X)-related reduction		-414,791		0
	CG(X) system concept and design		50,000		30,000
	Floating area network (Note: Senate included funding in line 171, "Floating area network")		2,000		2,000
	Wireless maritime inspection system		3,000		1,500
	Surface vessel electric actuator technology development		1,000		1,000
	Naval smartships that anticipate and manage		1,000	2,000	1,000
	Permanent magnet motor			11,000	6,600
102	**SURFACE COMBATANT COMBAT SYSTEM ENGINEERING**	**216,313**	**233,313**	**220,313**	**232,213**
	Smart integrated data environment		1,000		1,000
	Smart link planar scanner antenna modernization		2,000		1,000
	Integrated display and enhanced architecture/Aegis common display architecture		6,000		5,100
	Integrated display and enhanced architecture/CV-TSC common display architecture		4,000		3,400
	AN/SPY-1 radar system readiness improvement		4,000		3,400
	Silicon carbide MMIC program			4,000	2,000
106	**STANDARD MISSILE IMPROVEMENTS**	**145,634**	**151,134**	**149,634**	**150,734**
	Standard missile insensitive munitions improvements		4,500		1,300
	Alternative thermal battery production capability				1,000
	MK 41 vertical launching systems open architecture		1,000	4,000	2,800
108	**SSN-688 AND TRIDENT MODERNIZATION**	**95,499**	**105,499**	**100,499**	**107,499**
	Affordable towed array construction		3,000		1,500
	Common submarine radio room		3,000		1,000
	Multi-use littoral TB-23 towed array		1,000		1,000
	Littoral tactical array system		1,000		1,000
	SONAR advanced optical co-processor (SAOC)		2,000		1,200
	Submarine launched expendable communications and sensor buoy				1,800
	Submarine-enabling airborne data exchange and enhancement (SEADeep)				2,000
	Improved submarine towed array handler and reliability			5,000	2,500
109	**AIR CONTROL**	**10,151**	**10,151**	**13,151**	**11,651**
	Transportable transponder landing system			3,000	1,500
111	**SHIPBOARD AVIATION SYSTEMS**	**33,029**	**33,029**	**42,529**	**38,279**
	Aircraft carrier aviation modernization			6,500	3,250
	Machine vision confirmation of launch bar engagement system			1,000	1,000
	Synthetic material arresting gear cable			2,000	1,000
112	**COMBAT INFORMATION CENTER CONVERSION**	**6,908**	**7,908**	**6,908**	**7,908**
	Command and control web-based architecture		1,000		1,000
113	**NEW DESIGN SSN**	**155,807**	**169,307**	**193,807**	**177,907**
	Project 1947 - reduction in test and evaluation costs		-11,400		-11,400
	Sub command and control systs lower power advanced technology insertion		3,000		1,500
	Surface ship open architecture technology insertion		5,400		1,700

R-1		Budget Request	House	Senate	Conference
	Multimission module		4,500	30,000	15,000
	Large aperture bow array for Virginia-class submarines		3,000		1,800
	ShipMATES integrated shipboard learning environment		4,000		2,400
	Virginia-class submarine technology insertion and cost reduction SBIR N96-278		3,000		4,600
	Submarine common electronics replacement		2,000		1,700
	Network centric capability technology insertion			4,000	2,800
	Submarine COTS web enabled services toolkit			4,000	2,000
115	**SUBMARINE TACTICAL WARFARE SYSTEM**	**40,690**	**42,690**	**47,690**	**46,640**
	Bandwidth management for distance support		2,000		1,700
	Automated submarine command and control center			3,500	1,750
	Submarine open architecture technology insertion			3,500	2,500
116	**SHIP CONTRACT DESIGN/LIVE FIRE T&E**	**55,672**	**58,672**	**55,672**	**58,272**
	Integrated modernization environment		3,000		2,600
117	**NAVY TACTICAL COMPUTER RESOURCES**	**2,220**	**7,220**	**2,220**	**6,520**
	Q-70 (V) system technology improvements		5,000		4,300
123	**PERSONNEL, TRAINING, SIMULATION, AND HUMAN FACTORS**	**3,097**	**6,097**	**3,097**	**5,197**
	Human system design support tool		3,000		2,100
124	**BATTLE GROUP PASSIVE HORIZON EXTENSION SYSTEM**	**18,456**	**34,456**	**22,456**	**33,056**
	Remote sensing and data management/container security		3,000		2,100
	Navy intelligent agent security module		3,000		1,500
	Smart signal parser and actionable intelligence extractor		2,000		1,400
	Tapered slot antenna		2,000		1,700
	Advanced tactical communications intercept capability		4,000		3,400
	TREX/MILDEC tactical target generator system		2,000		1,700
	COBLU -- network centric warfare enhancement			4,000	2,800
126	**SHIP SELF DEFENSE (DETECT/CONTROL)**	**45,931**	**56,931**	**49,931**	**57,331**
	Integrated display and enhanced architecture/ship self defense system		6,000		5,100
	Shipboard swimmer detection system		5,000		4,300
	Autonomous unmanned surface vessel			4,000	2,000
127	**SHIP SELF DEFENSE (ENGAGE: HARD KILL)**	**46,026**	**52,026**	**48,026**	**50,526**
	Phalanx CIWS self-destructing ammunition		3,000		2,500
	Phalanx CIWS future concepts		3,000	2,000	2,000
128	**SHIP SELF DEFENSE (ENGAGE: SOFT KILL/EW)**	**24,012**	**40,212**	**33,012**	**33,912**
	Advanced radar absorbing tiles for surface ships		3,000		1,500
	Surface ship electronic warfare improvement program (Note: Conference funding is included in item below)		7,200		0
	Surface ship EW improvement program (Note: Only for continuation of SBIR phase III follow-on)		6,000		3,900
	NULKA decoy system			4,000	2,000
	Sea raptor			5,000	2,500
130	**MEDICAL DEVELOPMENT**	**7,202**	**42,702**	**26,702**	**47,402**
	Navy medical interactive data system (NMIDS)		3,500		4,700
	Discovery, early detection, evaluation, treatment, and prevention in cancer		6,000		5,100

R-1	Budget Request	House	Senate	Conference
Diabetes research, somatic cell processing program		2,000		1,700
Military dental research		4,000		3,400
Biomedical research imaging core - City of Hope National Medical Center		4,000		2,000
Minimally invasive surgical technology institute -- CSMC		3,500		2,100
Implantable middle ear hearing system		3,000		1,500
HUVACTC proton beam therapy research		2,000		1,000
US Navy cancer vaccine program		2,000		1,000
Infusible hemostatic therapeutic trials		1,500	3,000	1,500
Bioadhesion research to combat biological warfare			4,000	2,800
Hemoglobin-based oxygen carrier research		4,000	4,000	4,000
Defense graduate psychology education program (Note: Only to continue program between WRAMC and USUHS. Transfer from RDT&E, Army, line 29)				3,400
Multivalent dengue vaccine program			3,000	1,500
Non-invasive vectored vaccine research			3,500	2,500
On demand custom body implants/prosthesis for injured personnel			1,000	1,000
Rescue streamer distress signal			1,000	1,000
131 NAVIGATION/ID SYSTEM	**52,717**	**52,717**	**47,717**	**47,717**
Mode 5 prototype hardware and crypto module delay			-5,000	-5,000
132 DISTRIBUTED SURVEILLANCE SYSTEM	**54,256**	**58,256**	**54,256**	**56,656**
Project Centurion		2,000		1,000
SureTrak		2,000		1,400
133 JOINT STRIKE FIGHTER (JSF) - EMD	**2,393,013**	**2,399,213**	**2,269,013**	**2,305,113**
SDD program (Note: Only for thrust growth studies)		3,500		1,750
Innovative technologies for JSF core processor		2,700		1,350
Program adjustment			-124,000	-92,000
JSF engine weight reduction				1,000
135 INFORMATION TECHNOLOGY DEVELOPMENT	**19,150**	**22,750**	**19,150**	**25,650**
Automated manifest system -- tactical		3,600		1,800
Intelligent systems and communications (Note: To implement UCR aware building concept; transfer from RDT&E, Defense-Wide, line 210)				2,500
Deployable disbursing system				2,200
136 INFORMATION TECHNOLOGY DEVELOPMENT	**60,859**	**92,359**	**92,859**	**105,659**
Controlled adaptive collaborative environment		9,000		0
SPAWAR Systems Center Information Technology Center (ITC)		4,000	18,000	10,800
Virtual perimeter monitoring system		3,000		1,800
Fiber optic components for military applications		2,500		2,200
Fiber optic interconnect technology		3,000		2,600
Navair deckplate		1,000		1,000
Distance learning center (civilian workforce)		3,000		2,600
Distance learning IT center		6,000		0
Condition-based maintenance enabling technologies program			3,000	2,600
Digitization, integration and analyst access of NCIS investigative files			6,000	5,100
Integration of logistics information for knowledge projection and readiness assessment			2,000	1,700
Internet chat relay upgrade			2,000	1,700

R-1		Budget Request	House	Senate	Conference
	Converged enterprise resource program (Note: Funding is transferred from O&M, Navy)				10,000
	Automatic scheduling tool for joint air logistics information systems				1,700
	Next generation networking electronic medical record project			1,000	1,000
138	**MULTINATIONAL INFORMATION SHARING (MNIS)**	**33,557**	**22,000**	**33,557**	**22,000**
	Reduction in new start due to budget constraints		-11,557		-11,557
143	**TARGET SYSTEMS DEVELOPMENT**	**52,963**	**41,555**	**52,963**	**41,555**
	Reduce procurement of QF-4 target from 6 to 3 units		-12,408		-12,408
	Air Coyote supersonic sea skimming target development		1,000		1,000
144	**MAJOR T&E INVESTMENT**	**39,682**	**39,682**	**41,682**	**41,082**
	Integrating Navy RDT&E and training resources to accelerate transformation of the fleet			2,000	1,400
145	**STUDIES AND ANALYSIS SUPPORT - NAVY**	**9,629**	**10,208**	**9,629**	**9,008**
	Project 2092 -- Hold naval aviation studies to FY05 level		-3,421		-3,421
	Warfare analysis environment		4,000		2,800
149	**TECHNICAL INFORMATION SERVICES**	**714**	**9,714**	**26,714**	**28,914**
	Illinois Technology Transition Center		1,000		1,000
	Commercialization of advanced technology		8,000		5,000
	HTDV			4,000	4,000
	Integrated manufacturing enterprise project			5,000	3,000
	JITC			9,000	7,700
	Pacific-based joint info tech center			8,000	7,500
150	**MANAGEMENT, TECHNICAL & INTERNATIONAL SUPPORT**	**44,847**	**42,604**	**44,847**	**43,347**
	Reduce growth in CHENG support		-2,243		-1,500
159	**MARINE CORPS PROGRAM WIDE SUPPORT**	**28,224**	**38,224**	**30,224**	**36,624**
	USMC operational logistics modernization		2,500		2,200
	Chemical-biological multi-sensor analyzer/detector (MSAD)		1,500		1,300
	Marine Corps Corrosion Center of Excellence		2,000		1,400
	CBIRF NCR integration		1,000		1,000
	Corrosion service teams		3,000		1,500
	Detection and recovery of UXO, Brown Island, Camp LeJeune			2,000	1,000
160	**SERVICE SUPPORT TO JFCOM, JNTC**	**10,000**	**18,500**	**10,000**	**18,300**
	Training transformation for training and test and evaluation at Eglin Range		8,500		7,300
	Masking shunt				1,000
164	**STRATEGIC SUB & WEAPONS SYSTEM SUPPORT**	**90,022**	**95,022**	**95,022**	**93,522**
	Submarine launched IRBM (Note: Conference funding is included in line 81, "Submarine launched intermediate range ballistic missile")		5,000		0
	Thin plate pure lead technology in submarine batteries			5,000	3,500
166	**SUBMARINE ACOUSTIC WARFARE DEVELOPMENT**	**8,527**	**9,527**	**8,527**	**9,527**
	Mobile acoustic countermeasure		1,000		1,000

R-1		Budget Request	House	Senate	Conference
167	**NAVY STRATEGIC COMMUNICATIONS**	**31,443**	**38,143**	**31,443**	**35,543**
	E-6B aircraft block 1 mod program: APU/ECS upgrade		6,700		4,100
168	**RAPID TECHNOLOGY TRANSITION (RTT)**	**24,653**	**28,653**	**24,653**	**25,653**
	Maritime small target and threat detector - enhanced detection processor (Note: Conference funding is included under Other Procurement, Navy, line 30)		3,000		0
	120mm high explosive plastic ammunition program		1,000		1,000
169	**F/A-18 SQUADRONS**	**88,720**	**88,720**	**90,720**	**87,420**
	Program execution			-10,000	-10,000
	F/A-18E/F net centric operations upgrades			10,000	7,000
	Military rapid response command information system			2,000	1,700
170	**E-2 SQUADRONS**	**2,256**	**15,756**	**6,256**	**17,056**
	Magneto rheological side lateral engine mount for E-2C		1,000		1,000
	E-2C open architecture computing framework		3,000		2,100
	Airborne advanced network		3,000		2,600
	Non-cooperative combat identification capability		1,500		1,300
	Pacific Missile Range Facility/Pearl Harbor integrated network		4,000		3,400
	Global information grid (GIG) middleware portal		1,000		1,000
	Makaha Ridge FORCEnet lab			4,000	3,400
171	**FLEET TELECOMMUNICATIONS (TACTICAL)**	**32,694**	**32,694**	**34,694**	**32,694**
	Floating area network (Note: Conference includes funding under line 101, "SC-21 total ship system engineering")			2,000	0
172	**TOMAHAWK AND TOMAHAWK MISSION PLANNING CENTER (TMPC)**	**20,342**	**28,342**	**26,342**	**27,342**
	Precision terrain-aided navigation (PTAN)		8,000	6,000	7,000
173	**INTEGRATED SURVEILLANCE SYSTEM**	**23,453**	**25,453**	**29,453**	**31,003**
	Ultra-thin disposable fiberoptic undersea surveillance arrays		2,000		1,700
	IUSS common processor automation, workload reduction, and adaptive bandwidth management				2,250
	Fiber optic conformal acoustic velocity system			6,000	3,600
175	**CONSOLIDATED TRAINING SYSTEMS DEVELOPMENT**	**42,248**	**43,248**	**42,248**	**44,248**
	Total ship training system (TSTS)				1,000
	SH-60B sea target laser aim scoring system (STLASS)		1,000		1,000
178	**HARM IMPROVEMENT**	**90,832**	**97,332**	**80,832**	**85,932**
	Joint Common Missile development		5,000		4,000
	Advanced anti-radiation guided missile derivative program		1,500		1,100
	APKWS program curtailment			-10,000	-10,000
179	**TACTICAL DATA LINKS**	**86,364**	**86,364**	**86,364**	**88,164**
	Airborne tactical server (Note: House funding was included under line 74, "Land attack technology")				1,800
180	**SURFACE ASW COMBAT SYSTEM INTEGRATION**	**4,519**	**18,019**	**4,519**	**12,819**
	Common surface and air undersea warfare		3,000		2,100
	Surface ship sonar integrated data fusion initiative		2,500		2,200
	Surface ship ASW R&D improvements (SQQ-89)		8,000		4,000

R-1	Budget Request	House	Senate	Conference
182 AVIATION IMPROVEMENTS	**81,546**	**94,546**	**83,546**	**96,151**
Navair depot maintenance operations unique ID		6,000		4,200
Automated wire analysis - Navy		6,000		5,100
Advanced very lightweight avionics system for airborne platforms		1,000	1,000	500
DMS aviation improvements				750
Real-time weight and balance system				2,000
F404/414 borescope equipment service life extension program				1,055
Smart multi-functional corrosion inhibiting coatings			1,000	1,000
185 MARINE CORPS COMMUNICATIONS SYSTEMS	**237,081**	**264,381**	**243,781**	**259,981**
JTRS program delay and restructure		-4,100	-3,300	-4,100
Remote tactical collection and transmission system		2,000		1,700
Reconnaissance, targeting, and surveillance vehicle (RST-V)		8,000		6,800
Metadata		2,700	1,500	1,500
Critical Infrastructure Protection Transportation Technology Validation Center		1,000		0
USMC electronic battlefield fusion		3,000		1,500
Critical Infrastructure Protection Center		2,700	3,500	2,700
Ground/air task oriented radar (G/ATOR) engineering development model		3,000		1,800
TPS-59/HELRASR support for US ballistic missile defense system		5,000		3,000
Marine Corps composite tracking network engineering development		3,000		2,600
Radio battalions information operations training		1,000		1,000
Improved ground based transportable radar			4,000	3,400
Marine Corps DCGS and net centric center			1,000	1,000
186 MARINE CORPS GROUND COMBAT/SUPPORTING ARMS SYSTEMS	**48,409**	**71,909**	**68,009**	**73,709**
USMC LAV integrated digital and collaborative environment service network		3,000		2,600
Ultrasonic consolidation of embedded sensors		3,000	4,000	3,000
M200 long range rifle system		1,000		1,000
Expeditionary fire support system		13,000	5,500	11,000
Solid state laminated metal-ceramic armor		3,500		2,100
Antioxidant micronutrients program			600	600
Multi-role intermediate support craft			9,500	5,000
187 MARINE CORPS COMBAT SERVICES SUPPORT	**10,476**	**15,476**	**15,476**	**16,476**
Battlefield management system (BMS)		5,000		3,500
Autonomic logistics			5,000	2,500
193 SATELLITE COMMUNICATIONS (SPACE)	**541,980**	**450,980**	**541,980**	**547,980**
MUOS expected FY05 fund carryover		-100,000		0
AEHF Navy multiband terminal		3,000		2,000
Joint integrated systems for advanced digital networking (JIST NET)		5,000		3,500
Covert communications and information transfer project		1,000		500
194 INFORMATION SYSTEMS SECURITY PROGRAM	**28,660**	**20,700**	**28,660**	**22,000**
Reduction in base program		-7,960		-7,960
Navy ISSP system (modifications/upgrade)--Content-based security toolkit (SECUREkit)				1,300

R-1		Budget Request	House	Senate	Conference
198	NAVY METEOROLOGICAL AND OCEAN SENSORS-SPACE (METOC)	9,122	11,122	9,122	10,122
	Reconfigurable payload processor for staring sensors		2,000		1,000
199	JOINT C4ISR BATTLE CENTER (JBC)	55,326	49,326	55,326	52,326
	Joint interoperability and integration		-6,000		-3,000
201	TACTICAL UNMANNED AERIAL VEHICLES	99,349	106,799	115,162	118,862
	Joint operational test bed system		4,950		3,000
	Center for Coastline Security Technology		2,500		2,200
	Marine Corps VUAV program cancellation			-9,187	-5,187
	Advanced airship flying laboratory, phase II			5,000	2,500
	Fire Scout RQ-8B			20,000	17,000
203	AIRBORNE RECONNAISSANCE SYSTEMS	27,918	27,918	36,068	31,818
	Deployable UAV system for targeting exploitation and reconnaissance (DUSTER)			6,500	3,900
	Oblique angle hyperspectral image fusion and analysis for change detection (Note: Conference funding is included under line 4, "Oblique angle hyperspectral image fusion")			1,650	0
204	MANNED RECONNAISSANCE SYSTEMS	21,322	22,322	21,322	62,322
	Miniature radar responsive tag		1,000		1,000
	Predator BQM-9 hunter killer remotely operated aircraft (Note: Funding transferred from "Aircraft Procurement, Air Force". Funding is only to procure no fewer than 4 Predator B aircraft with spares/support)				40,000
205	DISTRIBUTED COMMON GROUND SYSTEMS	12,354	16,354	12,354	12,354
	Distributed common ground station/Navy		4,000		0
206	AERIAL COMMON SENSOR (ACS) (JMIP)	133,642	134,642	13,642	37,000
	ELINT RF converter		1,000		1,000
	ACS program delay			-120,000	-97,642
207	MODELING AND SIMULATION SUPPORT	6,812	6,812	6,812	7,812
	U. S. Navy Space and Naval Warfare Command net centric operations program				1,000
208	DEPOT MAINTENANCE (NON-IF)	10,012	13,012	10,012	12,612
	Portable laser depainting system		3,000		2,600
209	INDUSTRIAL PREPAREDNESS	57,753	62,753	57,753	60,153
	Mobile manufacturing and repair cell using friction stir welding/processing (Note: Conference funding is included under line 17, "Mobile manufacturing and repair cell")		3,000		0
	Nano-imprint at manufacturing scale		2,000		1,400
	Naval application of laser peening technology				1,000
210	MARITIME TECHNOLOGY (MARITECH)	0	0	4,000	3,400
	Navy automatic identification technology (AIT) engineering support center			4,000	3,400
999	CLASSIFIED PROGRAMS	1,125,515	1,096,949	1,149,265	1,066,965
	Classified adjustment			23,750	-58,550

ADVANCED SUBMARINE SYSTEM DEVELOPMENT

The conference agreement includes a program reduction of $20,000,000 as proposed by the Senate. In fiscal year 2006 budget deliberations, the Department of Defense added $600,000,000 over the future years defense plan (FYDP) for development of an advanced undersea superiority system. The conferees reduce this project by $20,000,000, and direct the Office of the Secretary of Defense, in consultation with the Department of the Navy, to submit a comprehensive plan describing the scope, objectives, schedules, and project costs for this program over the FYDP. In addition, the report should discuss how these additional efforts fit in with ongoing Navy and DARPA programs in both advanced submarine development and antisubmarine warfare. This plan should be submitted to the congressional defense committees not later than March 1, 2006.

JOINT TACTICAL RADIO SYSTEM—NAVY

The conference agreement includes a reduction of $80,800,000 to the Joint Tactical Radio System (JTRS)—Navy program, instead of $50,766,000 as proposed by the House and $30,000,000 as proposed by the Senate. The conferees agree that none of this reduction should be applied against the Multifunctional Information Distribution System (MIDS) project.

UNIVERSITY NATIONAL OCEAN LABORATORY SYSTEM FLEET

The conferees agree that, if funds are requested in fiscal year 2007 for recapitalization of the University National Ocean Laboratory System (UNOLS) fleet of research vessels, such funds should be requested in the Shipbuilding and Conversion, Navy (SCN) appropriation.

MILITARY DENTAL RESEARCH

The conferees remain deeply concerned about the provision of quality medical care to our injured troops as they return from conflict in Iraq and Afghanistan. Head and neck trauma account for almost 50 percent of these injuries and are presenting the most difficult long-term morbidity challenges, particularly for our military's oral surgeons. Army and Naval researchers at the U.S. Army Dental Trauma and Research Detachment at the Great Lakes facility are developing innovative protective equipment and rapid-read diagnostic tests to help reduce the severity and number of casualties. The conferees are encouraged by this research and provide $3,400,000 to further the development of these and other protective measures.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
RESEARCH, DEVELOPMENT, TEST & EVAL, AF				
BASIC RESEARCH				
DEFENSE RESEARCH SCIENCES	223,894	232,294	242,744	244,944
UNIVERSITY RESEARCH INITIATIVES	105,029	108,029	111,029	110,329
HIGH ENERGY LASER RESEARCH INITIATIVES	11,894	11,894	12,594	12,594
TOTAL, BASIC RESEARCH	340,817	352,217	366,367	367,867
APPLIED RESEARCH				
MATERIALS	74,156	92,506	126,756	123,206
AEROSPACE VEHICLE TECHNOLOGIES	96,679	102,679	104,679	105,979
HUMAN EFFECTIVENESS APPLIED RESEARCH	79,442	94,842	106,842	109,742
AEROSPACE PROPULSION	107,523	162,123	119,523	157,923
AEROSPACE SENSORS	93,263	103,763	120,463	117,363
MULTI-DISCIPLINARY SPACE TECHNOLOGY	81,339	86,339	92,639	93,039
SPACE TECHNOLOGY	84,540	101,740	106,640	105,940
CONVENTIONAL MUNITIONS	58,058	61,058	62,058	62,958
DIRECTED ENERGY TECHNOLOGY	37,709	51,959	38,709	44,809
COMMAND CONTROL AND COMMUNICATIONS	93,316	98,316	95,216	98,116
DUAL USE SCIENCE AND TECHNOLOGY PROGRAM	---	1,500	---	1,000
HIGH ENERGY LASER RESEARCH	45,678	48,178	45,678	47,378
NATIONAL DIABETES MODEL PROGRAM	---	22,000	---	18,700
TOTAL, APPLIED RESEARCH	851,703	1,027,003	1,019,203	1,086,153

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ADVANCED TECHNOLOGY DEVELOPMENT				
ADVANCED MATERIALS FOR WEAPON SYSTEMS	36,714	69,114	60,214	71,114
ADVANCED AEROSPACE SENSORS	35,157	35,157	35,157	40,357
AEROSPACE TECHNOLOGY DEV/DEMO	25,133	59,133	29,633	54,433
AEROSPACE PROPULSION AND POWER TECHNOLOGY	77,268	92,268	94,768	98,568
CREW SYSTEMS AND PERSONNEL PROTECTION TECHNOLOGY	29,775	38,275	29,775	35,475
ELECTRONIC COMBAT TECHNOLOGY	23,923	31,423	30,423	33,823
BALLISTIC MISSILE TECHNOLOGY	---	11,700	3,750	11,600
JOINT UNMANNED COMBAT AIR SYSTEMS (J-UCAS)	77,800	77,800	77,800	77,800
ADVANCED SPACECRAFT TECHNOLOGY	60,915	79,415	95,415	86,815
MAUI SPACE SURVEILLANCE SYSTEM (MSSS)	5,848	5,848	50,848	47,848
MULTI-DISCIPLINARY ADVANCED DEVELOPMENT SPACE TECH	53,437	55,437	56,437	56,537
CONVENTIONAL WEAPONS TECHNOLOGY	18,660	30,160	21,960	30,960
ADVANCED WEAPONS TECHNOLOGY	26,955	43,455	38,955	50,555
ENVIRONMENTAL ENGINEERING TECHNOLOGY	---	---	2,700	1,900
C3I ADVANCED DEVELOPMENT	30,125	41,325	39,225	41,725
SPECIAL PROGRAMS	280,135	280,135	280,135	280,135
HIGH ENERGY LASER ADVANCED TECHNOLOGY PROGRAM	5,801	5,801	5,801	5,801
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT	787,646	956,446	952,996	1,025,446
DEMONSTRATION & VALIDATION				
INTELLIGENCE ADVANCED DEVELOPMENT	4,580	4,580	4,580	4,830
PHYSICAL SECURITY EQUIPMENT	21,937	22,937	21,937	25,937
NAVSTAR GLOBAL POSITIONING SYSTEM III	87,364	87,364	87,364	87,364
ADVANCED EHF MILSATCOM (SPACE)	665,257	665,257	665,257	665,257
POLAR MILSATCOM (SPACE)	2,185	2,185	2,185	2,185
SPACE CONTROL TECHNOLOGY	14,205	14,205	16,205	15,905
COMBAT IDENTIFICATION TECHNOLOGY	51,893	51,893	51,893	51,893
NATO RESEARCH AND DEVELOPMENT	3,973	3,973	3,973	3,973
INTERNATIONAL SPACE COOPERATIVE R&D	574	574	574	574
TRANSFORMATIONAL SATCOM (TSAT)	835,769	436,769	585,769	436,769

	Budget	House	Senate	Conference
	(In thousands of dollars)			
INTEGRATED BROADCAST SERVICE (DEM/VAL)	15,344	15,344	15,344	15,344
INTERCONTINENTAL BALLISTIC MISSILE (DEM/VAL)	44,672	63,672	44,672	57,922
WIDEBAND GAPFILLER SYSTEM RDT&E (SPACE)	93,858	93,858	93,858	93,858
SPACE-BASED RADAR (DEM/VAL)	225,839	100,000	100,000	100,000
POLLUTION PREVENTION (DEM/VAL)	2,735	11,235	4,235	10,635
JOINT PRECISION APPROACH AND LANDING SYSTEMS (DEM/VAL)	11,211	11,211	11,211	11,211
NEXT GENERATION BOMBER	25,135	25,135	25,135	25,135
HARD AND DEEPLY BURIED TARGET DEFEAT SYSTEM (HDBTDS)	---	4,000	---	4,000
J-UCAS ADVANCED COMPONENT & PROTOTYPE	272,300	272,300	72,300	232,300
OPERATIONALLY RESPONSIVE LAUNCH	23,480	36,980	36,480	39,080
COMMON AERO VEHICLE (CAV)	27,394	27,394	27,394	27,394
ADVANCED COMMUNICATIONS SYSTEMS	969	969	2,269	1,969
NATIONAL POLAR-ORBITING OPERATIONAL ENVIRONMENTAL SATE	323,665	323,665	323,665	323,665
TOTAL, DEMONSTRATION & VALIDATION	2,754,339	2,275,500	2,196,300	2,237,200
ENGINEERING & MANUFACTURING DEVELOPMENT				
GLOBAL BROADCAST SERVICE (GBS)	18,283	20,283	18,283	19,683
JOINT HELMET MOUNTED CUEING SYSTEM (JHMCS)	2,912	2,912	2,912	2,912
NUCLEAR WEAPONS SUPPORT	15,154	15,154	12,712	14,154
B-1B	132,496	95,296	137,496	97,296
SPECIALIZED UNDERGRADUATE FLIGHT TRAINING	8,593	8,593	8,593	8,593
F-22 - EMD	76,203	76,203	76,203	76,203
B-2 ADVANCED TECHNOLOGY BOMBER	285,205	305,205	285,205	299,205
ELECTRONIC WARFARE DEVELOPMENT	82,587	93,087	91,087	92,487
JOINT TACTICAL RADIO	124,225	33,225	99,225	82,325
PHYSICAL SECURITY EQUIPMENT	11,153	11,153	11,153	11,153
SMALL DIAMETER BOMB (SDB) EMD	85,988	65,988	62,438	64,438
COUNTERSPACE SYSTEMS	24,651	24,651	31,651	29,551
AIRBORNE ELECTRONIC ATTACK	120,985	120,985	120,985	120,985
SPACE BASED INFRARED SYSTEM (SBIRS) HIGH EMD	756,630	756,630	656,630	706,630
MUNITIONS DISPENSER DEVELOPMENT	21,738	6,038	21,738	6,038

	(In thousands of dollars) Budget	House	Senate	Conference
ARMAMENT/ORDNANCE DEVELOPMENT	7,786	7,786	7,786	7,786
SUBMUNITIONS	5,475	5,475	5,475	5,475
AGILE COMBAT SUPPORT	10,173	12,673	10,173	11,373
LIFE SUPPORT SYSTEMS	7,315	14,115	14,315	13,565
COMBAT TRAINING RANGES	6,122	10,122	6,122	8,922
INTEGRATED COMMAND & CONTROL APPLICATIONS (IC2A)	161	20,161	11,161	19,161
INTELLIGENCE EQUIPMENT	1,369	3,369	1,369	2,769
COMMON LOW OBSERVABLES VERIFICATION SYSTEM (CLOVERS)	8,692	8,692	8,692	8,692
JOINT STRIKE FIGHTER (JSF)	2,474,763	2,474,763	2,328,763	2,366,763
INTERCONTINENTAL BALLISTIC MISSILE - EMD	32,415	32,415	32,415	32,415
EVOLVED EXPENDABLE LAUNCH VEHICLE PROGRAM (SPACE)	26,093	26,093	26,093	26,093
RDT&E FOR AGING AIRCRAFT	24,384	31,384	50,384	41,684
TEST AND EVALUATION SUPPORT	50,000	50,000	50,000	50,000
LINK-16 SUPPORT AND SUSTAINMENT	157,677	159,677	157,677	163,677
FAMILY OF INTEROPERABLE OPERATIONAL PICTURES (FIOP)	29,296	29,296	29,296	29,296
E-10 SQUADRONS	397,011	397,011	397,011	397,011
FULL COMBAT MISSION TRAINING	26,423	26,423	26,423	26,423
COMBAT SURVIVOR EVADER LOCATOR	---	---	17,500	17,500
CV-22	39,532	41,532	39,532	40,532
TOTAL, ENGINEERING & MANUFACTURING DEVELOPMENT	5,071,490	4,986,390	4,856,498	4,900,790

	Budget	House	Senate	Conference
	(In thousands of dollars)			
RDT&E MANAGEMENT SUPPORT				
THREAT SIMULATOR DEVELOPMENT	32,546	32,546	32,546	32,546
MAJOR T&E INVESTMENT	55,339	62,739	62,339	64,939
RAND PROJECT AIR FORCE	28,354	28,354	28,354	28,354
RANCH HAND II EPIDEMIOLOGY STUDY	4,188	4,188	4,188	4,188
INITIAL OPERATIONAL TEST & EVALUATION	34,615	34,615	34,615	34,615
TEST AND EVALUATION SUPPORT	642,665	644,665	642,665	643,665
ROCKET SYSTEMS LAUNCH PROGRAM (SPACE)	13,773	27,273	26,773	26,773
SPACE TEST PROGRAM (STP)	48,157	48,157	48,157	48,157
FACILITIES RESTORATION & MODERNIZATION - TEST & EVAL	60,561	62,561	60,561	61,961
FACILITIES SUSTAINMENT - TEST AND EVALUATION SUPPORT	26,238	31,238	26,238	28,738
GENERAL SKILL TRAINING	331	331	331	331
INTERNATIONAL ACTIVITIES	3,739	3,739	3,739	3,739
TOTAL, RDT&E MANAGEMENT SUPPORT	950,506	980,406	970,506	978,006
OPERATIONAL SYSTEMS DEVELOPMENT				
ANTI-TAMPER TECHNOLOGY EXECUTIVE AGENCY	7,827	7,827	7,827	7,827
B-52 SQUADRONS	22,784	30,784	22,784	27,134
ADVANCED CRUISE MISSILE	1,989	1,989	1,989	1,989
AIR-LAUNCHED CRUISE MISSILE (ALCM)	2,250	2,250	2,250	2,250
STRAT WAR PLANNING SYSTEM - USSTRATCOM	29,134	29,134	29,134	30,134
NIGHT FIST - USSTRATCOM	5,013	5,013	5,013	5,013
ADVANCED STRATEGIC PROGRAMS	9,875	9,875	9,875	9,875
REGION/SECTOR OPERATION CONTROL CENTER MODERNIZATION	18,237	18,237	18,237	18,237
WARFIGHTER RAPID ACQUISITION PROCESS (WRAP) RAPID TRAN	30,093	30,093	17,193	23,093
A-10 SQUADRONS	51,835	51,835	61,835	56,835
F-16 SQUADRONS	155,666	155,666	155,666	156,766
F-15E SQUADRONS	124,647	145,647	134,147	145,647
MANNED DESTRUCTIVE SUPPRESSION	9,394	9,394	9,394	9,394
F-22 SQUADRONS	403,517	403,517	378,517	378,517
F-117A SQUADRONS	13,600	13,600	13,600	13,600

	(In thousands of dollars) Budget	House	Senate	Conference
TACTICAL AIM MISSILES	15,639	15,639	15,639	15,639
ADVANCED MEDIUM RANGE AIR-TO-AIR MISSILE (AMRAAM)	33,262	33,262	33,262	33,262
COMBAT RESCUE AND RECOVERY	113,825	71,825	20,000	71,825
AF TENCAP	10,829	13,829	10,829	11,829
SPECIAL EVALUATION PROGRAM	276,219	276,219	276,219	277,419
COMPASS CALL	4,650	14,650	4,650	10,050
AIRCRAFT ENGINE COMPONENT IMPROVEMENT PROGRAM	153,265	153,265	153,265	153,265
CSAF INNOVATION PROGRAM	1,737	1,737	2,737	1,737
JOINT AIR-TO-SURFACE STANDOFF MISSILE (JASSM)	66,997	66,997	66,997	66,997
AIR AND SPACE OPERATIONS CENTER (AOC)	68,099	68,099	68,099	68,099
CONTROL AND REPORTING CENTER (CRC)	9,289	19,189	9,289	19,189
AIRBORNE WARNING AND CONTROL SYSTEM (AWACS)	121,565	121,565	121,565	121,565
ADVANCED COMMUNICATIONS SYSTEMS	28,938	28,938	32,438	31,438
EVALUATION AND ANALYSIS PROGRAM	---	3,000	---	2,600
ADVANCED PROGRAM TECHNOLOGY	300,673	300,673	300,673	300,673
THEATER BATTLE MANAGEMENT (TBM) C4I	40,472	40,472	40,472	40,472
FIGHTER TACTICAL DATA LINK	122,160	122,160	122,160	122,160
BOMBER TACTICAL DATA LINK	144,863	144,863	144,863	144,863
C2ISR TACTICAL DATA LINK	14,838	14,838	14,838	14,838
COMMAND AND CONTROL (C2) CONSTELLATION	41,071	41,071	41,071	41,071
JOINT SURVEILLANCE AND TARGET ATTACK RADAR SYSTEM	78,084	82,084	100,984	105,184
SEEK EAGLE	19,510	19,510	19,510	19,510
ADVANCED PROGRAM EVALUATION	290,589	290,589	290,589	290,589
USAF MODELING AND SIMULATION	30,541	31,541	24,510	25,510
WARGAMING AND SIMULATION CENTERS	6,369	6,369	6,369	6,369
DISTRIBUTED TRAINING AND EXERCISES	4,222	4,222	4,222	4,222
MISSION PLANNING SYSTEMS	138,475	138,475	121,739	121,739
INFORMATION WARFARE SUPPORT	15,204	15,204	15,204	15,204
E-4B NATIONAL AIRBORNE OPERATIONS CENTER (NAOC)	18,909	21,909	18,909	18,909
MINIMUM ESSENTIAL EMERGENCY COMMUNICATIONS NETWORK	57,344	57,344	49,076	49,076

	Budget	House	Senate	Conference
	(In thousands of dollars)			
INFORMATION SYSTEMS SECURITY PROGRAM	109,292	117,292	112,292	118,392
GLOBAL COMBAT SUPPORT SYSTEM	20,555	20,555	20,555	20,555
GLOBAL COMMAND AND CONTROL SYSTEM	3,541	13,541	7,741	13,541
JOINT COMMAND AND CONTROL PROGRAM (JC2)	5,200	5,200	5,200	5,200
MILSATCOM TERMINALS	273,974	273,974	273,974	273,974
AIRBORNE SIGINT ENTERPRISE (JMIP)	78,920	78,920	78,920	78,920
GLOBAL AIR TRAFFIC MANAGEMENT (GATM)	7,139	7,139	7,139	7,139
SATELLITE CONTROL NETWORK (SPACE)	29,143	29,143	34,143	31,643
WEATHER SERVICE	28,675	28,675	28,675	28,675
AIR TRAFFIC CONTROL, APPROACH, AND LANDING SYSTEM (ATC	---	---	21,750	2,200
AERIAL TARGETS	6,641	6,641	6,641	6,641
SECURITY AND INVESTIGATIVE ACTIVITIES	491	491	491	491
DEFENSE METEOROLOGICAL SATELLITE PROGRAM (SPACE)	3,908	3,908	3,908	3,908
NAVSTAR GLOBAL POSITIONING SYSTEM (USER EQUIPMENT)	125,778	125,778	125,778	125,778
NAVSTAR GLOBAL POSITIONING SYSTEM (SPACE AND CONTROL)	188,301	188,301	188,301	188,301
SPACE WARFARE CENTER	411	411	411	411
SPACELIFT RANGE SYSTEM (SPACE)	48,854	49,854	48,854	49,854
INTELLIGENCE SUPPORT TO INFORMATION OPERATIONS (JMIP)	3,618	3,618	3,618	3,618
DRAGON U-2 (JMIP)	10,158	10,158	10,158	10,158
AIRBORNE RECONNAISSANCE SYSTEMS	51,769	54,369	51,769	53,569
MANNED RECONNAISSANCE SYSTEMS	8,101	12,601	16,601	18,401
DISTRIBUTED COMMON GROUND SYSTEMS	40,402	32,402	40,402	35,402
PREDATOR UAV (JMIP)	61,007	63,507	63,507	63,507
GLOBAL HAWK UAV (JMIP)	308,533	329,733	317,533	332,433
NETWORK-CENTRIC COLLABORATIVE TARGET (TIARA)	8,647	8,647	8,647	8,647
INTELLIGENCE SUPPORT TO INFORMATION WARFARE	978	978	978	978
NCMC - TW/AA SYSTEM	85,222	87,222	64,036	74,222
SPACETRACK (SPACE)	151,102	151,102	176,102	167,102
NUDET DETECTION SYSTEM (SPACE)	32,783	32,783	32,783	32,783

	Budget	House	Senate	Conference
	(In thousands of dollars)			
SPACE ARCHITECT	12,878	12,878	12,878	12,878
NASS, IO TECHNOLOGY INTEGRATION & TOOL DEV	15,182	15,182	15,182	15,182
SHARED EARLY WARNING (SEW)	3,295	3,295	3,295	3,295
C-130 AIRLIFT SQUADRON	233,028	238,028	238,028	235,528
C-5 AIRLIFT SQUADRONS	226,479	226,479	226,479	226,479
C-17 AIRCRAFT	165,762	165,762	167,762	167,162
C-130J PROGRAM	6,681	6,681	6,681	6,681
AEROMEDICAL EVACUATION	2,077	2,077	2,077	2,077
LARGE AIRCRAFT IR COUNTERMEASURES (LAIRCM)	55,743	55,743	55,743	55,743
KC-135S	1,498	1,498	1,498	1,498
KC-10S	13,472	13,472	13,472	13,472
KC-135 TANKER REPLACEMENT	99,210	99,210	99,210	99,210
SPECIAL TACTICS / COMBAT CONTROL	2,156	2,156	2,156	2,156
DEPOT MAINTENANCE (NON-IF)	1,408	1,408	1,408	1,408
ACQUISITION AND MANAGEMENT SUPPORT	3,404	5,404	3,404	4,804
INDUSTRIAL PREPAREDNESS	36,934	61,934	51,434	55,934
LOGISTICS SUPPORT ACTIVITIES	---	4,000	---	2,800
LOGISTICS INFORMATION TECHNOLOGY (LOGIT)	44,503	44,503	44,503	44,503
SUPPORT SYSTEMS DEVELOPMENT	10,316	26,616	27,216	27,016
JOINT NATIONAL TRAINING CENTER	2,924	2,924	2,924	2,924
OTHER PERSONNEL ACTIVITIES	111	111	111	111
JOINT PERSONNEL RECOVERY AGENCY	978	978	978	978
CIVILIAN COMPENSATION PROGRAM	7,445	7,445	7,445	7,445
PERSONNEL ADMINISTRATION	16,383	16,383	16,383	16,383
FINANCIAL MANAGEMENT INFORMATION SYSTEMS DEVELOPMENT	17,531	17,531	17,531	17,531
TOTAL, OPERATIONAL SYSTEMS DEVELOPMENT	5,786,040	5,903,040	5,766,344	5,871,255
CLASSIFIED PROGRAMS	6,069,810	6,183,866	5,730,796	5,532,932
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, AF	22,612,351	22,664,868	21,859,010	21,999,649

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

R-1		Budget Request	House	Senate	Conference
1	**DEFENSE RESEARCH SCIENCES**	**223,894**	**232,294**	**242,744**	**244,944**
	National Hypersonic Research Center		1,500	4,000	2,000
	Network Information and Space Security Center		4,900	4,600	4,600
	Griffith Observatory's Planetarium		1,000		1,000
	Fully-Integrated Solar-Powered Interior Lighting Technology		1,000		1,000
	Corrosion Protection of Aluminum Alloys Used in Aircraft			2,000	1,400
	Nanophotonic Components			2,500	1,800
	Non-lethal Stunning/Immobilizing Weapons			750	750
	Virtual Operation for Unmanned Aerial Vehicles			5,000	3,500
	Coal-Based Fuel (Note: Only for the continuation of efforts between the Energy Institute of Penn State University and the U.S. Air Force)				5,000
2	**UNIVERSITY RESEARCH INITIATIVES**	**105,029**	**108,029**	**111,029**	**110,329**
	Bio/Nano Electronic Devices and Sensors		3,000		1,500
	21st Century Information Operations Workforce			1,500	1,100
	Military Logistics Readiness			1,000	1,000
	Secure and Assured Information Sharing			3,500	1,700
3	**HIGH ENERGY LASER RESEARCH INITIATIVES**	**11,894**	**11,894**	**12,594**	**12,594**
	Landscape Operational and Knowledge-based Characterization			700	700
4	**MATERIALS**	**74,156**	**92,506**	**126,756**	**123,206**
	Polymer Nanocomposites as Future Materials for Defense and Energy Applications		1,000		1,000
	Computational Tools for Materials Development		2,000		1,400
	Domestic Titanium Powder Manufacturing Initiative		3,000		2,000
	Power Electronics Reliability		3,700		3,200
	Domestic High Modulus PAN Carbon Fiber Qualification Initiative		2,250	2,500	2,250
	Large Area, APVT Materials for Hi-Powered Devices		3,000		2,100
	Safer Nanomaterials and Nanomanufacturing		1,000	3,500	1,700
	Blast Resistant Barriers for Homeland Defense		2,400		1,400
	Advanced Materials Deposition for Semiconductor			1,400	1,000
	Advanced Manufacturing Technologies for Metals, Composites, Materials			1,000	1,000
	Air Force Minority Leaders Program			5,000	3,500
	Carbon Nanostructured Material for Fluid Purification			10,000	5,000
	Complex Composite Structures for Manned-Unmanned Air Vehicles			2,000	1,000
	Innovative Process for Continuous Fabrication of Carbon Nanotube Membranes			2,500	1,500
	Durable Hybrid Coatings for Aircraft Systems			1,000	1,000
	Engineered Optical Materials for High Energy Laser Development			2,200	1,100
	Nanoparticle Materials Coatings Research			1,000	1,000
	Strategic Partnership for Research in Nanotechnology			15,000	11,000
	Thermal Sprays for Structural Blast Mitigation			3,000	2,100
	Minority LEADERS Research Program			2,500	1,800

R-1		Budget Request	House	Senate	Conference
	Nano Organic Polymer Materials: Dynamic Camouflage				1,000
	Chrome-Free Environmentally Friendly Corrosion Protection for Aircraft				1,000
	Nanomaterials Commercialization Center of Pennsylvania				1,000
5	**AEROSPACE VEHICLE TECHNOLOGIES**	**96,679**	**101,679**	**104,679**	**105,979**
	Modeling and Simulation for Rapid Integration and Technology Evaluation		2,000		1,700
	Intelligent Flight Control Simulation Research Laboratory (SRL) (Note: Only for use by the West Virginia High Technology Consortium)		1,000		1,000
	Unique Stealth UAV Houck Aircraft Design Program		2,000		1,400
	Sentient Adaptive Systems Technology for Vehicle Condition-based Maintenance			2,000	1,700
	Unmanned Systems Initiative at AMRDEC			5,000	2,500
	WBI - Characterization of Airborne Environment for Tactical Lasers			1,000	1,000
6	**HUMAN EFFECTIVENESS APPLIED RESEARCH**	**79,442**	**94,842**	**106,842**	**109,742**
	Genetics of Sleep Deprivation and Fatigue		1,000		1,000
	Flexible Display and Integrated Communication Device for the BAO		1,000		1,000
	Eyewear Display for Battlefield Operations		1,200		1,000
	Nanoparticles Directed by DNA Capture Elements for the Detection and Neutralization of Bioterrorist Agents		2,700	1,000	1,300
	IMPRINT		3,500		2,500
	Bio Medical DNA Program		1,000		1,000
	Network Warfight Decision Support		2,000		1,400
	Special Operations Target Acquisition & Control Suite (SO-TACS)		2,000		1,400
	C4ISR Fusion System		1,000		1,000
	Bacterial Ghost Vaccine for Influenza Virus			1,000	1,000
	Component Object Model Attitude Control System Simulation/Trainer			4,500	2,200
	Fused Carbon Nanotube Material for Fluid Purification			3,500	2,500
	Solid Electrolyte Oxygen Separator			6,900	4,800
	Warfighter Pocket XP Project (Note: Transferred from Line 7)			6,500	4,400
	Warfighter Sustainability: Maximizing Human Performance			4,000	2,800
	Rapid ID and Treatment for Air Force Medical Service				1,000
7	**AEROSPACE PROPULSION**	**107,523**	**162,123**	**119,523**	**157,923**
	Information Assurance Initiative		1,000		1,000
	Wavelength Agile Spectral Harmonic Oxygen Sensor		2,000		1,000
	Aerospace Lab Equipment		1,000		1,000
	Cell Level Battery Controller		1,000		1,000
	High Flux ESC System with TES for Military High Energy Laser		1,500		1,300
	Pulse Detonation Engine		3,000		2,500
	JRETS		21,000		18,000
	Advanced Vehicle and Propulsion Center (AVPC)		5,000		4,300
	Integrated Power and Aircraft Technologies (INPACT)		3,600	7,500	5,300
	Warfighter's Pocket XP (Note: Transferred to Line 6)		3,000		0
	Lightweight Photovoltaic Electricity and Hydrogen for Portable, On-Demand Power for Defense Applications		1,000		1,000
	VAATE - TMC Flade Technology Demonstration		1,000		1,800
	Notre Dame Center for Flow Physics and Control		3,000		3,000
	Center for Security of Large-Scale Systems		2,000		1,400

R-1		Budget Request	House	Senate	Conference
	High Regression Rate Hybrid Rocket Fuels		1,500		1,000
	MEPS Thermal Management		2,000		1,400
	Ultrafast, Ultraintense, Laser Micro Fabrication & Diagnostics		2,000		1,400
	Affordable Lightweight Power Supply Development			2,500	1,800
	Portable Power Solution Employing Chemical Hydrides			2,000	1,700
	Intelligent Engine Software Development for Advance Turbine Engines				500
8	**AEROSPACE SENSORS**	**93,263**	**103,763**	**120,463**	**117,363**
	Compact, Ultra-Sensitive Optical Receiver for Smart and Loitering Standoff Weapons		2,000		1,000
	Center for Advanced Sensor and Communications Antennas		2,000		1,200
	Stable Articulating Backbone for Ultralight Radar (SABUR)		2,000		1,000
	Phased Array Antenna Control Computer		1,000		1,000
	OMEV		1,000		1,000
	3-D Packaging for High Speed RF		1,500	4,000	2,000
	OPAL		1,000		1,000
	Minority LEADERS Research Program			2,500	1,800
	Advanced Sensor-based Vigilance Technologies			1,300	1,000
	Super-resolution Sensor System (S3)			5,400	3,300
	Small Disadvantaged Business, Historically Black Colleges and Universities			8,000	5,600
	Watchkeeper			6,000	4,200
9	**MULTI-DISCIPLINARY SPACE TECHNOLOGY**	**81,339**	**86,339**	**92,639**	**93,039**
	Engineering Tool Improvement Program (ETIP)		5,000		4,300
	Space Qualification of the Common Data Link			5,300	3,200
	Universal Small Launch Vehicle			6,000	4,200
10	**SPACE TECHNOLOGY**	**84,540**	**101,740**	**106,640**	**105,940**
	Consortium for Autonomous Satellite Systems		2,000	1,500	1,500
	Integrated Control for Autonomous Space Systems (ICASS)		5,000	1,000	2,500
	Nano-reinforced Structures and Advanced Multi-functional Structures for Space Programs		2,000	4,000	2,400
	Large Aperture Deployable Structure Systems for Space (Note: Funds are only to institute a program to develop, assess and implement advanced thermal and structurally stable deployable, responsive structures)		1,000	3,300	2,000
	Elastic Memory Composites		1,000	2,500	1,500
	Converted Silicon Carbide for High Performance Optic Structures		6,200		4,400
	HAARP			4,000	3,400
	Deployable Structures Experiment			3,800	2,300
	National Security Research - Signature Exploitation			2,000	1,400
11	**CONVENTIONAL MUNITIONS**	**58,058**	**61,058**	**62,058**	**62,958**
	Falcon Eye		3,000		2,100
	Advanced Energy Technology for Munitions - Dominator Program			4,000	2,800

R-1	Budget Request	House	Senate	Conference
12 DIRECTED ENERGY TECHNOLOGY	**37,709**	**51,959**	**38,709**	**44,809**
Advanced Laser Materials Development		5,650		2,800
Adaptive Optics Lasercom		5,000	1,000	2,500
Ceramics for Next-Generation Tactical Laser Systems		3,600		1,800
13 COMMAND CONTROL AND COMMUNICATIONS	**93,316**	**98,316**	**95,216**	**98,116**
Decision Support Tools		4,000		2,800
Advanced Collaboration Platform for Net Centric Command and Control		1,000		1,000
Cyber Situational Awareness			1,900	1,000
14 DUAL USE SCIENCE AND TECHNOLOGY PROGRAM	**0**	**1,500**	**0**	**1,000**
Project HMA		1,500		1,000
15 HIGH ENERGY LASER RESEARCH	**45,678**	**48,178**	**45,678**	**47,378**
High Power Fiber Laser Program		1,500		1,200
Oxygen Laser Optical Source		1,000		500
NEW NATIONAL DIABETES MODEL PROGRAM	**0**	**22,000**	**0**	**18,700**
Assessment and Demonstration Center for the USAF Surgeon General		2,000		1,700
16 ADVANCED MATERIALS FOR WEAPON SYSTEMS	**36,714**	**69,114**	**60,214**	**71,114**
Reduced Composite Manufacturing Costs Through the Application of Advanced Textile Technology		2,000		1,200
XD-2 Explosives Detection System		3,000		2,600
Metals Affordability Initiative		2,500	7,000	5,000
Coated Field Repair		1,000		1,000
Transparent Conductive Polymer Technology Development		3,000		1,500
Materials Integrity Management Research for AF		1,000	1,000	1,000
National Operational Signature Production and Research Capability (Note: Transferred to Line 17)		8,500		0
Design Manual for Titanium Honeycomb Sandwich Composite		1,000	4,000	3,300
Advanced Composite Processes for Unmanned Aerial Vehicles (UAVs)		1,000	1,000	1,000
Continuous Integrated Vehicle Monitoring System		1,800		1,000
Ultra-Lightweight Composites		1,000		1,000
Hybrid Bearing		3,600	2,000	2,100
Large Panel Sapphire Producability		3,000		2,600
Hydrothermal Oxidation			2,000	1,700
Assessing Aging Military Aircraft			3,000	2,100
Stealth RAM Coatings			3,500	2,500
Aging Military A/C fleet support at National Institute for Aviation Research (Note: Transferred from Line 93)				4,800
17 ADVANCED AEROSPACE SENSORS	**35,157**	**35,157**	**35,157**	**40,357**
National Operational Signature Production and Research Capability (Note: Transferred from Line 16)				5,200
19 AEROSPACE TECHNOLOGY DEV/DEMO	**25,133**	**59,133**	**29,633**	**54,433**
National Aerospace Leadership Initiative		25,000		21,000
Fly By Light		3,000		2,100
WBI - Capabilities Analyses Phase 2		6,000	3,500	4,200

R-1		Budget Request	House	Senate	Conference
	Hybrid Radio Frequency - Optical Communications Terminal			1,000	1,000
	Next Generation Helmet Tracking & Display Technology				1,000
20	**AEROSPACE PROPULSION AND POWER TECHNOLOGY**	**77,268**	**92,268**	**94,768**	**98,568**
	Solid Boost Propulsion Technology		3,000		1,500
	Field Renewable Energy System Hybrids (FRESH) Li Ion Battery Program		2,000		1,000
	Advanced Satellite Thermal Control Program		2,000		1,700
	Versatile Affordable Advance Turbine Engine (Note: Only for the XTC 58F/1 Demonstrator Program)		8,000		6,800
	More Electric Technology for Mission Critical Power Systems			3,000	2,100
	VAATE Advanced Supersonic Cruise Missile Engine			10,000	6,000
	Versatile Affordable Advanced Turbine Engines - 5K - 7K Thrust Category			2,500	1,200
	X-43C Development			2,000	1,000
21	**CREW SYSTEMS AND PERSONNEL PROTECTION TECHNOLOGY**	**29,775**	**38,275**	**29,775**	**35,475**
	Full Spectrum Laser Eye Protection		1,000		1,000
	Virtual Medical Trainer		2,000		1,700
	Variable Transmittance Visor		2,000		1,000
	Deployment Environment and Biological Surveillance		500		500
	Air Force Advanced Micro-Compression Sock (AFAMS)		3,000		1,500
22	**ELECTRONIC COMBAT TECHNOLOGY**	**23,923**	**31,423**	**30,423**	**33,823**
	Detect and Avoid for UAVs		2,000		1,400
	Electronic Combat Battle Management		2,500		1,000
	BLADES		2,000		1,400
	RAPCEval		1,000		1,000
	Advanced Threat Alert ATD - Technology Insertion			2,000	2,000
	Affordable Visible Missile Warning System			3,500	2,100
	Infrared Countermeasures Electronics Improvement Program			1,000	1,000
23	**BALLISTIC MISSILE TECHNOLOGY**	**0**	**11,700**	**3,750**	**11,600**
	Ballistic Missile Technology		11,700		8,300
	Pacific Ballistic Missile Technology Program			1,500	1,300
	P-Net			2,250	2,000
26	**ADVANCED SPACECRAFT TECHNOLOGY**	**60,915**	**79,415**	**95,415**	**86,815**
	Large Automated Production of Expendable Launch Structure (LAPELS)		4,000	4,500	4,000
	Intelligent Free Space Optical Satellite Communications Node		3,000	3,000	3,000
	Precision Integrated Navigation and Position-Intelligent Networking Technology		2,500		1,200
	Beta Energy Cells (BEC) for Defense and Intelligence Applications		4,000	6,000	4,200
	Radiation Hardened Microelectronics		2,000		1,200
	AC Coupled Interconnect		1,000	3,000	1,500
	Radially Segmented Launch Vehicle Risk Reduction		2,000		1,000
	Integrated Spacecraft Engineering Tool			1,000	1,000
	Magnetic Random-Access Memory Communications Materials			1,000	1,000
	Microsatellite Serial Manufacturing Process			2,000	1,400
	Thin Film Amorphous Solar Arrays			10,000	4,000
	System Approach to Radiation Hardened Electronics			4,000	2,400

R-1		Budget Request	House	Senate	Conference
27	**MAUI SPACE SURVEILLANCE SYSTEM (MSSS)**	**5,848**	**5,848**	**50,848**	**47,848**
	High Accuracy Network Determination System (HANDS)			10,000	10,000
	MSSS Operations & Research			25,000	22,000
	PanSTARRS			10,000	10,000
28	**MULTI-DISCIPLINARY ADVANCED DEVELOPMENT**	**53,437**	**55,437**	**56,437**	**56,537**
	Upper Stage Engine Technology (USET)		2,000		1,000
	Aerospace Relay Mirror System			3,000	2,100
29	**CONVENTIONAL WEAPONS TECHNOLOGY**	**18,660**	**30,160**	**21,960**	**30,960**
	Micro-Sized Air Launched Atmospheric Visibility Sonde		2,000		1,700
	AF/SO Miniature Infrared Camera		1,500		1,300
	Clandestine Electric Reconnaissance Vehicle		2,000		1,700
	IP Targeting Extension System		1,000		1,000
	High Speed Strike Weapon		1,000	3,300	2,900
	Body Armor and Fragmentation Protection		2,000		1,700
	Plug and Play Capability for Air-Launched Weapons		1,000		1,000
	Fuze Air to Surface Technology		1,000		1,000
30	**ADVANCED WEAPONS TECHNOLOGY**	**26,955**	**43,455**	**38,955**	**50,555**
	Mobile Active Targeting Resource for Integrated Experiments		2,000		1,700
	Low Speed Airspeed System		4,000		3,400
	Laser Spark Countermeasure Program		6,000		5,100
	Near Earth Space Surveillance Initiative		2,500		1,800
	Wafer Integrated Semiconductor Laser		2,000		2,000
	Applications of LIDAR to Vehicles with Analysis (ALVA)			7,000	6,000
	High Brightness Laser Diode Source for Fiber Laser Pumps			3,500	2,500
	Satellite Active Imaging National Testbed Program			1,500	1,100
31	**ENVIRONMENTAL ENGINEERING TECHNOLOGY**	**0**	**0**	**2,700**	**1,900**
	MMPOI for Battlespace Information Exchange			2,700	1,900
32	**C3I ADVANCED DEVELOPMENT**	**30,125**	**41,325**	**39,225**	**41,725**
	Information for Global Reach		2,500		1,200
	Air Operations Center Secured Data Access		2,000		1,700
	National Center for Multi-Source Information Fusion Research		2,000		1,000
	Battlespace Information Exchange		2,700		1,300
	Griffith Institute - Accelerated Course in Engineering		2,000		1,000
	Enable Network Centric Warfare			3,200	1,600
	Massively Parallel Optical Interconnects for Battlespace Datacom			1,900	1,000
	Net-Centric Dissimilar Data Fusion Program			4,000	2,800
39	**INTELLIGENCE ADVANCED DEVELOPMENT**	**4,580**	**4,580**	**4,580**	**4,830**
	AVT234 - Smart Camera System with Target Motion Cueing				250

R-1		Budget Request	House	Senate	Conference
40	**PHYSICAL SECURITY EQUIPMENT**	**21,937**	**22,937**	**21,937**	**25,937**
	Digital Network Centric Remotely Operated Weapons System		1,000		1,000
	Military Base Protection Using Shaped Energy X-Ray Detection Systems				1,500
	XML Wide Area Multi-Sensor Technology Project				1,500
45	**SPACE CONTROL TECHNOLOGY**	**14,205**	**14,205**	**16,205**	**15,905**
	Multifunctional Daytime Optical System			2,000	1,700
49	**TRANSFORMATIONAL SATCOM (TSAT)**	**835,769**	**436,769**	**585,769**	**436,769**
	Authorization Adjustment		-400,000		-400,000
	Hanscom AFB Collaboration on Meta-Materials and Conformal Antennas		1,000		1,000
	Technology maturation delays			-250,000	0
51	**INTERCONTINENTAL BALLISTIC MISSILE - DEM/VAL**	**44,672**	**63,672**	**44,672**	**57,922**
	Conventional Ballistic Missile Systems Engineering Studies		7,000		5,000
	Infralynx Technology to Support Secure Transportation of Strategic Assets		5,000		3,250
	Adaptive Missile Engineering Modernization		7,000		5,000
53	**SPACE-BASED RADAR DEM/VAL**	**225,839**	**100,000**	**100,000**	**100,000**
	Authorization Adjustment / Space Radar excessive program growth		-125,839	-125,839	-125,839
54	**POLLUTION PREVENTION (DEM/VAL)**	**2,735**	**11,235**	**4,235**	**10,635**
	Advanced Power Technologies		5,000		3,800
	Laser Applications to Improve Air Force Operations and Readiness		3,500		3,000
	O2 Diesel Particulate Emissions Reduction Research Project			1,500	1,100
57	**HARD AND DEEPLY BURIED TARGET DEFEAT SYSTEM (HDBTDS)**	**0**	**4,000**	**0**	**4,000**
	Conventional Penetrator Study		4,000		4,000
58	**J-UCAS ADVANCED COMPONENT & PROTOTYPE**	**272,300**	**272,300**	**72,300**	**232,300**
	J-UCAS requirement uncertainty			-200,000	-40,000
60	**OPERATIONALLY RESPONSIVE LAUNCH**	**23,480**	**36,980**	**36,480**	**39,080**
	TACSAT Launch		13,500		7,800
	Near Space Analysis and Program Development			3,500	2,100
	Tactical Satellite Demonstrations			9,500	5,700
62	**ADVANCED COMMUNICATIONS SYSTEMS**	**969**	**969**	**2,269**	**1,969**
	Massively Parallel Optical Interconnects for MicroSatellite Datacom			1,300	1,000
64	**GLOBAL BROADCAST SERVICE (GBS)**	**18,283**	**20,283**	**18,283**	**19,683**
	Global Broadcast Service Development		2,000		1,400
66	**NUCLEAR WEAPONS SUPPORT**	**15,154**	**15,154**	**12,712**	**14,154**
	Robust Nuclear Earth Penetrator			-2,442	-1,000

R-1		Budget Request	House	Senate	Conference
67	**B-1B**	**132,496**	**95,296**	**137,496**	**97,296**
	BRU-56 Bomb Rack Upgrade		2,000		1,000
	Radar Improvement Program		-21,000		-21,000
	B-1 DSUP Reprogrammings		-18,200		-18,200
	B-1 Secure Digital Communications Improvement			5,000	3,000
70	**B-2 ADVANCED TECHNOLOGY BOMBER**	**285,205**	**305,205**	**285,205**	**299,205**
	Processor Modernization		20,000		14,000
71	**ELECTRONIC WARFARE DEVELOPMENT**	**82,587**	**93,087**	**91,087**	**92,487**
	Rapid Replacement of Mission Critical Logistics Electronic Components at Warner Robins AFB		2,000		1,400
	AF Requested Transfer from Procurement for AN/ALR-69A Development		8,500	8,500	8,500
72	**JOINT TACTICAL RADIO**	**124,225**	**33,225**	**99,225**	**82,325**
	SDD Contract Award		-91,000	-25,000	-41,900
74	**SMALL DIAMETER BOMB (SDB) EMD**	**85,988**	**65,988**	**62,438**	**64,438**
	Increment II Contract Award		-20,000	-23,550	-21,550
75	**COUNTERSPACE SYSTEMS**	**24,651**	**24,651**	**31,651**	**29,551**
	Space Control Test Capabilities			7,000	4,900
77	**SPACE BASED INFRARED SYSTEM (SBIRS) HIGH EMD**	**756,630**	**756,630**	**656,630**	**706,630**
	Excessive program growth given Nunn-McCurdy breach			-100,000	-50,000
79	**MUNITIONS DISPENSER DEVELOPMENT**	**21,738**	**6,038**	**21,738**	**6,038**
	Transfer to Procurement, Sensor Fuzed Weapon - ER		-15,700		-15,700
82	**AGILE COMBAT SUPPORT**	**10,173**	**12,673**	**10,173**	**11,373**
	Biostatic Protective Clothing		2,500		1,200
84	**LIFE SUPPORT SYSTEMS**	**7,315**	**14,115**	**14,315**	**13,565**
	ACES II Ejection Seat Improvement		2,000		1,700
	Integrated Mission Helmet (Note: Transferred to RDTE, Navy, Line 31)		2,700		0
	Joint Service Advanced Anti-Gravity Suit (JSAAGS) Lower Anti-G Garment		2,100		1,050
	Enhanced Quick Donning Oxygen Mask			5,000	3,500
	MBU-23 Oxygen Mask, Visor, Microphone			2,000	0
85	**COMBAT TRAINING RANGES**	**6,122**	**10,122**	**6,122**	**8,922**
	Nellis Air Combat Training P4A pods		4,000		2,800
86	**INTEGRATED COMMAND & CONTROL APPLICATIONS**	**161**	**20,161**	**11,161**	**19,161**
	Enterprise Services for Reach Back Capabilities		3,000		1,800
	Air Force Electronic Systems Command/National Product Line Asset Center (NPLACE)		3,500		2,500
	Airborne Web Services (AWS) Spiral 3		2,000		1,700
	Integration of Force Protection Enterprise Systems		2,000		1,700
	Net-Centric Information Visualization Services (NIVS)		3,000		1,000
	Rapid Assessment Framework for Net-Centric Interoperability		1,500		0
	Distributed Mission Interoperability Toolkit		5,000	6,000	5,000
	Asset eWing Program			5,000	4,300
	Global Awareness Presentation System for USSTRATCOM				1,000

R-1		Budget Request	House	Senate	Conference
87	**INTELLIGENCE EQUIPMENT**	**1,369**	**3,369**	**1,369**	**2,769**
	Hard and Deeply Buried Targets		2,000		1,400
90	**JOINT STRIKE FIGHTER**	**2,474,763**	**2,474,763**	**2,328,763**	**2,366,763**
	Excessive program risk remains prior to CDR			-146,000	-108,000
93	**RDT&E FOR AGING AIRCRAFT**	**24,384**	**31,384**	**50,384**	**41,684**
	Smart Weapons Triple Ejection Rack Development		2,000		1,400
	Aging Military A/C fleet support at National Institute for Aviation Research (Note: Transferred to Line 16)		1,000	6,000	0
	Non-Destructive Testing (NDI) Corrosion Detection		1,000		1,000
	Electro-Magnetic In-Flight Propeller Balancing System		3,000	1,500	1,500
	Aging Aircraft Structural Repair Facility Study			1,000	1,000
	Aging Landing Gear Life Extension (ALGLE)			7,000	4,200
	Improved Fleet Readiness and 3-D Modeling			3,500	2,500
	Skill Kitting Inventory Tracking and Technology for Oklahoma City ALC			1,000	1,000
	Productivity Improvements for Landing Gear Overhaul Technologies			6,000	4,200
	Advanced Avionics Insertion for Legacy Aircraft				500
96	**LINK-16 SUPPORT AND SUSTAINMENT**	**157,677**	**159,677**	**157,677**	**163,677**
	Pocket J Enhancements		2,000		1,700
	11th AF Link 16				2,600
	Suitcase Link 16				1,700
100	**COMBAT SURVIVOR EVADER LOCATOR**	**0**	**0**	**17,500**	**17,500**
	Combat Survivor Evader Locator (CSEL) (Note: Transfer from OPAF for development of TAC/TAG)			17,500	17,500
101	**CV-22**	**39,532**	**41,532**	**39,532**	**40,532**
	Room Temperature Nanocrystalline Diamond Coating for De-Icing		2,000		1,000
103	**MAJOR T&E INVESTMENT**	**55,339**	**62,739**	**62,339**	**64,939**
	3-D Data Track Assembly (3-DATA) Imaging System		3,400		2,400
	ILIAD and ETDMS Flight Testing Data Management		4,000		2,000
	FPS-16 Radar Mobilization and Upgrade			1,000	1,000
	Holloman High Speed Test Track Upgrade			6,000	4,200
108	**TEST AND EVALUATION SUPPORT**	**642,665**	**644,665**	**642,665**	**643,665**
	Cluster Computing Initiative		2,000		1,000
109	**ROCKET SYSTEMS LAUNCH PROGRAM (SPACE)**	**13,773**	**27,273**	**26,773**	**26,773**
	Ballistic Missile Range Safety Technology		13,500	13,000	13,000
111	**FACILITIES RESTORATION AND MODERNIZATION - TEST AND EVALUATION**	**60,561**	**62,561**	**60,561**	**61,961**
	Internal Base Facility Energy Independence – Wind / Turbine Power		2,000		1,400
112	**FACILITIES SUSTAINMENT - TEST AND EVALUATION SUPPORT**	**26,238**	**31,238**	**26,238**	**28,738**
	Base Facility Energy Independence		5,000		2,500
120	**B-52 SQUADRONS**	**22,784**	**30,784**	**22,784**	**27,134**
	B-52 MIL-STD 1760		8,000		4,350

R-1		Budget Request	House	Senate	Conference
123	**STRAT WAR PLANNING SYSTEM - USSTRATCOM**	**29,134**	**29,134**	**29,134**	**30,134**
	Global Command and Control Development Center				1,000
127	**WARFIGHTER RAPID ACQUISITION PROCESS (WRAP) RAPID TRANSITION**	**30,093**	**30,093**	**17,193**	**23,093**
	Program underexecution			-12,900	-7,000
129	**A-10 SQUADRONS**	**51,835**	**51,835**	**61,835**	**56,835**
	A-10 Propulsion Upgrade			10,000	5,000
130	**F-16 SQUADRONS**	**155,666**	**155,666**	**155,666**	**156,766**
	Block 30 APG-68(V)10 Integration for the AFRC				1,100
131	**F-15E SQUADRONS**	**124,647**	**145,647**	**134,147**	**145,647**
	AESA Development and Demonstration		11,500		11,500
	F-15 BOL Pilot Vehicle Interface (PVI) for the ANG		9,500	9,500	9,500
133	**F-22 SQUADRONS**	**403,517**	**403,517**	**378,517**	**378,517**
	Program underexecution			-25,000	-25,000
137	**COMBAT RESCUE AND RECOVERY**	**113,825**	**71,825**	**20,000**	**71,825**
	Contract Award Delays		-42,000		-42,000
	Personnel Recovery Vehicle Contract Award Delay, Transfer to APAF			-93,825	0
138	**AF TENCAP**	**10,829**	**13,829**	**10,829**	**11,829**
	FOGLITE		3,000		1,000
139	**SPECIAL EVALUATION PROGRAM**	**276,219**	**276,219**	**276,219**	**277,419**
	Classified Program				1,200
140	**COMPASS CALL**	**4,650**	**14,650**	**4,650**	**10,050**
	RSAT		2,000		1,400
	EC-130H Compass Call (Note: only for network centric information operations capability improvements to the Block 35 prime mission equipment)		8,000		4,000
142	**CSAF INNOVATION PROGRAM**	**1,737**	**1,737**	**2,737**	**1,737**
	Command Responder (Note: Transferred to RDTE, Army, Line 58)			1,000	0
145	**CONTROL AND REPORTING CENTER (CRC)**	**9,289**	**19,189**	**9,289**	**19,189**
	AF Requested Transfer from Procurement for BCS-M Development		9,900		9,900
147	**ADVANCED COMMUNICATIONS SYSTEMS**	**28,938**	**28,938**	**32,438**	**31,438**
	Adaptive Joint C4ISR Node (AJCN) Security Certification			3,500	2,500
148	**EVALUATION AND ANALYSIS PROGRAM**	**0**	**3,000**	**-**	**2,600**
	Adaptive Information Protection Technologies		3,000		2,600
155	**JOINT SURVEILLANCE AND TARGET ATTACK RADAR SYSTEM**	**78,084**	**82,084**	**100,984**	**105,184**
	Joint STARS Blue Force Tracking		4,000		1,700
	E-8C Joint Stars Re-Engine Initiative			10,000	12,500
	Joint STARS Advanced Radar Modes (ARM)			12,900	12,900

R-1		Budget Request	House	Senate	Conference
158	**USAF MODELING AND SIMULATION**	**30,541**	**31,541**	**24,510**	**25,510**
	Synthetic Theater Operations Research Model		1,000		1,000
	Excessive program growth			-6,031	-6,031
161	**MISSION PLANNING SYSTEMS**	**138,475**	**138,475**	**121,739**	**121,739**
	Milestone decision delay			-16,736	-16,736
169	**E-4B NATIONAL AIRBORNE OPERATIONS CENTER**	**18,909**	**21,909**	**18,909**	**18,909**
	Cybersecurity Defend and Attack Exercises (Note: Transferred to Line 171)		3,000		0
170	**MINIMUM ESSENTIAL EMERGENCY COMMUNICATIONS NETWORK**	**57,344**	**57,344**	**49,076**	**49,076**
	Program under execution and excessive program growth			-8,268	-8,268
171	**INFORMATION SYSTEMS SECURITY PROGRAM**	**109,292**	**117,292**	**112,292**	**118,392**
	Worldwide Infrastructure Security Environment (WISE)		8,000		5,000
	Homeland Defense and Civil Support Threat Information Collection			1,000	1,000
	Infrastructure Assurance and Security			2,000	1,000
	Cybersecurity Defend and Attack Exercises (Note: Transferred from Line 169)		3,000		2,100
173	**GLOBAL COMMAND AND CONTROL SYSTEM**	**3,541**	**13,541**	**7,741**	**13,541**
	Command and Control Service Level Management		10,000		7,000
	Applied Research in Computing Enterprise Services (ARCES)			4,200	3,000
180	**SATELLITE CONTROL NETWORK (SPACE)**	**29,143**	**29,143**	**34,143**	**31,643**
	Civil Reserve Space Service (CRSS) Initiative			5,000	2,500
182	**AIR TRAFFIC CONTROL, APPROACH, AND LANDING SYSTEM**	**0**	**0**	**21,750**	**2,200**
	242 ATAS ANG Mobile Approach Control System (MACS) (Note: Transferred to Other Procurement, Air Force, Line 40)			17,250	0
	Transportable Transponder Landing System			4,500	2,200
194	**SPACELIFT RANGE SYSTEM (SPACE)**	**48,854**	**49,854**	**48,854**	**49,854**
	California Space Infrastructure Program (CSIP)		1,000		1,000
198	**AIRBORNE RECONNAISSANCE SYSTEMS**	**51,769**	**54,369**	**51,769**	**53,569**
	Airborne Optical Comm Flight Demo		2,600		1,800
199	**MANNED RECONNAISSANCE SYSTEMS**	**8,101**	**12,601**	**16,601**	**18,401**
	Apertures for Modern Threat Environments		4,500		3,100
	Combat Sent Tactical ELINT System Modernization			3,500	1,700
	Rivet Joint Reachback			5,000	3,000
	RC-135 Processing Forward Network (Note: Transferred from Title IX, RDTE,D-W)				2,500
200	**DISTRIBUTED COMMON GROUND SYSTEMS**	**40,402**	**32,402**	**40,402**	**35,402**
	Program Growth		-3,000		0
	AF Requested Transfer to Operation and Maintenance, DCGS Program		-5,000		-5,000

R-1	Budget Request	House	Senate	Conference
201 PREDATOR UAV (JMIP)	**61,007**	**63,507**	**63,507**	**63,507**
Small Tactical UAVs for Battlefield Intelligence, Communications, and Atmospheric Data Collection		2,500	2,500	2,500
202 GLOBAL HAWK UAV (JMIP)	**308,533**	**329,733**	**317,533**	**332,433**
AF Requested Transfer from Procurement, Global Hawk		18,200		18,200
Night Hunter II Integration on RQ-4B Global Hawk		2,000		1,200
Global Hawk Growth Engine		1,000	9,000	4,500
205 NCMC - TW/AA SYSTEM	**85,222**	**87,222**	**64,036**	**74,222**
Technology Applications for Homeland Defense & Security		2,000		0
Combatant Commander's Integrated C2 System program spiral delays			-21,186	-11,000
206 SPACETRACK (SPACE)	**151,102**	**151,102**	**176,102**	**167,102**
AF Space Surveillance System S Band Sensor			10,000	7,000
Space Based Space Surveillance			15,000	9,000
211 C-130 AIRLIFT SQUADRON	**233,028**	**238,028**	**238,028**	**235,528**
Real-Time Measurement Weight and Balance System for C-130s (Note: Transfer to RDTE, Navy)		2,000	2,500	0
C-130 Automated Inspection, Repair, Corrosion, and Aircraft Tracking (AIRCAT)		3,000	2,500	2,500
213 C-17 AIRCRAFT	**165,762**	**165,762**	**167,762**	**167,162**
C-17 Engine Vibration Monitoring System			2,000	1,400
223 ACQUISITION AND MANAGEMENT SUPPORT	**3,404**	**5,404**	**3,404**	**4,804**
ACS-Acquisition Data Repository		2,000		1,400
224 INDUSTRIAL PREPAREDNESS	**36,934**	**55,934**	**51,434**	**55,934**
e-LINCS		1,000		1,000
Affordable Multi-Junction Solar Cells		1,500		1,000
AMP-Aerial Multi-Axis Platform		4,500		2,700
Rapid Qual/Cert/Inspect Parts		1,000		1,000
WBI-RFID Rapid Adoption Collaboration Initiative		5,000	8,500	5,100
TIDE Program		6,000		4,000
Nanomaterial Manufacturing and Military Application			4,000	2,800
Supply Chain Optimization Universal Tool Kit			2,000	1,400
225 LOGISTICS SUPPORT ACTIVITIES	**0**	**4,000**	**0**	**2,800**
Logistics Operations Support		2,000		1,400
REMIS		2,000		1,400
228 SUPPORT SYSTEMS DEVELOPMENT	**10,316**	**26,616**	**25,216**	**27,016**
Fuel Cell Power Non-Tactical Vehicle		1,000		1,000
Air Force Center of Acquisition Reengineering & Enabling Technologies		2,500		1,500
Real-Time Health Care Management		2,000		1,400
Heavy Duty Hybrid Electric		2,000	3,500	2,500
Information Assurance for Reengineering and Enabling Technologies		3,000		1,800
Center for Aircraft Support/System Infrastructure		1,800		1,000
Warner Robbins Aging Aircraft		4,000	4,900	4,000
C-17 Aging Aircraft Logistics Management Program			5,000	2,500
Teleoperated Semi-autonomous Robot for Aging Aircraft Maintenance			1,500	1,000

SPACE RADAR

The conferees have reviewed the authorization and appropriation language of the various committees of jurisdiction for the Space Radar program and note that there appears to be broad congressional consensus on many key issues. First, in the absence of a major breakthrough, there is significant across the board concern regarding the ultimate cost and affordability of the Space Radar program. Second, there is concern about the space acquisition workforce and the Air Force and industry's ability to manage expensive and complicated satellite programs such as Space Radar. Finally, there is broad agreement that the Air Force should place greater emphasis on maturing technologies, seeking out new technical breakthroughs, experimenting with existing radar assets (such as airborne surrogates), and developing critical ground processing capabilities instead of focusing so heavily on near term satellite system development. The conferees agree that the funds provided are only for the elements of congressional consensus described above. Further, the conferees agree with the House direction requiring submission of a spend plan prior to obligation of fiscal year 2006 funds.

TRANSFORMATIONAL SATCOM (TSAT)

The conferees support the Defense Department's concept for global high-speed communications and recognize the value that TSAT-like capabilities would provide to world-wide military operations. However, the conferees are concerned about the state of technical maturity for the key subsystems and do not support the program's aggressive schedule for acquisition. The conferees are also concerned that DoD may have prematurely ruled out the possibility of evolving Advanced EHF (AEHF) and the Wideband Gapfiller System (WGS) programs to provide TSAT-like capabilities. Therefore, the conferees agree to reduce the program by $400,000,000 and direct the program to focus on technology maturation for the key subsystems, particularly laser communications and the processor router. Transition to a formal acquisition program should be deferred until the technologies are mature and have been demonstrated in a relevant environment.

Of the remaining $436,769,000, the conferees direct that no more than $316,769,000 may be obligated until DoD submits to the congressional defense committees the results of an independent review that: (1) determines whether additional AEHF or WGS satellites will be required and how many; and (2) whether it is feasible, taking into consideration cost, risk, contract requirements, and other factors, to insert advanced capabilities by evolving the AEHF or WGS programs. In the event the Department determines a fourth AEHF is required, $120,000,000 shall be available for advance procurement and research and development activities in support of the fourth AEHF. In the event the Defense Department determines a fourth AEHF is not required, the $120,000,000 shall be available to support expanded system development and maturation of the key TSAT technologies.

JOINT UNMANNED COMBAT AIR SYSTEMS (J–UCAS)

The conferees are concerned over whether the Navy and Air Force share the same requirements and concept of operations for the J–UCAS. Given that the Department of Defense proposes to make substantial investments in the J–UCAS program, exceeding $5 billion for development alone, it is important to ensure from the outset that there is stability in the program. Given these concerns, the conferees have reduced the budget request by $40,090,000 and direct the Department of Defense to conduct an independent study to objectively review the J–UCAS program for both Navy and Air Force technical, military operations, and test and evaluation requirements, as well as options for cost savings. The conferees direct that the report include a schedule and budget for the J–UCAS program, to include entering system development and demonstration, and an evaluation of the Air Force as the Executive Agent. The conferees further direct that the report provide an analysis and recommendation on whether the Air Force and Navy programs are sufficiently different in their respective requirements and level of development to merit separation into service unique programs. The report should be provided to the congressional defense committees not later than May 3, 2006.

COMBAT SEARCH AND RESCUE (CSAR–X)

The conferees are concerned that a major development effort for the CSAR–X program could be cost prohibitive and would not yield a sufficient number of helicopters to replace the Air Force's current aging fleet in a timely manner. Due to these concerns, the conferees expect the Air Force to select an existing aircraft that will require minimum research and development to field and that presents an overall ''best value'' to the government, giving full consideration to military utility and costs in the contract selection process. The conferees agree to reduce the request by $42,000,000 due to a delay in the request for proposal and contract award date. The conferees further agree to restrict $66,069,000, of the available $71,825,000, pending the submission of a report to the congressional defense committees with detailed cost and schedule estimates for development and production. The report shall be submitted following contract award and also include estimated operation and support costs, necessary military configuration modifications, and a test and evaluation plan.

JOINT SURVEILLANCE AND TARGET ATTACK RADAR SYSTEM (JOINTSTARS) RE-ENGINING

The conferees have provided $12,500,000 to begin the non-recurring engineering (NRE) activities associated with re-engining the JointSTARS aircraft fleet and expect the Secretary of the Air Force to include funding for NRE activities in the FY 2007 budget request. The conferees note that in January 2005 the Under Secretary of Defense for Acquisition, Technology, and Logistics announced the Department's intent to request updated quotes from industry on the costs to modify JointSTARS aircraft with new engines, and that the Department is currently in the process of evaluating these quotes. Upon completion of this activity, the conferees direct the Secretary of the Air Force to submit to the congressional defense committees an evaluation of potential development and acquisition options for re-engining all or part of the JointSTARS aircraft fleet.

REAL-TIME MEASUREMENT WEIGHT AND BALANCE SYSTEM

The conferees direct the Under Secretary of Defense, Comptroller, to transfer fiscal year 2005 Air Force Research, Development, Test and Evaluation funding for the ''Real-Time Measurement Weight and Balance System'' to Research, Development, Test and Evaluation, Navy, Line 182, Aviation Improvements.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

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

	Budget	House	Senate	Conference
	(In thousands of dollars)			
RESEARCH, DEVELOPMENT, TEST & EVAL, DW				
BASIC RESEARCH				
DEFENSE RESEARCH SCIENCES	130,090	136,090	136,590	135,240
GOVERNMENT/INDUSTRY COSPONSORSHIP OF UNIVERSITY RESEAR	---	12,000	4,000	10,200
DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE	9,164	9,164	13,164	12,564
NATIONAL DEFENSE EDUCATION PROGRAM	10,282	10,282	10,282	10,282
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM	72,533	101,533	83,383	95,733
TOTAL, BASIC RESEARCH	222,069	269,069	247,419	264,019
APPLIED RESEARCH				
INSENSITIVE MUNITIONS--EXPLORATORY DEVELOPMENT	5,176	5,176	7,176	6,176
MEDICAL FREE ELECTRON LASER	9,845	9,845	21,845	20,045
HISTORICALLY BLACK & HISPANIC SERVNG INSTITU SCIENCES	13,887	17,387	15,887	17,887
LINCOLN LABORATORY RESEARCH PROGRAM	29,914	29,914	29,914	29,914
INFORMATION AND COMMUNICATIONS TECHNOLOGY	198,831	198,831	198,831	198,831
COGNITIVE COMPUTING SYSTEMS	200,799	200,799	145,799	165,799
BIOLOGICAL WARFARE DEFENSE	145,354	149,454	147,854	150,254
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM	187,787	251,487	229,637	250,557
TACTICAL TECHNOLOGY	361,562	363,562	336,362	352,962
MATERIALS AND BIOLOGICAL TECHNOLOGY	294,188	294,588	281,688	292,938
WMD DEFEAT TECHNOLOGY	206,487	208,487	206,487	207,487
ELECTRONICS TECHNOLOGY	241,736	244,236	241,736	243,436
WMD DEFENSE TECHNOLOGIES	106,708	112,708	106,708	111,508
SPECIAL OPERATIONS TECHNOLOGY DEVELOPMENT	13,595	38,095	21,595	30,395
SOF MEDICAL TECHNOLOGY DEVELOPMENT	2,215	2,215	2,215	2,215
TOTAL, APPLIED RESEARCH	2,018,084	2,126,784	1,993,734	2,080,404

	Budget	House	Senate	Conference
	(In thousands of dollars)			
ADVANCED TECHNOLOGY DEVELOPMENT				
SO/LIC ADVANCED DEVELOPMENT	34,529	52,029	36,529	46,429
COMBATING TERRORISM TECHNOLOGY SUPPORT	55,301	116,551	69,301	120,876
COUNTERPROLIFERATION ADVANCED DEVELOPMENT TECHNOLOGIES	96,143	99,643	107,143	109,443
BALLISTIC MISSILE DEFENSE TECHNOLOGY	136,241	128,385	125,647	162,297
JOINT DOD-DOE MUNITIONS TECHNOLOGY DEVELOPMENT	25,102	25,102	25,102	25,102
ADVANCED AEROSPACE	75,866	77,866	58,466	61,066
SPACE PROGRAMS AND TECHNOLOGY	223,811	223,811	213,811	213,811
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - ADVANCED DEV	164,481	212,881	227,981	237,456
JOINT CAPABILITY TECHNOLOGY DEMONSTRATIONS	35,000	35,000	35,000	35,000
SPECIAL TECHNICAL SUPPORT	---	---	2,000	1,400
GENERIC LOGISTICS R&D TECHNOLOGY DEMONSTRATIONS	22,360	56,780	73,360	77,320
DISTRIBUTION PROCESS OWNER TECH. DEV. & IMPLEMENTATION	10,000	10,000	10,000	10,000
STRATEGIC ENVIRONMENTAL RESEARCH PROGRAM	64,101	68,101	78,101	76,651
MICROELECTRONIC TECHNOLOGY DEVELOPMENT AND SUPPORT	---	118,500	---	92,150
JOINT WARFIGHTING PROGRAM	10,205	10,205	10,205	10,205
ADVANCED ELECTRONICS TECHNOLOGIES	214,378	217,378	223,878	224,078
ADVANCED CONCEPT TECHNOLOGY DEMONSTRATIONS	163,649	177,849	169,849	173,049
HIGH PERFORMANCE COMPUTING MODERNIZATION PROGRAM	189,747	200,247	213,247	220,997
COMMAND, CONTROL AND COMMUNICATIONS SYSTEMS	216,408	216,408	216,408	216,408
LAND WARFARE TECHNOLOGY	139,100	139,100	104,200	127,200
CLASSIFIED DARPA PROGRAMS	162,534	162,534	162,534	162,534
NETWORK-CENTRIC WARFARE TECHNOLOGY	136,899	136,899	131,899	136,899
SENSOR TECHNOLOGY	189,452	189,452	171,452	189,452
GUIDANCE TECHNOLOGY	103,272	103,272	103,272	103,272
DISTRIBUTED LEARNING ADVANCED TECHNOLOGY DEVELOPMENT	14,689	17,189	14,689	16,814
SOFTWARE ENGINEERING INSTITUTE	25,209	28,209	30,209	31,259
QUICK REACTION SPECIAL PROJECTS	110,717	110,717	110,717	110,717
JOINT WARGAMING SIMULATION MANAGEMENT OFFICE	34,928	34,928	34,928	34,928
TEST & EVALUATION SCIENCE & TECHNOLOGY	28,614	28,614	34,614	27,814

	Budget	House	Senate	Conference
	(In thousands of dollars)			
TECHNOLOGY LINK	3,435	5,435	11,185	16,585
SPECIAL OPERATIONS ADVANCED TECHNOLOGY DEVELOPMENT	104,315	147,915	103,015	145,185
TOTAL, ADVANCED TECHNOLOGY DEVELOPMENT	2,790,486	3,151,000	2,908,742	3,216,397
DEMONSTRATION & VALIDATION				
PHYSICAL SECURITY EQUIPMENT	---	7,100	9,000	10,010
RETRACT LARCH	6,683	6,683	6,683	6,683
JOINT ROBOTICS PROGRAM	11,755	24,755	14,755	27,705
ADVANCED SENSOR APPLICATIONS PROGRAM	18,275	21,275	26,275	25,075
ENVIRONMENTAL SECURITY TECHNICAL CERTIFICATION PROGRAM	30,632	45,332	30,632	37,032
BALLISTIC MISSILE DEFENSE TERMINAL DEFENSE SEGMENT	1,143,610	1,123,698	1,208,610	1,198,860
BALLISTIC MISSILE DEFENSE MIDCOURSE DEFENSE SEGMENT	3,266,196	---	---	---
BALLISTIC MISSILE DEF GROUNDBASED MIDCOURSE DEF SEG	---	2,267,070	2,541,657	2,489,257
BALLISTIC MISSILE DEF SEABASED MIDCOURSE DEF SEGMENT	---	892,901	930,426	939,066
MULTIPLE KILL VEHICLES	---	---	83,000	83,000
BALLISTIC MISSILE DEFENSE BOOST DEFENSE SEGMENT	483,863	464,867	493,863	490,863
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - DEM/VAL	100,796	137,596	100,796	124,046
BALLISTIC MISSILE DEFENSE SENSORS	529,829	---	---	---
BALLISTIC MISSILE DEFENSE SATELLITES	---	231,358	---	239,998
SPACE SURVEILLANCE & TRACKING SYSTEM	---	---	245,536	---
BALLISTIC MISSILE DEFENSE RADARS	---	289,743	294,293	294,283
BALLISTIC MISSILE DEFENSE SYSTEM INTERCEPTOR	229,658	218,749	114,952	215,952
BALLISTIC MISSILE DEFENSE TEST & TARGETS	617,456	614,513	624,456	627,206
BALLISTIC MISSILE DEFENSE PRODUCTS	455,152	383,604	425,152	394,652
BALLISTIC MISSILE DEFENSE SYSTEMS CORE	447,006	404,428	417,006	420,151
SPECIAL PROGRAMS - MDA	349,522	349,522	299,522	324,522
BALLISTIC MISSILE DEFENSE PROGRAM SUPPORT	---	140,983	---	---
HUMANITARIAN DEMINING	14,305	14,305	14,305	14,305
COALITION WARFARE	5,777	5,777	5,777	5,777
DEPARTMENT OF DEFENSE CORROSION PROGRAM	5,141	5,141	5,141	7,741
JOINT CAPABILITY TECHNOLOGY DEMONSTRATIONS	3,000	3,000	7,000	7,000

	Budget	House	Senate	Conference
	(In thousands of dollars)			
REDUCTION OF TOTAL OWNERSHIP COST	24,824	24,824	24,824	24,824
JOINT ELECTROMAGNETIC TECHNOLOGY (JET) PROGRAM	3,566	6,066	11,566	12,641
TOTAL, DEMONSTRATION & VALIDATION	7,747,046	7,683,290	7,935,227	8,020,649
ENGINEERING & MANUFACTURING DEVELOPMENT				
DEFENSE ACQUISITION CHALLENGE PROGRAM (DACP)	28,975	34,975	28,975	34,075
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - EMD	280,908	290,408	259,408	264,083
MANPADS DEFENSE PROGRAM	13,349	19,349	16,349	18,849
JOINT ROBOTICS PROGRAM - EMD	13,745	23,745	15,745	20,795
ADVANCED IT SERVICES JOINT PROGRAM OFFICE (AITS-JPO)	9,325	9,325	9,325	9,325
JOINT TACTICAL INFORMATION DISTRIBUTION SYSTEM (JTIDS)	11,075	11,075	11,075	11,075
INFORMATION TECHNOLOGY DEVELOPMENT	19,574	19,574	19,574	19,574
INFORMATION TECHNOLOGY DEVELOPMENT-STANDARD PROCUREMEN	5,074	5,074	5,074	5,074
FINANCIAL MANAGEMENT SYSTEM IMPROVEMENTS	75,987	75,987	80,987	80,987
DEFENSE INTEGRATED MILITARY HUMAN RESOURCES SYSTEM	20,322	20,322	45,322	37,822
ACQUISITION DOMAIN	3,600	3,600	3,600	3,600
TRUSTED FOUNDRY	31,655	31,655	31,655	31,655
DEFENSE ACQUISITION EXECUTIVE (DAE) PILOT PROGRAM	1,000	1,000	1,000	1,000
DEFENSE MESSAGE SYSTEM	13,367	13,367	13,367	13,367
GLOBAL COMBAT SUPPORT SYSTEM	17,952	17,952	17,952	17,952
JOINT COMMAND AND CONTROL PROGRAM (JC2)	14,580	15,580	14,580	15,580
ELECTRONIC COMMERCE	6,698	6,698	6,698	6,698
BMMP DOMAIN MANAGEMENT AND SYSTEMS INTEGRATION	11,802	11,802	11,802	11,802
TOTAL, ENGINEERING & MANUFACTURING DEVELOPMENT	578,988	611,488	592,488	603,313
RDT&E MANAGEMENT SUPPORT				
SPECIAL TECHNICAL SUPPORT	19,916	19,916	19,916	19,916
TRANSFORMATION INITIATIVES PROGRAM	10,152	---	---	---
CAPITAL ASSET MANAGEMENT SYSTEM-MILITARY EQUIPMENT	4,812	4,812	4,812	4,812
DEFENSE READINESS REPORTING SYSTEM (DRRS)	13,475	13,475	13,475	15,475
JOINT SYSTEMS ARCHITECTURE DEVELOPMENT	9,254	11,254	9,254	10,954

	Budget	House	Senate	Conference
	(In thousands of dollars)			
CENTRAL TEST AND EVALUATION INVESTMENT DEVELOPMENT....	128,759	137,759	136,759	141,159
THERMAL VICAR.....	7,278	7,278	7,278	7,278
TECHNICAL STUDIES, SUPPORT AND ANALYSIS.....	31,075	33,075	31,075	33,075
USD(A&T)--CRITICAL TECHNOLOGY SUPPORT.....	1,999	1,999	1,999	1,999
FOREIGN MATERIAL ACQUISITION AND EXPLOITATION.....	36,895	36,895	56,895	56,895
DEFENSE TRAVEL SYSTEM.....	20,441	20,441	20,441	20,441
JOINT THEATER AIR AND MISSILE DEFENSE ORGANIZATION....	81,504	81,504	81,504	81,504
CLASSIFIED PROGRAM USD(P).....	---	---	100,000	90,000
FOREIGN COMPARATIVE TESTING.....	35,738	35,738	35,738	37,863
NUCLEAR MATTERS.....	12,442	12,442	12,442	12,442
SUPPORT TO NETWORKS AND INFORMATION INTEGRATION.....	10,706	11,706	16,706	16,806
GENERAL SUPPORT TO USD (INTELLIGENCE).....	5,282	5,282	5,282	5,282
CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM.....	81,425	81,425	83,925	82,675
CLASSIFIED PROGRAMS - C3I.....	---	9,000	10,000	9,000
SMALL BUSINESS INNOVATION RESEARCH/CHALLENGE ADMINISTR	1,983	7,983	4,983	7,083
DEFENSE TECHNOLOGY ANALYSIS.....	5,393	5,393	5,393	7,093
FORCE TRANSFORMATION DIRECTORATE.....	19,927	71,927	19,927	61,427
DEFENSE TECHNICAL INFORMATION SERVICES (DTIC).....	49,969	49,969	49,969	49,969
R&D IN SUPPORT OF DOD ENLISTMENT, TESTING & EVALUATION	8,853	8,853	8,853	8,853
DEVELOPMENT TEST AND EVALUATION.....	8,873	8,873	8,873	8,873
MANAGEMENT HEADQUARTERS (RESEARCH & DEVELOPMENT) DARP.	49,472	49,472	49,472	49,472
INFORMATION TECHNOLOGY RAPID ACQUISITION.....	5,580	5,580	5,580	5,580
INTELLIGENCE SUPPORT TO INFORMATION OPERATIONS (IO)...	13,940	13,940	13,940	13,940
PENTAGON RESERVATION.....	17,386	22,386	17,386	17,386
MANAGEMENT HEADQUARTERS - MDA.....	99,327	99,327	99,327	99,327
IT SOFTWARE DEV INITIATIVES.....	1,694	1,694	1,694	1,694
TOTAL, RDT&E MANAGEMENT SUPPORT.....	793,550	869,398	932,898	978,273

	Budget	House	Senate	Conference
	(In thousands of dollars)			
OPERATIONAL SYSTEMS DEVELOPMENT				
DEFENSE INFORMATION SYSTEM FOR SECURITY (DISS)	16,850	16,850	16,850	16,850
PARTNERSHIP FOR PEACE (PFP) INFORMATION MANAGEMENT SYS	5,660	5,660	5,660	5,660
CHEMICAL AND BIOLOGICAL DEFENSE (OPERATIONAL SYSTEMS D	10,093	10,093	10,093	10,093
ISLAND SUN	1,570	1,570	1,570	1,570
C4I INTEROPERABILITY	65,517	67,517	65,517	67,217
NATIONAL MILITARY COMMAND SYSTEM-WIDE SUPPORT	659	659	659	659
DEFENSE INFO INFRASTRUCTURE ENGINEERING AND INTEGRATIO	5,466	5,466	5,466	5,466
LONG HAUL COMMUNICATIONS (DCS)	1,470	1,470	1,470	1,470
MINIMUM ESSENTIAL EMERGENCY COMMUNICATIONS NETWORK	7,438	7,438	7,438	7,438
INFORMATION SYSTEMS SECURITY PROGRAM	12,546	12,546	12,546	12,546
INFORMATION SYSTEMS SECURITY PROGRAM	462,211	462,211	462,211	462,211
DISA MISSION SUPPORT OPERATIONS	3,426	3,426	13,426	9,426
C4I FOR THE WARRIOR	3,549	3,549	3,549	3,549
C4I FOR THE WARRIOR	6,311	6,311	6,311	6,311
GLOBAL COMMAND AND CONTROL SYSTEM	52,331	52,331	52,331	52,331
JOINT SPECTRUM CENTER	14,097	14,097	14,097	14,097
NET-CENTRIC ENTERPRISE SERVICES (NCES)	79,018	79,018	79,018	79,018
TELEPORT PROGRAM	12,180	12,180	7,180	7,180
SPECIAL APPLICATIONS FOR CONTINGENCIES	21,116	21,116	21,116	21,116
CRITICAL INFRASTRUCTURE PROTECTION (CIP)	11,363	13,363	11,363	12,363
DEFENSE JOINT COUNTERINTELLIGENCE PROGRAM (JMIP)	20,406	20,406	20,406	20,406
NET CENTRICITY	8,387	9,387	8,387	8,387
INDUSTRIAL PREPAREDNESS	18,219	36,219	24,719	35,169
LOGISTICS SUPPORT ACTIVITIES	2,900	2,900	2,900	2,900
MANAGEMENT HEADQUARTERS (OJCS)	5,762	5,762	5,762	5,762
NATO JOINT STARS	25,474	25,474	25,474	25,474
SPECIAL OPERATIONS AVIATION SYSTEMS ADVANCED DEV	104,330	104,330	104,330	104,330
SPECIAL OPERATIONS TACTICAL SYSTEMS DEVELOPMENT	63,513	115,483	80,813	106,763
SPECIAL OPERATIONS INTELLIGENCE SYSTEMS DEVELOPMENT	33,167	53,267	52,167	60,617

	(In thousands of dollars)			
	Budget	House	Senate	Conference
SOF OPERATIONAL ENHANCEMENTS	66,313	74,213	77,813	75,563
CV-22	29,954	29,954	29,954	29,954
SPECIAL OPERATIONS AIRCRAFT DEFENSIVE SYSTEMS	38,824	27,324	38,824	27,324
OPS ADVANCED SEAL DELIVERY SYSTEM (ASDS) DEVELOPMENT	2,040	5,040	11,040	32,350
TOTAL, OPERATIONAL SYSTEMS DEVELOPMENT	1,212,160	1,306,630	1,280,460	1,331,570
CLASSIFIED PROGRAMS	3,441,033	3,496,871	3,410,650	3,503,974
MISSILE DEFENSE PROGRAMS--UNDISTRIBUTED REDUCTION	---	---	---	-200,000
TOTAL, RESEARCH, DEVELOPMENT, TEST & EVAL, DW	18,803,416	19,514,530	19,301,618	19,798,599

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

R-1		Budget Request	House	Senate	Conference
1	**DEFENSE RESEARCH SCIENCES**	**130,090**	**136,090**	**136,590**	**135,240**
	Institute for Comparative Genomics: Research to Advance National Security Goals		3,000		1,500
	Biomedical Engineering Initiative (Note: for continuation only)		3,000		1,500
	Advanced Materials for Quantum Computing			4,500	2,650
	PBO			2,000	1,000
	Infotonics Research (Transferred from RDTE,DW Line 2)				2,000
	Bio-computational Systems (Transferred from RDTE,DW Line18)			0	-3,500
2	**GOVERNMENT/INDUSTRY COSPONSORSHIP OF UNIVERSITY RESEARCH**	**0**	**12,000**	**4,000**	**10,200**
	Focus Center Research Program		12,000		10,200
	Infotonics Research (Transferred to RDTE,DW Line 1)			4,000	0
3	**DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH**	**9,164**	**9,164**	**13,164**	**12,564**
	Additional Funding			4,000	3,400
5	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM**	**72,533**	**101,533**	**83,383**	**95,733**
	CBDP Initiative Program		9,000		7,000
	Biomarker Molecular Toxicology Initiative		4,000		2,800
	Bug to Drug Program (Transferred to RDT&E,DW Line 16)		5,000		0
	Fluorescence Activated Sensing Technology (FAST)				
	Integrated Threat Management System (Includes transfer from RDT&E,A Line 16)		4,000		2,000
	Monoclonal Antibody Manufacturing for the Treatment of Emerging Infections		1,000		1,000
	New York Structural Biology Center (NYSBC)		2,000		1,000
	Northeast Biodefense Center		2,000		1,000
	Selective Biological Countermeasures		2,000		1,000
	Ricin and Anthrax Countermeasures			4,000	2,000
	Superstructural Particle Evaluation & Characterization with Targeted Reaction Analysis			1,850	1,000
	Vaccine Development Program			1,000	1,000
	Photoscrub			1,000	1,000
	Detection of Biological Agents in Water			2,000	1,400
	DNA Safeguard Project at Boise State University			1,000	1,000
6	**INSENSITIVE MUNITIONS--EXPLORATORY DEVELOPMENT**	**5,176**	**5,176**	**7,176**	**6,176**
	Nanomedical Technology Research			2,000	1,000
7	**MEDICAL FREE ELECTRON LASER**	**9,845**	**9,845**	**21,845**	**20,045**
	Medical Free Electron Laser (MFEL)			12,000	10,200

R-1		Budget Request	House	Senate	Conference
8	**HISTORICALLY BLACK & HISPANIC SERVING INSTITUTE SCIENCES**	**13,887**	**17,387**	**15,887**	**17,887**
	Morehouse College John. H Hopps Defense Research Program		2,000		1,700
	Nanoscience and Biotechnology Laboratory Research		1,500		1,000
	Tribal Colleges-Science Lab and Computer Equipment			2,000	1,200
	Thurgood Marshall Scholarship Fund				100
13	**COGNITIVE COMPUTING SYSTEMS**	**200,799**	**200,799**	**145,799**	**165,799**
	Learning, Reasoning and Integrated Cognitive Systems			-55,000	-35,000
14	**BIOLOGICAL WARFARE DEFENSE**	**145,354**	**149,454**	**147,854**	**150,254**
	Asymmetrical Protocols for Biological Defense Enhancement		2,600		1,300
	Novel Sensors for Chemical & Bio-Defense		1,000		1,000
	Specific Gas Detector		500		500
	Noninvasive Biomodulation System			2,500	2,100
15	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM**	**187,787**	**251,487**	**229,637**	**250,557**
	Advanced Neutron Radiography		2,000		1,000
	Alternative Delivery Methods for Recombinant Protein Vaccines		1,600	4,700	3,300
	Automated Intelligent Rapid Decontamination System (AIRDS) for Nerve Agents		1,000		0
	Biowarfare Diagnosis and Therapy via Mismatch Repair		3,000		2,550
	Botulinum Neurotoxin Research (Note: Only for collaborative research program conducted by the U.S. Army Medical Research Institute of Chemical Defense.)		3,000		2,550
	CBDP Initiative Program		8,000		7,000
	Chem-Bio Disinfectant/Neutralization Effort		1,500		1,050
	CUBRC GAMMA-ID: Genetic Analysis Microarray for Multiple Agent Identification		3,000		0
	Global Pathogen Portal (PathPort).(Includes transfer from RDTE,A Line 16)		5,000		2,500
	Immuno-Array		1,000		1,000
	IMS Sample Concentration and Bioagent Detection		1,000		1,000
	Institute for Advanced Pharmaceutical Sciences		1,000		1,000
	Low-Cost Protective Chem-Bio Shelters		5,000		3,500
	Multipurpose Biodefense Immunoarray		3,000	2,000	1,400
	Novel Viral Biowarfare Agent ID and Treatment		4,000	5,700	4,000
	Omni Spray Development of Desportion Electro-Spray Ionization (DESI)		1,500		1,000
	Quantum Fingerprint Technology for Chem-Bio Sensing		1,500		1,050
	Rapid Antibody-Based Bio Countermeasures		4,500		0
	Rapid Pathogen Amplification and Detection System (RPADS)		1,800		1,000
	Rapid Response Detection of Chemical and Biological Warfare Agents Program		1,200		1,000
	Real-Time Non-Specific Viral Agent Detector		2,000		1,000
	Self Decontaminating Polymer System for Chemical and Biological Warfare Agents		4,100		2,870
	Theater Level Modeling of Chemical and Biological Operational Effects at the Level of the Individual Soldier		1,000		500
	Vulnerability Determination for Air Vehicle Contamination		1,000		1,000
	Zumwalt Program for Countermeasures to Biological and Chemical Threats		2,000		1,400

R-1		Budget Request	House	Senate	Conference
	Advanced Emergency Medical Response Training Program			3,000	2,500
	Bug-to-Drug Program (Includes transfer from Line 5)			9,000	5,000
	Marburg Countermeasures			6,000	3,000
	Mustard Gas Antidote Research Consortium			3,000	2,550
	Nanowire Mesh Fabrics for Chem/ Bio Defense			1,600	1,600
	Nanotechnology for Detection of Biological Agents			1,900	1,600
	Portable Chemical/Biological Detection Sensor System			2,000	1,400
	Proteomics R&D Improved Drugs and Diagnostics Against Biowarfare			1,500	1,000
	Research on Molecular Approach to Hazardous Materials Decontamination			1,000	1,000
	System for Bacterial Warfare Agent Detection			450	450
16	**TACTICAL TECHNOLOGY**	**361,562**	**363,562**	**336,362**	**352,962**
	R31 Systems: The Next Generation of Intelligent Communications and Radar Systems		2,000		1,700
	Home Field			-3,000	0
	Pre-Conflict Anticipation and Shaping (PCAS)			-4,800	0
	Combat Zones that See			-7,400	0
	Walrus			-20,000	-20,000
	Counter Sniper/RPG Self Protection System			1,000	1,000
	Enhancement of Communications and Telemetry Support Equipment			2,000	1,700
	CEROS			7,000	6,000
	MESH - Enabled Architecture				1,000
18	**MATERIALS AND BIOLOGICAL TECHNOLOGY**	**294,188**	**294,588**	**281,688**	**292,938**
	MMI/MBI Nanotechnology Solutions		400		400
	Bio-magnetic Interfacing Concepts			-12,000	-6,000
	Bio-computational Systems (Transferred to RDTE,DW Line 1)			-6,500	0
	Characterization, Reliability, & Applications of 3-D Microstructures			3,000	1,800
	Strategic Materials			3,000	2,550
19	**WMD DEFEAT TECHNOLOGY**	**206,487**	**208,487**	**206,487**	**207,487**
	Center for Nonproliferation Studies, Monterey Institute for International Affairs		2,000		1,000
20	**ELECTRONICS TECHNOLOGY**	**241,736**	**244,236**	**241,736**	**243,436**
	Secure Advanced Fabrication Facility for Electronics (SAFFE) "National Secure Foundry" Initiative		2,000		1,200
	Semiconductor Nanoelectronics Research		500		500
21	**WMD DEFENSE TECHNOLOGIES**	**106,708**	**112,708**	**106,708**	**111,508**
	National Center for Blast Mitigation and Protection		1,000		1,000
	WMD Defense Technologies		3,000		2,100
	Advanced Portable Mercuric Iodine Imaging Technology for CBRNE Special Operations		2,000		1,700

R-1		Budget Request	House	Senate	Conference
23	**SPECIAL OPERATIONS TECHNOLOGY DEVELOPMENT**	**13,595**	**38,095**	**21,595**	**30,395**
	Helios/Global Observer		8,000		6,800
	Angel Fire for FLAS		9,000	8,000	8,000
	Call for Fire Trainer (CFFT) (Transferred to OP,A Line 171)		4,000		0
	Navigational Technique Enhancements		1,500		1,000
	Technology Infusion Cells for Special Operations Forces (note: only to establish the USSOCOM Technology Infusion Cell at Ft. Bragg, NC in support of Special Operations Forces world-wide)		2,000		1,000
26	**SO/LIC ADVANCED DEVELOPMENT**	**34,529**	**52,029**	**36,529**	**46,429**
	Aerial Canopy Sensor Delivery System (ACSDS)		2,000		2,000
	Air Deployed Reconnaissance & Surveillance Capability (ADRSC)		5,000		2,500
	Day/Night Wide Area Surveillance System (D/NWASS)		1,000		1,000
	DoD Office of Technology Transition/Technology Matching (Transferred to RDTE,DW Line 60)		2,500		0
	Miniaturized BIGFOOT Tag		1,500		1,000
	Return Path Guidance System		1,000		1,000
	Threat Support Working Group/Advanced Robotic Vehicle Development		2,500		2,000
	Laser Photo-Acoustic Spectroscopy		2,000		1,400
	University Multi-Spectral Laboratory/ASCENT Program			2,000	1,000
27	**COMBATING TERRORISM TECHNOLOGY SUPPORT**	**55,301**	**116,551**	**69,301**	**120,876**
	Asymmetric Warfare Initiative		4,000		3,400
	Automated Threat Identification System		2,250		1,125
	CARETAKER		2,500		2,125
	CBRNE Force Response Element - Education, Development, Operations, and Mitigation (FREEDOM)		2,000		1,700
	Counter Terrorism - Quality Assurance Science (CT-QAS) Program		2,000		1,000
	DICAST Beta Site Deployment		3,000		2,550
	Early Responders Distance Learning Center		1,000		1,000
	Ex-Rad Radiation Protection Program		1,000		1,000
	Facility Security		12,000		10,200
	Fuel Cell Power for Continuity of Operations		2,000	2,000	2,000
	International Technology Transfer (Note: Only for the International Institute for Homeland Security to facilitate interagency/international counterterrorism technology identification and transfer across the public and private sectors.)		5,000		4,250
	Large Vehicle Quadrupole Resonance Bomb Detection		2,000		1,000
	Long Range Radar-Based 3D Facial Recognition Technology		500		500
	Maritime/Port Security Counterterrorism Initiative (MPSCI)		1,000		1,000
	National Terrorism Preparedness Institute/National Center for Cybersercurity Education		4,000		3,400
	Portable Armor Wall System		3,000		2,000
	Roll-on Roll-off Reconnaissance Pallet Improvements		4,000		3,400
	Sensor & Control Systems for Fast Patrol Craft Test Platform		2,500		1,750
	Standoff Detection of Concealed Explosives		3,000		2,550
	Weapons of Mass Destruction Education and Training (WMD E&T)		2,500		2,125

R-1		Budget Request	House	Senate	Conference
	Counter-Terrorism Intelligence Surveillance Reconnaissance			4,000	2,800
	Electromagnetic Wave Gradiometer for the Detection and Confirmation of Underground Hiding Places and Passageways		2,000	3,000	2,100
	Fuel Cell Ground Support Equipment Demo			5,000	3,500
	Foxhound Transileration and Genealogical Search Tool (Transferred from RDTE,DW Line 159)				2,100
	Defense Against Explosive Effects Explosive Loading Laboratory and Field Testing Program				4,000
	TSWG Information Sharing Pilot Project w/ Pinellas County, Florida				3,000
28	**COUNTERPROLIFERATION ADVANCED DEVELOPMENT TECHNOLOGIES**	**96,143**	**99,643**	**107,143**	**109,443**
	New Technology for Detecting Nuclear Weapons Materials		1,000		1,000
	Innovative Technologies and Equipment to Counter NBC Threat		2,500		2,125
	DETECTIVE (HPGe) Radiation Portal Monitors			3,000	2,550
	Guardian Glass Scintillation Fiber Radiation Detectors			8,000	6,800
	US Nuclear Strategy Commission				825
29	**BALLISTIC MISSILE DEFENSE TECHNOLOGY**	**136,241**	**128,385**	**125,647**	**162,297**
	Program Support		-4,456		0
	Advanced Processing Architecture		2,000		1,000
	Aluminum Nitride Substrates for Wide Bandgap Devices		3,600		1,800
	Massively Parallel Optical Interconnects for Microsatellite Applications		2,000	2,600	2,600
	High Altitude Airship		-11,000		-5,000
	Transfer High Altitude Airship to RDA, Line 154A			-16,900	0
	Center for Optical Logic Devices			1,000	1,000
	High Density Power Supplies using Silicon Carbide			5,000	4,250
	Advanced RF Technology Development			4,000	3,400
	Multiple-Target-Tracking Optical Sensor-Array Technology (MOST)			1,000	1,000
	Porous Silicon			1,000	500
	SiC Thick Film Mirror Coatings			3,000	2,550
	BMD Technology			-25,000	-12,500
	NFIRE (Transfer from RDT&E, line 74)			13,706	13,706
	Conformal Embedded Rectennas for High Altitude Airships (Transferred from RDTE,A)				2,500
	Hydrogen-Oxygen PEM Regenerative Fuel Cell for High Altitude Airships (Transferred from RDTE,A)				1,250
	Day and Night Vision Sensor				1,000
	NCADE (Transfer from RDT&E, line 74)				7,000
32	**ADVANCED AEROSPACE**	**75,866**	**77,866**	**58,466**	**61,066**
	Improved Suborbital Operations		2,000	8,000	5,600
	HABIT			-14,000	-14,000
	Advanced Aeronautics Demonstration (CRW and Heliplane)			-5,000	0
	Long Gun			-6,400	-6,400

R-1		Budget Request	House	Senate	Conference
33	**SPACE PROGRAMS AND TECHNOLOGY**	**223,811**	**223,811**	**213,811**	**213,811**
	Space Assembly and Manufacture			-10,000	-10,000
34	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - ADVANCED DEVELOPMENT**	**164,481**	**212,881**	**227,981**	**237,456**
	Advanced Engineered Enzyme Decontamination Systems		4,500		2,000
	CBDP Initiative Program		8,000		7,000
	Clinical Treatment for Sulfur Mustard Agent Burns		1,000		1,000
	Cooperative Unmanned Ground and Aerial Vehicle Incubator		1,000		1,000
	Hackensack University Medical Center-Chemical and Biological Defense Initiative		2,000		1,200
	Hand-held Biological Agent Detection (HBAD) System		3,000	4,500	3,000
	Hand-held Biosensor and Continuous Monitor for Biodetection		4,000		3,400
	Heteropolymer Anthrax Monoclonal Antibody		1,000		1,000
	UCLA High Speed, High Volume Laboratory Network for Infectious Diseases		6,000		6,000
	Immunological Biological/Chemical Agent Detector		2,000	4,000	2,400
	Industry-Based Research to Miniaturize Chemical and Biological Detectors (Continuation only)		2,500		2,125
	LISA-JCSD Solid-State Laser Technology		1,000		1,000
	Notre Dame Center for Environmental Networked Embedded Sensor Technology (ND-CENEST)		2,000		2,000
	Novel Sample Concentration Technologies for Contaminant Detection in Drinking Water		1,000		1,000
	Personnel Decontamination Using Liquid Technology		3,600		1,800
	Portable Rapid Bacterial Warfare Detection Unit		1,800		1,000
	Removal of NBC Agents in Drinking Water		4,000		2,800
	Dengue Countermeasures			6,000	3,000
	Ebola Countermeasures			6,000	3,000
	NIDS Handheld Biological Agent Detectors			12,000	6,000
	Oral Adjuvants			2,000	1,400
	Outbreak Detection Information Network (ODIN)			4,000	2,000
	Plant Vaccine Development			7,000	3,500
	Polyclonal Human Antibody Production System			3,500	2,100
	Rapid Response Database Systems			1,000	1,000
	Reactive Air Purification for Individual and Collective Protection			8,000	5,600
	Self-Detoxifying Materials in CB Protective Clothing			3,000	2,100
	Small Accelerators and Detection Systems			2,500	1,500
	Anthrax Monoclonal Antibody Therapeutic and Prophylaxis Program				2,050
37	**SPECIAL TECHNICAL SUPPORT**	**0**	**0**	**2,000**	**1,400**
	Spray Technique Analysis and Research for Defense			2,000	1,400
39	**GENERIC LOGISTICS R&D TECHNOLOGY DEMONSTRATIONS**	**22,360**	**56,780**	**73,360**	**77,320**
	California Manufacturing Technology Center (CMTC)		8,000		5,000
	Desert Research Institute CAVE Automatic Virtual Environment (Transferred to RDT&E,A Line 39)		3,600		0
	Distributed Inventory Management System		1,000		1,000
	DMS Center for Excellence Program		2,500		1,000
	E/CIT Program - Embedded Passives R&D Testbed		4,320		2,160
	Intelligent Logistics Information Management Bridge System (LIMBS)		1,000		1,000

R-1		Budget Request	House	Senate	Conference
	Monolithic RF/Digital Ics		4,000		0
	Pilot Project to Improve Energy Procurement Practices and Procedures		1,000		1,000
	Processing Fuel Cell Components for Light Weight, Low Cost Transportation System using a 3+ Ring Extruder		5,000		2,500
	Secure Digital Coherent Optical Communications		2,000		1,700
	Tactical Wheeled Vehicle Safety Intervention		2,000		1,000
	Advanced Power Management for Wireless Systems			2,000	1,400
	Aging Systems Sustainment and Enabling Technologies (ASSET)			2,000	1,000
	Chameleon Miniaturized Wireless Systems			9,000	6,300
	DOD Emall Net Inventory Service			2,000	1,000
	Hydrogen Logistics Fuel Initiative			1,500	1,000
	Manufacturing Extention Partnership -- Midwest			2,000	1,200
	Next Generation Air Start Cart			2,000	1,700
	Solid Hydrogen Storage and Fuel Cell Systems			3,500	2,100
	Ultra-low Power Battlefield Sensor System			20,000	15,000
	Vehicle Fuel Cell Program			7,000	4,900
	New England Manufacturing Supply Chain				1,000
	Thermal Transinformative Barcoding of Perishable Consumables (Note: only for temperature reactive pigment barcoding of perishables to facilitate indentification of spoiled/unsafe consumables.)				1,000
	Connectory for Rapid lentifcation of Technology Sources for DoD				1,000
39A	**MICROELECTRONIC TECHNOLOGY DEVELOPMENT AND SUPPORT**		**118,500**	**0**	**92,150**
	Ferrite Technology		1,500		1,050
	University Materials Characterization and Metrology Center		1,000		1,000
	DMEA Core Research Funding		48,000		20,000
	Spintronics Memory Storage Technology		12,000		10,200
	California Center for Nanoscience Innovations for Defense (CALCNID)		10,000		8,500
	Ruggedized Smart/Secure RFID (Note: Only to continue and expand the "Ruggedized Military RFID" program)		6,000		5,100
	Optimized Electronics for Advanced Controlled Environment Systems		5,000		4,250
	Spray Cooling Migration Program		6,000		5,100
	Low Voltage Tunable Material		3,000		2,000
	Tunable Monolithic Integrated Circuit		3,000		2,000
	Short Cycle RF System on Chip (RFSoC) Design		2,000		1,500
	Development for Low Cost HTS Receiver Manufacturing		3,000		2,550
	Advanced Power Management for Wireless Systems (Note: Only for technology demonstration of autonomous on-demand power systems to include creating electrical and mechanical designs, algorithms, and embedded software development.)		5,000		4,250
	Molecular Electronics		1,000		1,000
	Advance Beam Steering Program		1,000		1,000
	Advanced Dynamic Technology Optics Program		1,000		1,000
	Advanced Filter Program		1,000		1,000

R-1		Budget Request	House	Senate	Conference
	Foliage-penetrating Acoustically Cued Imagery Sensor		4,000		3,400
	Semiconductor Photomask Technology Initiative (Note: Only for the development of a domestic supplier of semiconductor mask capability)		5,000		4,250
	Rugged Integrated Battlefield Server (Note: only to develop and deploy a spay-cooled collection management toolset for ISR synchronization efforts in Operation Enduring Freedom.)				10,000
	Superlattice (Note: only to continue the current research and to incorporate Molecular Beam Epitaxy)				3,000
41	**STRATEGIC ENVIRONMENTAL RESEARCH PROGRAM**	**64,101**	**68,101**	**78,101**	**76,651**
	Risk Based Approaches for Improved Toxic Chemical Management		1,000		1,000
	National Environmental Educational and Training Center		3,000		0
	ChemNet Environmax 4.0			3,000	1,800
	Wellhead Treatment of Perchlorate Contaminated Wells (Includes transfer from RDT&E,A, Line 66)			10,000	8,750
	Remediation of Environments Contaminated by Ammonium Perchlorate at the University of Idaho			1,000	1,000
43	**ADVANCED ELECTRONICS TECHNOLOGIES**	**214,378**	**217,378**	**223,878**	**224,078**
	Advanced Lithography Fabrication Processing		3,000		2,550
	Electronic Miniaturization			6,000	5,100
	MIL Tech Extension			1,500	1,050
	Small Scale Systems Packaging Center			2,000	1,000
44	**ADVANCED CONCEPT TECHNOLOGY DEMONSTRATIONS**	**163,649**	**177,849**	**169,849**	**173,049**
	Anti-Terrorist Explosive Ordnance Disposal (EOD) Real-Time Mission Support System		1,000		1,000
	for a joint program involving Louisiana National Guard, the South LA Economic Council, Nicholls State University and Louisiana State Police. Program to be conducted with Nicholls State University facilities.)		2,000		1,000
	Flexible JP-8 Military Fuel Certification		3,600	4,000	3,600
	Potable Water System		1,000		0
	Jet/Diesel-Fueled Military Fuel Cell System (Transferred to RDTE,A Line 19)		3,600		0
	Spike Missile Development and Production		3,000		1,500
	Crossed Field Radiation Technology			1,000	1,000
	High Altitude Airship			-4,800	-4,800
	Portal Security			6,000	5,100
	SecureD Development, Testing Demonstration and Validation				1,000
45	**HIGH PERFORMANCE COMPUTING MODERNIZATION PROGRAM**	**189,747**	**200,247**	**213,247**	**220,997**
	Upgrade Prototype "Eldorado" Supercomputer for National Security (Transferred to RDTE,DW)		1,500		0
	Data Intensive High Performance Computing		5,000		3,500
	High Performance Computer Prototype - Naval Research Lab		4,000		3,400
	Arctic Regional Supercomputer			5,500	4,700
	High Performance Computational Design of Novel Materials			3,000	2,550
	MHPCC Technology Upgrade			15,000	15,000
	W-P HPC Modernization (Transferred from P,DW Line 1)				2,100

R-1		Budget Request	House	Senate	Conference
49	**LAND WARFARE TECHNOLOGY**	**139,100**	**139,100**	**104,200**	**127,200**
	Non-lethal Alternatives for Urban Operations			-6,000	0
	DPX-5			-5,900	-5,900
	Mobile Network MIMO			-17,000	0
	C-130 STOL Demo			-6,000	-6,000
51	**NETWORK-CENTRIC WARFARE TECHNOLOGY**	**136,899**	**136,899**	**131,899**	**136,899**
	Precision Urban Combat System			-5,000	0
52	**SENSOR TECHNOLOGY**	**189,452**	**189,452**	**171,452**	**189,452**
	ISIS			-18,000	0
54	**DISTRIBUTED LEARNING ADVANCED TECHNOLOGY DEVELOPMENT**	**14,689**	**17,189**	**14,689**	**16,814**
	Network Centric Warrior Training Program		2,500		2,125
55	**SOFTWARE ENGINEERING INSTITUTE**	**25,209**	**28,209**	**30,209**	**31,259**
	Software Engineering Institute (Note: Only for increased software research at Carnegie Mellon University's software Engineering Institute, Project 781)		3,000		2,550
	Advanced Lithography - Thin Film Masks for Lithography			5,000	3,500
59	**TEST & EVALUATION SCIENCE & TECHNOLOGY**	**28,614**	**28,614**	**34,614**	**27,814**
	Advanced Unmanned Vehicle System Development			7,000	4,200
	National Unmanned Systems Experimentation Environment (NUSE2) (Transferred to RDTE,DW line 65)			4,000	0
	Program Growth			-5,000	-5,000
60	**TECHNOLOGY LINK**	**3,435**	**5,435**	**11,185**	**16,585**
	IEE Technology Transfer		2,000		1,700
	Springboard			7,750	7,750
	Remote Presence - Red Cell Crisis Alert				1,700
	DoD Office of Technology Transition/Technology Matching (Transferred from RDTE,DW Line 23)				2,000
62	**SPECIAL OPERATIONS ADVANCED TECHNOLOGY DEVELOPMENT**	**104,315**	**147,915**	**103,015**	**145,185**
	Advanced Multipurpose Microdisplay System		6,000		5,100
	Advanced Tactical Laser		-20,000	-10,000	-12,000
	Army DRAMA/COMPOSER Integration & Development		2,000		1,700
	Autonomous Navigation Sensor Suites		2,800		2,380
	Counter Sniper & Surveillance Detection System		2,500		2,125
	Field Experimentation Program for Special Operations (FEPSO)		1,000		1,000
	Foxhound Arabic Software Testing and Evaluation		2,700		1,350
	High Altitude Long Endurance Airships (Note: only for the development of a fully-automated syntheses devise for producing electronically and optically active nanostructures for high altitude airship electronics and sensors)		1,500		1,050
	Improved Materials for Fireproof Protective Clothing		1,500		1,275
	Improved Special Operations Fast Rope (Soft Rope) Kit		2,000		1,700
	Improved Special Operations Reconnaissance Kits Program		5,000		2,250
	Integrated Cyber Command and Control		2,000		1,000
	Magnum Universal Night Sight (MUNS)		1,000		1,000
	Satellite Synthetic Aperture Radar		3,000		2,550

R-1		Budget Request	House	Senate	Conference
	SAVIOR-Surveillance Augmentation Vehicle-Insertable on Request		3,000		1,800
	Smart Sight, Remote Video Weapon Site, USSOCOM SBIR		3,000		1,500
	Snapshot Synthetic Aperture Radar (Snapshot SAR)		1,000		1,000
	SOF Unmanned Vehicle Targeting		2,000		1,700
	Special Forces Personnel and Equipment Survivability Activity		1,800		1,260
	Special Operations Airborne Intelligence and Reconnaissance Program		2,000		1,700
	Special Operations Command Tactical Systems Development		2,000		1,700
	Three Dimensional Imaging Technology Development		3,800		3,230
	Unmanned Aerial Vehicle Certification and Support		2,000		1,700
	Unmanned Aerial Vehicle Synthetic Aperture Radar		3,000		2,550
	Urban Tactical Warfare Planning Tool		1,000		1,000
	USSOCOM Improved Information Transfer		4,000		3,400
	Waterway Threat Detection Sensor System		2,000		1,700
	C-130 Advanced Tactical Airborne C4ISR System (ATACS)			2,500	1,250
	LRIP LASSO			2,500	0
	Long Range Biometric Target Identification System			3,000	1,500
	Mark V Patrol Boat Replacement			1,500	1,500
	Mobile Electrical Power Utilizing Energy Harvesting			1,900	1,300
	Special Operations Portable Power Source			5,000	3,500
	Voice Activated Handheld Translator			2,300	1,100
	SOST Program Growth			-10,000	-7,500
	Digital Camera Rifle Scope				500
	Airborne Threat Detection Capability Expansion (Transferred from OP, AF Line 41)				1,000
63	**PHYSICAL SECURITY EQUIPMENT**	**0**	**7,100**	**9,000**	**10,010**
	360-Degree Portable Surveillance and Reconnaissance Technologies		3,600		1,160
	Family of Integrated Rapid Response Equipment (FIRRE)		1,000		1,000
	Physical Security Enhancements for Federally Funded Research and Development Centers (FFRDC's)		2,500		1,250
	Persistant Perimeter Security with Unmanned Mobile Sensors			8,000	5,600
	Intelligent Decision Exploration			1,000	1,000
65	**JOINT ROBOTICS PROGRAM - EMD**	**11,755**	**24,755**	**14,755**	**27,705**
	Joint Robotics Research and Development		5,000		3,500
	Embedded GPS for Robotic Applications		1,000		0
	Robotics Work Force Curriculum Partnership		2,000		1,700
	Under Vehicle Mobile Inspection		5,000		4,250
	Robotic Assisted Convoy Operations			3,000	1,800
	Scalable Stabilization Technology of Mobile Sensors and Weapons				1,700
	Remotely Operated Electronic Ballistic Technology				1,000
	National Unmanned Systems Experimentation Environment (NUSE2) (Transferred from RDTE,DW line 59)				2,000

R-1		Budget Request	House	Senate	Conference
66	**ADVANCED SENSOR APPLICATIONS PROGRAM**	**18,275**	**21,275**	**26,275**	**25,075**
	Secure Airborne Freespace Optical Comm		3,000	4,000	3,000
	Biometric Signatures Research			4,000	2,800
	Advanced Tactical Geolocation				1,000
67	**ENVIRONMENTAL SECURITY TECHNICAL CERTIFICATION PROGRAM**	**30,632**	**45,332**	**30,632**	**37,032**
	Wide Area Assessment for UXO Cleanup		5,000		2,500
	Development of Advanced, Sophisticated Discrimination Technologies for UXO Cleanup		5,000		2,500
	Toussaint River Explosive Ordnance Removal		2,000		1,400
	Perchlorate Destruction and Remediation Using Multiple Technologies including Zero-Valent Iron w/ Emission Technology		2,700		0
69	**BALLISTIC MISSILE DEFENSE TERMINAL DEFENSE SEGMENT**	**1,143,610**	**1,123,698**	**1,208,610**	**1,198,860**
	Program Support		-19,912		0
	Arrow Co-Production			55,000	45,250
	Short Range Ballistic Missile Defense			10,000	10,000
70	**BALLISTIC MISSILE DEFENSE MIDCOURSE DEFENSE SEGMENT**	**3,266,196**	**0**	**0**	**0**
	Ground-based Midcourse Defense Segment to line 70A		-2,335,770	-2,335,770	-2,335,770
	Sea-based Midcourse Defense Segment to line 70B		-848,426	-848,426	-848,426
	Multiple Kill Vehicle to line 70C		-82,000	-82,000	-82,000
70A	**BALLISTIC MISSILE DEFENSE GROUNDBASED MIDCOURSE DEFENSE SEGMENT**		**2,267,070**	**2,541,657**	**2,489,257**
	Ground-based Midcourse Defense Segment		2,334,657	2,334,657	2,334,657
	Multiple Kill Vehicle		82,000		0
	Block 2004/2006 Element Test and Evaluation		-100,000		0
	Ground Test Equipment and Hardware		100,000		0
	GBIs 31-40		-50,000		0
	Silos		-12,961		0
	Unjustified Program		-50,000		0
	Program Support		-36,626		0
	Ground Based Mid-Course Defense Test Program/Enhancements			200,000	150,000
	Improved Materials for Optical Materials			8,000	5,600
	Multiple Kill Vehicles Program Support to line 70C			-1,000	-1,000
70B	**BALLISTIC MISSILE DEFENSE SEABASED MIDCOURSE DEFENSE SEGMENT**		**892,901**	**930,426**	**939,066**
	Sea-based Midcourse Defense Segment		845,426	845,426	845,426
	Asymmetric Threat Initiative		20,000		10,000
	S-Band Advanced Radar		13,000		5,650
	Ballistic Missile Defense Signals Processor		27,000		27,000
	Program Support		-12,525		0
	Aegis SM-3 development and deployment			75,000	41,000
	Kauai Test Facility			{4,000}	{4,000}
	PMRF Upgrades			5,000	5,000
	Range Mission Tool			2,500	2,495
	Sensor Data Fusion and Communications			2,500	2,495

R-1		Budget Request	House	Senate	Conference
70C	**MULTIPLE KILL VEHICLES**			**83,000**	**83,000**
	Multiple Kill Vehicles from line 70			82,000	82,000
	Program Support from line 70A			1,000	1,000
71	**BALLISTIC MISSILE DEFENSE BOOST DEFENSE SEGMENT**	**483,863**	**464,867**	**493,863**	**490,863**
	Program Support		-18,996		0
	Airborne Laser			10,000	7,000
72	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - DEM/VAL**	**100,796**	**137,596**	**100,796**	**124,046**
	Wide-Spectrum Bio-ID Sensor		6,000		4,200
	Advanced Sensor Technology Research and Development Center		3,000		1,500
	High Throughput Automated Laboratory Network Against Infectious Disease Outbreaks and Bioterrorism		3,000		0
	E-Smart Threat Agent Network for Liberty Island		6,000		3,000
	Next Generation Dual Use Bio-Defense Technologies		1,800		1,000
	Roll-on Roll-off Infection Control Facility		3,000		2,550
	Countermeasures to Chemical and Biological Threats/Rapid Response		10,000		8,500
	BioBlower		3,000		1,500
	Continuation of Robotics Testbed and establishment of Cooperative Unmanned Ground and Aerial Vehicle Incubator		1,000		1,000
73	**BALLISTIC MISSILE DEFENSE SENSORS**	**529,829**	**0**	**0**	**0**
	SSTS transfer to line 73A		-235,536	-235,536	-235,536
	RADARS transfer to line 73B		-294,293	-294,293	-294,293
73A	**SPACE SURVEILLANCE AND TRACKING SYSTEM**		**231,358**	**245,536**	**239,998**
	SSTS		235,536	235,536	235,536
	Program Support		-3,640		0
	SSTS Block 12 - Premature Request		-538		-538
	Airborne Infrared Surveillance Systems (AIRS)			10,000	5,000
73B	**RADARS**		**289,743**	**294,293**	**294,283**
	RADARS		294,293	294,293	294,283
	Program Support		-4,550		0
74	**BALLISTIC MISSILE DEFENSE SYSTEM INTERCEPTOR**	**229,658**	**218,749**	**114,952**	**215,952**
	Program Support		-10,909		0
	BMD System Interceptors			-111,000	0
	NFIRE to line 29			-13,706	-13,706
	Net Centric Airborne Defense Element (Transferred to RDT&E,DW Line 39)			10,000	0
75	**BALLISTIC MISSILE DEFENSE TEST & TARGETS**	**617,456**	**614,513**	**624,456**	**627,206**
	Program Support		-6,543		0
	Combined Environments Radiation Effects Simulation		3,600		1,800
	Multi-Frame Blind Deconvolution			3,000	2,550
	Optical Sensors for PMRF (SHOTS)			4,000	3,400
	Scorpius Sub-Orbital Family of Responsive Low-Cost Rockets				2,000

R-1		Budget Request	House	Senate	Conference
76	**BALLISTIC MISSILE DEFENSE PRODUCTS**	**455,152**	**383,604**	**425,152**	**394,652**
	Program Support		-10,548		0
	C2BMC Block 2008		-25,000		0
	Hercules Block 2010 - Premature Request		-11,000		-5,500
	Joint Warfighter Sustainment - Unjustified Program Growth		-25,000		-25,000
	C2BMC National Team Unjustified Program Growth			-30,000	-30,000
77	**BALLISTIC MISSILE DEFENSE SYSTEMS CORE**	**447,006**	**404,428**	**417,006**	**420,151**
	Program Support		-12,278		0
	Program Reduction		-40,000		0
	Affordable Integrated Composite Structures/Resin Transfer Molding Manufacturing		1,000		0
	Sensor Reliability		3,700		3,145
	Optimizing Pump Sources for High Energy Lasers		4,000		4,000
	Lean Pathway Deployment Through Distance Learning		1,000		1,000
	BMD System Core			-30,000	-35,000
78	**SPECIAL PROGRAMS - MDA**	**349,522**	**349,522**	**299,522**	**324,522**
	BMD Special Projects			-50,000	-25,000
78A	**BALLISTIC MISSILE DEFENSE PROGRAM SUPPORT**		**140,983**	**0**	**0**
	Program Support		140,983		0
81	**DEPARTMENT OF DEFENSE CORROSION PROGRAM**	**5,141**	**5,141**	**5,141**	**7,741**
	Technology Demonstration for Prevention of Material Degradation (Transferred from RDTE,A Line 33)				2,600
83	**JOINT CAPABILITY TECHNOLOGY DEMONSTRATIONS**	**3,000**	**3,000**	**7,000**	**7,000**
	Satellite Assets for Joint Navigation Warfare (Transferred from RDTE,DW Line 183)			4,000	4,000
86	**JOINT ELECTROMAGNETIC TECHNOLOGY (JET) PROGRAM**	**3,566**	**6,066**	**11,566**	**12,641**
	Joint Electromagnetic Technology (JET) Program (only for Wireless Power Platform RF Energy Harvesting)		1,500		1,275
	IED Electronic Signature Detection		1,000		1,000
	Delta Mining Training Center			4,000	3,400
	HIPAS			4,000	3,400
87	**DEFENSE ACQUISITION CHALLENGE PROGRAM (DACP)**	**28,975**	**34,975**	**28,975**	**34,075**
	Defense Challenge Program		6,000		5,100
88	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM - EMD**	**280,908**	**290,408**	**259,408**	**264,083**
	Bio and Chemical Agents Detector		1,500		1,000
	Joint Warning and Reporting Network (JWARN)		2,500		1,750
	ParallelaVax Rapid Vaccine Testing Technology		2,000	3,500	2,450
	CA5 Contamination Avoidance		3,500		2,975
	Program Growth			-25,000	-25,000
89	**MANPADS DEFENSE PROGRAM**	**13,349**	**19,349**	**16,349**	**18,849**
	Counter-ManPads Airspace Protection System (CMAPS)		2,000	3,000	2,100
	Counter MANPADS		4,000		3,400

R-1		Budget Request	House	Senate	Conference
90	**JOINT ROBOTICS PROGRAM - EMD**	**13,745**	**23,745**	**15,745**	**20,795**
	Joint Robotics Research and Development		5,000		3,500
	Robotic Gator (R-Gator)		2,000		1,000
	Gladiator Teleoperated Unmanned Vehicle (Note: For risk reduction initiatives in digital communications, weight reduction and payload accuracy)		3,000		2,550
	Unmanned Ground Vehicles			2,000	0
95	**FINANCIAL MANAGEMENT SYSTEM IMPROVEMENTS**	**75,987**	**75,987**	**80,987**	**80,987**
	Small Business Pilot Program to Re-Engineer DoD Vendor Pay Process			5,000	2,500
	Pentagon Integrated Campus Pilot Program (Transferred from RDT&E,DW Line 149)				2,500
96	**DEFENSE INTEGRATED MILITARY HUMAN RESOURCES SYSTEM**	**20,322**	**20,322**	**45,322**	**37,822**
	DIMHRS			25,000	17,500
103	**JOINT COMMAND AND CONTROL PROGRAM (JC2)**	**14,580**	**15,580**	**14,580**	**15,580**
	Operational Security		1,000		1,000
109	**TRANSFORMATION INITIATIVES PROGRAM**	**10,152**	**0**	**0**	**0**
	Unjustified Program		-10,152	-10,152	-10,152
112	**DEFENSE READINESS REPORTING SYSTEM (DRRS)**	**13,475**	**13,475**	**13,475**	**15,475**
	DRRS National Readiness Prototype				2,000
113	**JOINT SYSTEMS ARCHITECTURE DEVELOPMENT**	**9,254**	**11,254**	**9,254**	**10,954**
	Special Operations Joint Architecture Integration		2,000		1,700
114	**CENTRAL TEST AND EVALUATION INVESTMENT DEVELOPMENT**	**128,759**	**137,759**	**136,759**	**141,159**
	Range Tactical Data Link and Relay Capability		3,000		2,100
	Joint Gulf Range Complex Upgrade		2,000		1,000
	Re-locatable Command, Control, and Communications (C3) for Gulf Range Support		4,000		3,400
	UAV Systems and Operations Validations Program			7,000	4,900
	Unmanned Systems Testbed			1,000	1,000
116	**TECHNICAL STUDIES, SUPPORT AND ANALYSIS**	**31,075**	**33,075**	**31,075**	**33,075**
	Capabilities Study for IED Detection		1,000		1,000
	NDU Technology Pilot Program		1,000		1,000
121	**FOREIGN MATERIAL ACQUISITION AND EXPLOITATION**	**36,895**	**36,895**	**56,895**	**56,895**
	Classified Adjustment			20,000	20,000
125	**CLASSIFIED PROGRAM USD(P)**	**0**	**0**	**100,000**	**90,000**
	Classified Adjustment			100,000	90,000
126	**FOREIGN COMPARATIVE TESTING**	**35,738**	**35,738**	**35,738**	**37,863**
	AT4 Confined Space AT4CS Anti-Structure Tandem (AST) (Transferred from RDTE,A)				2,125

R-1		Budget Request	House	Senate	Conference
128	**SUPPORT TO NETWORKS AND INFORMATION INTEGRATION**	**10,706**	**11,706**	**16,706**	**16,806**
	Command Information Superiority Architectures (CISA) Program		1,000		1,000
	Pacific Disaster Center			6,000	5,100
130	**CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM**	**81,425**	**81,425**	**83,925**	**82,675**
	Advanced Chemical/Biological Integrated Response Course			2,500	1,250
135	**CLASSIFIED PROGRAMS - C3I**	**0**	**9,000**	**10,000**	**9,000**
	Foreign Supplier Assessment Center		9,000	10,000	9,000
136	**SMALL BUSINESS INNOVATION RESEARCH/CHALLENGE ADMINISTRATION**	**1,983**	**7,983**	**4,983**	**7,083**
	Vacuum Sampling Pathogen Collection and Concentration		3,000		1,500
	Hardened Electronic Design and Test Platform Technology		3,000		1,500
	Advanced Metalized Gelled Propellants			3,000	2,100
137	**DEFENSE TECHNOLOGY ANALYSIS**	**5,393**	**5,393**	**5,393**	**7,093**
	Commodity Management Systems Consolidation Program (Transfer from RDT&E,AF Line 228)				1,700
138	**FORCE TRANSFORMATION DIRECTORATE**	**19,927**	**71,927**	**19,927**	**61,427**
	Operationally Responsive Space (ORS)		47,000		39,000
	Project Sheriff		5,000		2,500
149	**PENTAGON RESERVATION**	**17,386**	**22,386**	**17,386**	**17,386**
	Pentagon Integrated Campus Pilot Program (Transferred to RDT&E,DW Line 95)		5,000		0
156	**C4I INTEROPERABILITY**	**65,517**	**67,517**	**65,517**	**67,217**
	System of Systems Engineering Center of Excellence		2,000		1,700
170	**DISA MISSION SUPPORT OPERATIONS**	**3,426**	**3,426**	**13,426**	**9,426**
	Critical Infrastructure Test Range at the Idaho National Laboratory			10,000	6,000
177	**TELEPORT PROGRAM**	**12,180**	**12,180**	**7,180**	**7,180**
	Execution Delays			-5,000	-5,000
181	**CRITICAL INFRASTRUCTURE PROTECTION (CIP)**	**11,363**	**13,363**	**11,363**	**12,363**
	Collaborative and Virtual Reality Training System		2,000		1,000
189	**NET CENTRICITY**	**8,387**	**9,387**	**8,387**	**8,387**
	Visual Enterprise Monitoring (VEM)		1,000		0

R-1		Budget Request	House	Senate	Conference
202	**INDUSTRIAL PREPAREDNESS**	**18,219**	**36,219**	**24,719**	**35,169**
	Castings for Improved Defense Readiness (CIDR)		1,000		1,000
	Surfaces		4,000		2,000
	Copper-Based Casting Technology Program (C-BCT)		2,000		1,200
	Intensive Quenching for Advance Weapons Systems		1,000		1,000
	Defense Supply Chain Technology Program		10,000		6,500
	Center for Advanced Manufacturing			1,500	1,000
	Manufacturing Engineering of Spray Cooling Technology			5,000	4,250
208	**SPECIAL OPERATIONS TACTICAL SYSTEMS DEVELOPMENT**	**63,513**	**115,483**	**80,813**	**106,763**
	Command and Control Mission Manager Spiral 3		1,000		1,000
	Covert Wavelet Packet Modulation		2,000		1,400
	Development, production, and testing of a prototype advanced design of Mark V craft		2,020		1,800
	Dominant Vision		2,000		1,000
	Dual-Band Universal Night Sight (DUNS)		1,000		1,000
	High Value Target Tracking Devices		2,500		2,100
	Integrated Bridge System		1,000		1,000
	M72 Lightweight Attack Weapon System (LAW)		3,000		2,550
	Magneto Inductive Remote Activation Munitions Systems (MI-RAMS) (Note: $1M only to accelerate TC-STD Fielding of the XM40 and $3.25M only to integrate TC-STD Dual Mode Function to the XM40)		5,000		4,250
	Modular Computing Technology		1,250		1,000
	Mountain Climbing/Arctic Warfare Boot		1,000	1,000	1,000
	Multi-Role, Anti-Armor, Anti-Personnel Weapon System Multi-Target Warhead		1,000		500
	Next Generation Navigation System		1,200		1,000
	SOCOM Rotary Wing UAV(Note: Only to continue the ongoing ACTD and to operationalize current systems)		20,000		7,000
	Tactical Communication Systems Testbed Initiative		2,000		1,700
	USSOCOM STAR-TEC Partnership Program		3,000		2,600
	Warrior Reach		3,000		1,500
	Alternative Mobility Vehicles (AMV) for Special Operations Applications			3,500	2,450
	Covert Waveform Communications Modules			4,800	2,400
	SOF Unmanned Vehicle Targeting			8,000	4,000
	SOCOM Imagery Dissemination System				2,000
209	**SPECIAL OPERATIONS INTELLIGENCE SYSTEMS DEVELOPMENT**	**33,167**	**53,267**	**52,167**	**60,617**
	SOF Individual Threat Warning Receiver (Note: Only for development and operational testing of the Individual Threat Warning System under the MANPACK ACTD initiated under SBIR SOCOM01-006.)		9,000		7,700
	Nanotechnology Integration Team		2,700		2,300
	SOCOM Power Sources Integration Team		2,700		2,300
	Tactical Miniature SDR Receiver		2,700	3,000	2,700
	Near Real Time Video		1,000		1,000

R-1		Budget Request	House	Senate	Conference
	Night Vision Integrated Display System		500		500
	Optimal Placement of Unattended Sensors (OPUS)		1,500		1,000
	Bio-Warfare Testing			1,500	1,000
	Joint Threat Warning System - GSK and UAV			6,000	3,000
	Application Specific Integrated Circuit (ASIC) Development			6,000	4,200
	Special Operations Wireless Mgmt and Ctrl (SOWMAC)			2,500	1,750
210	**SOF OPERATIONAL ENHANCEMENTS**	**66,313**	**74,213**	**77,813**	**75,563**
	Intelligent Systems and Communications (Transferred to RDTE,N Line 135)		3,000		0
	Special Payload for Neptune UAV System		4,900	3,000	3,400
	B-Band Covert Night Vision System Low-Rate Initial Production			5,500	3,850
	Lightweight Portable Solar Panels			1,500	1,000
	Special Operations Tactical Mobility Simulator			1,500	1,000
212	**SPECIAL OPERATIONS AIRCRAFT DEFENSIVE SYSTEMS**	**38,824**	**27,324**	**38,824**	**27,324**
	Towed Decoy		-11,500		-11,500
213	**OPS ADVANCED SEAL DELIVERY SYSTEM (ASDS) DEVELOPMENT**	**2,040**	**5,040**	**11,040**	**32,350**
	High Speed Military Craft (note: only for the purpose of demonstrating the efficiency of advanced composite materials systems for the new high-speed patrol craft using the expertise developed for the Virginia Class Submarine)		3,000		1,500
	Advanced Materials & Processes Demo for High-Speed Military Craft			9,000	7,650
	Program Restructure				21,160
999	**CLASSIFIED PROGRAMS**	**3,441,033**	**3,496,871**	**3,410,650**	**3,503,974**
	MISSILE DEFENSE PROGRAMS - UNDISTRIBUTED REDUCTION				**-200,000**

INITIATIVE FUNDS

The conferees direct the Secretary of Defense to provide quarterly reports beginning the first fiscal quarter after the enactment of this Act to the congressional defense committees detailing the specific programs that are funded from the Quick Reaction Special Projects, the Counter Terrorism Technology Support Program and the Combating Terrorism Technology Task Force funds. The reports should include project descriptions with their respective schedule and funding requirement, transition plans to the services for further development and lessons learned from completed projects. The conferees further direct the Secretary to provide the reports to the Director of National Intelligence and the Secretary of Homeland Security.

CHEMICAL AND BIOLOGICAL DEFENSE PROGRAM

The conference agreement provides an increase of $21,000,000 for the Chemical and Biological Defense Initiative. The Secretary of Defense is directed to allocate these funds among the programs that yield the greatest gain in our chem-bio defensive posture. The conferees further direct that such funds may not be obligated until 15 days after a report, including a description of projects to be funded, is provided to the congressional defense committees.

OPERATIONALLY RESPONSIVE SPACE

The conference agreement includes an increase of $39,000,000 for Operationally Responsive Space (ORS) projects. Of this amount, $20,000,000 is only for standardized bus development, and $19,000,000 is only for operationally responsive payload development.

ASYMMETRIC MISSILE THREAT

The conferees are increasingly concerned about the possibility of an asymmetric missile threat against the United States homeland where terrorists would move short-range missiles closer to the United States on sea-based platforms. The conferees recommend $10,000,000 to conduct a comprehensive analysis on the need for and deployment of an asymmetric missile defense capability, including both land and sea-based solutions, against the full range of asymmetric missile threats. Accordingly, the Director of the Defense Intelligence Agency shall provide a report to the congressional defense committees not later than March 1, 2006, which examines this threat and assesses its validity. Based on those findings, the Director of the Missile Defense Agency, in consultation with U.S. Northern Command and U.S. Strategic Command, shall provide a report to the congressional defense committees not later than June 1, 2006, that provides its recommendations for deployment options of an asymmetric missile defense capability that would protect population centers, use mature technologies, and include progressions for spiral technology upgrades that would enhance missile defense capabilities over time.

KINETIC ENERGY INTERCEPTOR

The conference agreement provides $215,952,000 for the Kinetic Energy Interceptor instead of $202,246,000 as proposed by the House and $104,952,000 as proposed by the Senate. The conferees direct the Missile Defense Agency to execute the program as proposed in the fiscal year 2006 President's Budget.

NFIRE

The conferees encourage the Missile Defense Agency to continue development and mission integration of the deployable NFIRE Kill Vehicle.

HIGH PERFORMANCE COMPUTING

The Fiscal Year 2002 Defense Appropriations Act directed the Secretary of Defense to submit a development and acquisition plan for a comprehensive, long-range, integrated, high-end computing program to Congress by July 1, 2002. The report, ''High Performance Computing for the National Security Community'', was submitted to Congress on April 9, 2003. The letter accompanying the report stated that, ''Over the next 6 months, the Department will develop an appropriate implementation plan for high-end computing, working in close coordination with other government agencies.'' The conferees are concerned that the Department has not developed an implementation plan as promised. Therefore, the conferees direct the Office of the Secretary of Defense to submit to Congress no later than 90 days after enactment of this Act a report outlining plans for implementing and funding the Integrated High-End Computing (IHEC) Program and for creating a Joint Program Office to oversee the program. The conferees encourage the Secretary of Defense to include and fully fund a complete IHEC program in the President's Budget for FY 2007.

IDENTITY AUTHENTICATION

The conferees are aware that the Department of Defense has a pressing need to acquire and deploy systems that authenticate the identities of individuals seeking access to its installations. The conferees believe that acquisition of such systems should be based on sound performance requirements and take advantage of the innovation and capabilities of the commercial marketplace. Such systems should draw on a variety of bona fide data sources (including those maintained by the Department) to permit access only to those who require it.

OPERATIONAL TEST AND EVALUATION, DEFENSE

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
OPERATIONAL TEST & EVAL, DEFENSE				
RDT&E MANAGEMENT SUPPORT				
CENTRAL TEST AND EVALUATION INVESTMENT DEVELOPMENT (CT	---	---	---	---
OPERATIONAL TEST AND EVALUATION	43,928	43,928	43,928	43,928
LIVE FIRE TESTING	10,340	10,340	10,340	10,340
DEVELOPMENT TEST AND EVALUATION	114,190	114,190	114,190	114,190
TOTAL, RDT&E MANAGEMENT SUPPORT	168,458	168,458	168,458	168,458
TOTAL, OPERATIONAL TEST & EVAL, DEFENSE	168,458	168,458	168,458	168,458

TITLE V—REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

The conferees recommend an appropriation of $1,154,940,000 for the Defense Working Capital Funds as proposed by the Senate instead of $1,154,340,000 as proposed by the House.

NATIONAL DEFENSE SEALIFT FUND

The conferees agree to provide a total of $1,089,056,000 for the National Defense Sealift Fund instead of $1,599,459,000 as proposed by the House and $579,954,000 as proposed by the Senate.

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

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS

[In thousands of dollars]

	Budget Request	House	Senate	Conference
T-AKE	380,143	714,143	0	380,143
Procure one additional ship		384,000		0
Reduce basic construction and contract renegotiation costs		−50,000		0
Premature Request			−380,143	0
DOD Strategic Vessel Modernization	764,187	389,400	126,987	264,187
MPS Lease Buyout		−374,787	−637,200	−500,00
Sealift R&D	103,057	94,799	80,567	72,309
MPF(F) acquisition and management overhead		−7,301		−7,301
Sealift concept studies		−957		−957
TAOE(X)			−22,490	−22,490

T-AKE DRY CARGO/AMMUNITION SHIP

The conferees agree to provide $380,143,000 to purchase one T-AKE cargo ship, as requested by the Department of Defense. The House version of the bill included additional funds to purchase one more T-AKE ship, whereas the Senate proposed eliminating funding for this program.

The conferees understand that approving the Department's request will likely cause a break in the contract between the Navy and the shipbuilder. As such, the conferees intend to closely monitor possible contract renegotiations on this program to ensure that any cost increases are justified by legitimate changes in Navy requirements or other legitimate equitable adjustments.

TITLE VI – OTHER DEPARTMENT OF DEFENSE PROGRAMS

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
TITLE VI				
OTHER DEPARTMENT OF DEFENSE PROGRAMS				
Defense Health Program:				
Operation and maintenance	19,247,137	19,184,537	19,345,087	19,299,787
Procurement	375,319	355,119	377,319	379,119
Research and development	169,156	444,256	515,556	542,306
Total, Defense Health Program	19,791,612	19,983,912	20,237,962	20,221,212
Chemical Agents & Munitions Destruction, Army:				
Operation and maintenance	1,241,514	1,191,514	1,241,514	1,216,514
Procurement	116,527	116,527	116,527	116,527
Research, development, test and evaluation	47,786	47,786	72,686	67,786
Total, Chemical Agents 1/	1,405,827	1,355,827	1,430,727	1,400,827
Drug Interdiction and Counter-Drug Activities, Defense	895,741	906,941	926,821	917,651
Office of the Inspector General	209,687	209,687	209,687	209,687
Total, title VI, Other Department of Defense Programs	22,302,867	22,456,367	22,805,197	22,749,377

1/ Included in Budget under Procurement title.

DEFENSE HEALTH PROGRAM

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

	Budget Request	House	Senate	Conference
OPERATION AND MAINTENANCE	**19,247,137**	**19,184,537**	**19,345,087**	**19,299,787**
IN-HOUSE CARE	**5,210,340**	**5,139,740**	**5,301,190**	**5,208,140**
Walter Reed Amputee Care Center		5,500		3,900
Pharmacy Reduction		-50,000		0
Unobligated Balances		-26,100		-26,100
Alaska Federal Health Care Network			2,500	2,200
Blast Injury Prevention, Mitigation, and Treatment Initiative			18,000	7,000
Pacific Island Health Care Referral			4,250	3,600
Madigan Army Medical Trauma Unit			2,000	1,200
Comprehensive Cancer Screening and Diagnostics			7,000	6,000
Special Operations Injury Prevention Program (Note: moved to R&D)			1,600	0
PTSD Resource Sharing Demonstration at Fort Ethan Allen			500	0
In-house Care Increase			55,000	0
PRIVATE SECTOR CARE	**10,212,427**	**10,212,427**	**10,157,427**	**10,212,427**
Reduction			-55,000	0
CONSOLIDATED HEALTH CARE SUPPORT	**1,162,589**	**1,162,589**	**1,191,489**	**1,185,039**
Adaptive Sport Program			150	0
Digital Access and Analysis of Historic Records at AFIP			20,000	17,000
Health Study at the Iowa Army Ammunition Plant			750	750
Brown Tree Snakes			2,000	1,700
Vaccine Health Care Centers			6,000	3,000
INFORMATION MANAGEMENT	**841,554**	**849,554**	**865,254**	**864,654**
Maternal Fetal Informatics and Outreach Program		1,000	1,000	1,000
Medical Data Conversion at WRAMC		1,000		1,000
Trauma Registry and Research Database		4,000		3,400
Interactive Internet at WRAMC		2,000		2,000
Army Medical Department Enterprise Resource Planning			2,100	1,500
Air Force Medical Service Database Initiative			3,000	1,800
Automated Clinical Practice Guidelines			2,000	1,400
HealtheForces			5,000	4,200
Information Therapy Program			2,600	1,500
Integrated Clinical Information Systems Collaboration			3,000	1,500
Military Health Record Digital Conversion Pilot Project				1,000
USAF Digitized Health Record			1,000	1,000
Clinical Coupler Integration			4,000	2,800
MANAGEMENT ACTIVITIES	**229,382**	**229,382**	**229,382**	**229,382**
EDUCATION AND TRAINING	**443,462**	**443,462**	**452,962**	**452,762**
Graduate School of Nursing			2,500	2,300
Tri-Service Nursing Research Program			6,000	6,000
USUHS WMD Collaborative Medical Readiness Initiative			1,000	1,000
BASE OPERATIONS/COMMUNICATIONS	**1,147,383**	**1,147,383**	**1,147,383**	**1,147,383**

	Budget Request	House	Senate	Conference
PROCUREMENT	**375,319**	**355,119**	**377,319**	**379,119**
Protected Health Information Initiative		3,000		1,800
Unobligated Balances		-23,200		0
Hyperbaric Oxygenation Chamber			2,000	2,000
RESEARCH, DEVELOPMENT, TEST AND EVALUATION	**169,156**	**444,256**	**515,556**	**542,306**
Air Force Surgeon General Server Consolidation initiative		3,500		2,500
Amyotrophic Lateral Sclerosis (ALS)		3,000		2,600
Bethesda Hospital Emergency Preparedness Program		5,000		4,300
Bio-Molecular Material Composites Research Program		1,000		1,000
Chronic Epilepsy in Severe Head Injuries		1,500		1,000
Computer Assisted Medical Diagnostics		1,500		1,500
Copper Antimicrobial Research Program		2,000	2,000	2,000
Directed Mission Upgrades of the Defense Medical Logistics Standard Support System (DMLSS)		5,000		4,300
Downed Pilot Forward Osmosis Water Filtration System		4,100		2,100
Early Diagnosis, Treatment and Care of Cancer Patients		2,500		2,500
Global HIV/AIDS Prevention Program		7,500		5,300
Healthcare Informatics Testbed		2,500		1,500
Leukemia Research (CMLRP)		5,000		4,300
Metabolic Defense Research Program		2,500		2,200
Medical Surveillance Technology - Clinical Looking Glass				2,100
Microencapsulation and Vaccine Delivery Research		3,000		2,600
Muscle Research Consortium		3,500		2,400
Peer Reviewed Breast Cancer Research Program		115,000	150,000	127,500
Ovarian Cancer Research Program		15,000	10,000	10,000
Prostate Cancer Research Program		80,000	85,000	80,000
Periscopic Surgery Research		2,500		1,500
Stress Disorders Research Initiative at Ft. Hood		3,000		3,000
Tuberous Sclerosis Complex (TSC)		5,000		4,300
United States Military Cancer Care Institute at WRAMC		2,500		3,000
Unobligated Balances		-2,100		0
Unobligated Balances TMA		-5,900		0
USAF Environmental and Occupational Factors in Women's Health Program		2,000		1,200
Military Burn Victim Treatment and Care		2,000		1,000
Water-Related Viral Disease Countermeasures for the Air Force		3,000		1,800
Preventive Medicine Research for Prostate Cancer			2,000	1,700
Peer Reviewed Medical Research Program			50,000	50,000
Hawaii Federal Health Care Network			25,000	21,650
Armed Forces Medical and Food Research			2,000	1,400
Inositol-Signaling, Molecule-Based Radioprotectant Drug Development			2,000	1,200
Manganese Health Research Program			2,000	1,400
Medical Vanguard Diabetes Management Project			900	900
Noninvasive Hydration and Hemodynamic Monitoring			1,000	1,000
Platelet Transfusion Therapy			1,000	1,000
Regenerative Medicine Research			2,000	1,000
Special Operations Injury Prevention Program				1,100
Supervision Using Electro-Active Optics			5,000	3,500
Blast Injury Prevention, Mitigation, and Treatment Initiative				5,600
Telerobotic and Minimally Invasive Surgery			2,500	2,200
Noninvasive Nanodiagnositcs of Cancer			4,000	2,000

	Budget Request	House	Senate	Conference
OPERATION AND MAINTENANCE	19,247,137	19,184,537	19,345,087	19,299,787
PROCUREMENT	375,319	355,119	377,319	379,119
RESEARCH, DEVELOPMENT, TEST AND EVALUATION	169,156	444,256	515,556	542,306
TOTAL	19,791,612	19,983,912	20,237,962	20,221,212

REPROGRAMMING GUIDANCE FOR THE DEFENSE HEALTH PROGRAM

Any additional funds provided by the conferees for programs and/or activities above the budget request are to be considered as congressional special interest items for the purpose of the Base for Reprogramming Form (DD 1414). Therefore, each of these items must be submitted to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate on a DD 1414 at the stated amount.

REPROGRAMMING GUIDANCE FOR THE DIRECT (IN-HOUSE) CARE BUDGET ACTIVITY

The conferees remain concerned regarding the transfer of funds from Direct (or In-house) Care to pay for contractor-provided medical care. To limit such transfers and continue oversight within the Defense Health Program operation and maintenance account, the conferees have included bill language which limits the funds available for Private Sector Care under the TRICARE program subject to prior approval reprogramming procedures. In addition, the conferees also designate the funding for the Direct Care System as a special interest item, as defined elsewhere in this report. Any transfer of funds from the Direct (or In-house) Care budget activity into the Private Sector Care Budget activity will require the Department of Defense to follow prior approval reprogramming procedures. The bill language and accompanying report language included by the conferees should not be interpreted by the Department as limiting the amount of funds that may be transferred to the direct care system from other budget activities within the Defense Health Program.

In addition, the conferees direct the Department of Defense to provide budget execution data for all of the Defense Health Program accounts. Such budget execution data shall be provided quarterly through the DD–COMP(M) 1002 accounting form and delivered to the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate not later than one week after the conclusion of the quarter.

PRIVATE SECTOR CARE

During the fiscal year 2006 budget briefs the documentation presented was wrought with errors making it extremely difficult to follow specifics regarding the total program requirement. Therefore, the conferees direct the Department to notify the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate on the movement of dollars within the private sector care budget activity group on a quarterly basis beginning in the first quarter of fiscal year 2006. The quarterly reports are to be delivered not later than one week after the conclusion of the quarter.

GAO REPORT REQUEST ON THE DEPARTMENT OF DEFENSE PHARMACY PROGRAM

The conferees direct that the Government Accountability Office (GAO) conduct a review of the Department of Defense's Pharmacy Program. The review should include, but not be limited to the following: (1) Federal pricing controls implemented for retail pharmacy; (2) pharmacy growth above inflation, increased demand and utilization; (3) comparison of to the National rate and the Department of Defense rate and; (4) assumed savings in fiscal years 2005, 2006 and 2007 from Federal pricing. Further, the review should be made available to the congressional defense committees not later than April 1, 2006.

PEER REVIEWED MEDICAL RESEARCH PROGRAM

The Senate recommended $50,000,000 for a Peer Reviewed Medical Research program. The conferees agree to provide $50,000,000 for this program, and recommend the following projects as candidates for study: advanced proteomics; alcoholism research; autism; blood-related cancer research such as leukemia, lymphoma, and multiple myeloma; childhood asthma; chronic pain and fatigue research; childhood cancer research; diabetes research; Duchenne's disease research; eye and vision research; fibromyalgia; Interstitial Cystitis Syndrome; kidney cancer research; Lupus Research; osteoporosis and bone-related diseases; polycystic kidney disease; pulmonary hypertension; Padget's disease; post traumatic stress disorders; social work research; and autoimmune diseases such as scleroderma and Sjogren's syndrome.

The conferees direct the Department to provide a report by March 1, 2006, on the status of this Peer Reviewed Medical Research Program.

DEFENSE AND VETERANS HEAD INJURY PROGRAM FUNDING

The conferees are concerned with the management of the funds for the Defense and Veterans Head Injury Program (DVHIP). Therefore the conferees direct that the President's Budget request of $7,000,000 for DVHIP, as well as any other funds directed to this program, be transferred from the Uniformed Services University of the Health Science (USUHS) to the Army Medical Research and Materiel Command (AMRMC) at Fort Detrick beginning in fiscal year 2006.

BLAST INJURY PREVENTION, MITIGATION, AND TREATMENT INITIATIVE

The Military Health System has seen an increase in the number of traumatic brain and head injuries to servicemembers as a result of ongoing combat operations. Therefore, the conferees have provided $12,600,000 for the Blast Injury Prevention, Mitigation, and Treatment Initiative to increase research, diagnosis and treatment for servicemembers afflicted with these types of injuries. The conferees also expect the Defense and Veterans Head Injury Program (DVHIP) to have a substantial role in the use of these funds as the DVHIP has been an integral part of research, diagnosis, and treatment since 1991.

SMOKING AND TOBACCO USE CESSATION

The House and Senate both expressed concern over the costs associated with smoking and tobacco cessation products and that they are not reimbursable under TRICARE Prime. Additionally, the conferees are concerned that the Department has not been aggressively incorporating suggested pilot programs.

The conferees direct the Department to report to the congressional defense committees not later than March 1, 2006 on the Department's plan to address these concerns. The report should include, but not be limited to, the following subjects:

—Pilot projects to be incorporated with the TRICARE Prime benefit;

—Measures that will be taken by the military services to expedite tobacco use prevention and cessation programs available to all military personnel;

—A plan that the Secretary of Defense determines appropriate for improving the out of pocket costs to military personnel for smoking cessation products; and

—A plan for continuing the ''Healthy Choices for Life'' demonstration program.

DIRECTED MISSION UPGRADES OF THE DEFENSE MEDICAL LOGISTICS STANDARD SUPPORT SYSTEM (DMLSS)

The Department of Defense has mandated that its suppliers use Radio Frequency Identification (RFID) on all cases in the supply chain by 2008. For this to happen, RFID technology must be integrated into the DMLSS by January 1, 2007. The conferees are disturbed that the Office of the Secretary of Defense (OSD) mandated this policy initiative while at the same time allowing the TRI—CARE Management Activity to cut the budget for this program in fiscal year 2006. This action reduces the DMLSS development budget for new capabilities and defers development to fiscal year 2010 and deployment to fiscal year 2011.

Therefore, the conferees have provided $4,300,000 to help prevent this program from slipping further and direct the Department to fully fund this initiative in the fiscal year 2007 budget and beyond to ensure the Department's established goal is reached.

SPECIAL MENTAL HEALTH CARE—TRICARE SOUTH REGION

The conferees are aware of the growing need for post traumatic stress disorder (PTSD) and special mental health care treatment and the growing number of Active and Reserve Component soldiers returning to the southeast region requiring such specialized care. The conferees direct the Assistant Secretary of Defense for Health Affairs, in conjunction with the TRICARE Regional Director for the South to report, not later than March 1, 2006 to the congressional defense committees with a plan to expand existing capabilities to ensure that potential regional PTSD and related mental health challenges in this area are adequately addressed, to include Phoebe Putney Memorial Hospital.

DOD/VA PATIENT RECORDS

The conferees are aware that the Department of Defense and the Department of Veterans Affairs do not presently share in real time the medical records of patients that transfer between their two systems, despite existing technology which could allow such sharing. The conferees are concerned that patient care may be compromised as a result and understand that the Navy has proposed a memorandum of understanding (MOU) between Bethesda Naval Hospital and a regional polytrauma VA hospital to allow two physicians at each institution to have unlimited electronic access to the medical records of patients they have shared or are about to share. The conferees direct the Secretaries of Defense and Veterans Affairs to establish a similar system of medical record sharing which will allow physicians at Bethesda, Walter Reed or other DoD medical facilities, and hospitals in the VA system real time access to the records of their patients at each of the other institutions.

The conferees further direct the Secretary of Defense and the Secretary of Veterans Affairs to report to the congressional defense committees not later than April 1, 2006 on a plan, including cost, to achieve medical record sharing.

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, ARMY

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

	(In thousands of dollars)			
	Budget	House	Senate	Conference
CHEM AGENTS & MUNITIONS DESTRUCTION, ARMY				
CHEM DEMILITARIZATION - O&M	1,241,514	1,191,514	1,241,514	1,216,514
CHEM DEMILITARIZATION - PROC	116,527	116,527	116,527	116,527
CHEM DEMILITARIZATION - RDTE	47,786	47,786	72,686	67,786
TOTAL, CHEM AGENTS & MUNITIONS DESTRUCTION, ARMY	1,405,827	1,355,827	1,430,727	1,400,827

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, ARMY

EXPLANATION OF PROJECT LEVEL ADJUSTMENTS
[In thousands of dollars]

	Budget Request	House	Senate	Conference
CHEM DEMILITARIZATION-O&M	**1,241,514**	**1,191,514**	**1,241,514**	**1,216,514**
Underexecution				-25,000
CHEM DEMILITARIZATION-PROC	**116,527**	**116,527**	**116,527**	**116,527**
CHEM DEMILITARIZATION-RDTE	**47,786**	**47,786**	**72,686**	**67,786**
ACWA Program Management			-31,000	-31,000
ACWA Blue Grass and Pueblo Construction			51,000	51,000
ACWA Supercritical Water Oxidation Development (Note: transferred to Procurement of Ammunition, Army Line 34)			4,900	0
TOTAL, CHEM AGENTS & MUNITIONS DESTRUCTION, ARMY	**1,405,827**	**1,355,827**	**1,430,727**	**1,400,827**

BLUE GRASS AND PUEBLO CHEMICAL DEMILITARIZATION SITES

The conferees have provided up to $51,000,000 in Chemical Agents and Munitions Destruction, Army, R&D funding to support planning, design, and construction of facilities at the Blue Grass and Pueblo Chemical Demilitarization sites. The conferees note this is a one-time exception to assist the Department of Defense to re-start the critical work that must be accomplished at these two sites in order for the Nation to comply with the Chemical Weapons Convention (CWC) Treaty. Further, the conferees direct the Department of Defense to request the appropriate authorizations and appropriations in order to continue and complete the Blue Grass and Pueblo sites, and that these requirements be reflected in its fiscal year 2007 budget submission.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

The conference agreement includes $917,651,000 for ''Drug Interdiction and Counter-Drug Activities, Defense'' as opposed to $906,941,000 as proposed by the House and $926,821,000 as proposed by the Senate. Adjustments to the budget request are as follows:

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES DEFENSE

(In thousands of dollars)

	Budget 895,741	House 906,941	Senate 926,821	Conference 917,651
Recommended Increases:				
Southwest Border Fence		5,000		3,500
Multi-jurisdictional Counter-Drug Task Force Training		3,500		3,000
Florida National Guard Counter-Drug Activities		3,000		2,600
Young Marines		2,700		2,500
Indiana National Guard Counter-Drug Activities		1,000		0
Nevada National Guard Counter-Drug RAID Program		3,500	3,500	3,500
Project Athena Beta Site (note: moved to RDTE,N line 79)		2,500		0
Alaska National Guard Counterdrug Program			3,000	2,600
Hawaii National Guard Counterdrug Program			3,100	2,685
Appalachia High Intensity Trafficking Area			2,000	1,400
West Virginia National Guard Counterdrug Program			3,000	2,600
Kentucky National Guard Counterdrug and HIDTA Program			3,600	2,520
New Mexico National Guard Counterdrug Program			4,000	2,800
Regional Counterdrug Training Academy, Mississippi			1,500	1,325
Northeast Regional Counterdrug Training Center			4,000	2,800
Midwest Regional Counterdrug Training Center			6,000	4,200
National Guard Counterdrug Support			25,000	18,000
Recommended Reductions:				
ADNET		−1,000		−1,000
RINGGOLD		−1,000		−1,000
OCONUS OPS Support		−2,000		0
ROTHR		−2,000		−2,000
ISR/AEW/Tanker Support		−500		−500
SOF CN Support		−1,500		−1,000
SOUTHCOM CN Operational Support		−2,000		−1,000
PC 9220 Afghanistan (note: moved to Title IX)			−3,900	−3,900
PC 4101 CENTCOM CN HQ Support (note: moved to Title IX)			−4,400	−4,400
PC 6503 SOF CN Support—CENTCOM (note: moved to Title IX)			−920	−920
PC 9204 CENTCOM CN OPS Support (note: moved to Title IX)			−6,200	−6,200
PC 9213 CENTCOM CN Reserve Support (note: moved to Title IX)			−600	−600
PC 9495 Enhanced CENTCOM Support (note: moved to Title IX)			−11,600	−11,600

OFFICE OF THE INSPECTOR GENERAL

The conferees have agreed to provide a total amount of $209,687,000 for the Office of the Inspector General. Of this amount, $208,687,000 shall be for operation and maintenance, and $1,000,000 shall be for procurement.

TITLE VII—RELATED AGENCIES

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

The conference agreement provides $244,600,000 for payment to the Central Intelligence Agency Retirement and Disability System Fund, as proposed by both the House and the Senate.

INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

The conference agreement provides $422,344,000 for the Intelligence Community Management Account, instead of $376,844,000 as proposed by the House and $413,344,000 as proposed by the Senate.

The conference agreement provides for a transfer of $39,000,000 to the Department of Justice for the National Drug Intelligence Center to support the Department of Defense's counter-drug intelligence responsibilities, the same amount proposed by the House.

TITLE VII—GENERAL PROVISIONS

The conference agreement incorporated general provisions of the House and Senate versions of the bill which were not amended. Those general provisions that were amended in conference follow:

The conferees include a general provision (Section 8005) which amends language, as proposed by the House and the Senate, that increases the level of general transfer authority for the Department of Defense.

The conferees include a general provision (Section 8008) which amends language, as proposed by the House and the Senate, concerning multi-year procurement authority. The conference agreement provides multi-year procurement authority for UH–60/MH–60 helicopters, Apache Block II Conversions, Modernized Target Acquisition Designation Sight/Pilot Night Vision Sensor (MTADS/PNVS), and C–17 Aircraft.

The conferees include a general provision (Section 8026) which amends language, as proposed by the House and Senate, with respect to Federally Funded Research and Development Centers.

The conferees include a general provision (Section 8028) which amends language, as proposed by the House and Senate, which expands the definition of the congressional defense committees for accounts under the jurisdiction of the Subcommittee on Military Quality of Life and Veterans Affairs, Related Agencies of the Committee on Appropriations of the House of Representatives.

The conferees include a general provision (Section 8044) which amends language, as proposed by the House and Senate, which provides that of the funds available under ''Operation and Maintenance, Defense-Wide'', the Office of Economic Adjustment is authorized to make grants.

The conferees include a general provision (Section 8045) which amends language, as proposed by the House and Senate, recommending rescissions. The rescissions agreed to are:

(RESCISSIONS)

2004 Appropriations:	
Missile Procurement, Army:	
LOSAT	$20,000,000
2005 Appropriations:	
Missile Procurement, Army:	
LOSAT	14,931,000
Other Procurement, Army:	
Joint Tactical Radio System	68,637,000
Aircraft Procurement, Navy:	
V–22 (AP)	16,800,000
Shipbuilding and Conversion, Navy:	
Service Craft	21,000,000
LCU(X)	5,900,000
SSN ERO	15,300,000
Other Procurement, Navy:	
SSBN SHIPALT	43,000,000
Procurement, Marine Corps:	
AN/UXC–10 Digital Facsimile (TS–21 Blackjack Marine Corps)	4,300,000
Missile Procurement, Air Force:	
EELV AEHF Satellite Launcher	92,000,000
Other Procurement, Air Force:	
Classified Programs	3,400,000
Research, Development, Test and Evaluation, Army:	
APKWS Simulator Upgrade	4,300,000
Research, Development, Test and Evaluation, Navy:	
BAMS/UAV	31,700,000
Development of Next Generation Technology for the Inspection of Aircraft Engines, Diagnostics and Repair	1,055,000
Research, Development, Test and Evaluation, Air Force:	
Classified Programs	63,400,000

The conferees include a general provision (Section 8079) which amends language, as proposed by the House and Senate, to provide for the waiver of payment for the lease of personal property for certain non-profit organizations.

The conferees include a general provision (Section 8084) which amends language, as proposed by the House, to provide funds for additional Fisher Houses.

The conferees include a general provision (Section 8086) which amends language, as proposed by the House and the Senate, to reduce funds available in Operation and Maintenance accounts by $265,000,000 for excessive growth in other contracted services.

The conferees include a general provision (Section 8087) which amends language, as proposed by the House and the Senate, to reduce funds available in Operation and Maintenance accounts by $100,000,000 for excessive growth in advisory and assistance services.

The conferees include a general provision (Section 8088) which amends language, as proposed by the House and Senate, concerning the Arrow missile defense program. The conference agreement provides a total of $132,866,000 for the Arrow program of which $60,250,000 is earmarked for missile component co-production, and $100,000,000 is earmarked only for a joint feasibility study on a Short Range Ballistic Missile Defense initiative.

The conferees include a general provision (Section 8094) which amends language, as proposed by the House and Senate, to reduce amounts available in title II by $250,000,000 to reflect cash balance and rate stabilization adjustments.

The conferees include a general provision (Section 8095) which amends language, as proposed by the House, to provide funds for a grant to the Center for Military Recruitment, Assessment and Veterans Employment.

The conferees include a general provision (Section 8097) which amends language, as proposed by the Senate, to provide up to $2,125,000 from funds available in ''Operation and Maintenance, Navy'' in this Act for the Pacific Missile Range Facility to contract for the repair, maintenance, operation of off-base water, drainage, flood control, electrical upgrades, and for a range footprint expansion.

The conferees include a general provision (Section 8098) which amends language, as proposed by the House and the Senate, which provides $33,350,000 for grants to various organizations.

The conferees include a new general provision (Section 8099) which provides that, subject to certain limitations, the Secretary of the military department concerned may make a military working dog available for adoption by its former handler.

The conferees include a general provision (Section 8105) which amends language, as proposed by the House, which earmarks up to $7,000,000 from funds available in ''Operation and Maintenance, Army'' only for improvements on Fort Irwin Road, and which earmarks $4,800,000 from funds available in ''Operation and Maintenance, Marine Corps'', for a grant to widen and make safety improvements on Adobe Road.

The conferees include a general provision (Section 8108) which amends language, as proposed by the House and Senate, regarding transfer authority for Navy ship construction programs. The amendment allows up to $100,000,000 in special transfer authority. This authority is provided to the Secretary of Defense, and requires prior notification to the Congress.

The conferees include a general provision (Section 8111) which amends language, as proposed by the House and the Senate, which reduces $361,000,000 from certain procurement accounts.

The conferees include a general provision (Section 8117) which amends language, as proposed by the Senate, which makes certain findings regarding past budgeting for ongoing military operations, and expresses a sense of the Senate that funding for continuing military operations beyond fiscal year 2006 should be included in the annual budget request; that the President should submit a budget request for fiscal year 2006 providing estimates for ongoing military operations overseas; and that funds provided for ongoing military operations should be provided in specific appropriations accounts.

The conferees include a general provision (Section 8118) which amends language, as proposed by the Senate, which amends section 351 of the Ronald W. Reagan National Defense Authorization Act for fiscal year 2005 directing reimbursement to members of the military for the cost of certain protective, safety, or health equipment purchased by or for members of the Armed Forces for deployment in Operation Noble Eagle, Operation Iraqi Freedom, and Operation Enduring Freedom; adding certain items eligible for reimbursement; and extending the authorized time frame for purchase of equipment eligible for reimbursement until April 1, 2006.

The conferees include a general provision (Section 8120) which amends language, as proposed by the Senate, which requires the Secretary of Defense to report on the status of the implementation of the recommendations of the Government Accountability Office (GAO) report concerning the transition assistance program (TAP).

The conferees include a general provision (Section 8124) which amends language, as proposed by the Senate, to increase the rate of basic pay of the senior enlisted advisor for the Chairman of the Joint Chiefs of Staff.

The conferees include a new general provision (Section 8125) which reduces funding provided in titles II, III, and IV of this Act by a total of $771,300,000 to reflect savings from revised economic assumptions.

The conferees include a new general provision (Section 8127) which provides authorization for the Secretary of Defense to prescribe regulations to clarify gift acceptance policy for injured service members and their families.

The conferees include a new general provision (Section 8128) which amends the Alaska Natural Gas Pipeline Act to provide for a technical correction.

The conferees include a new general provision (Section 8129) which allows the U.S. Capitol attending physician to continue on active duty.

The conferees include a new title X concerning matters relating to detainees, the ''Detainee Treatment Act of 2005''.

TITLE IX—ADDITIONAL APPROPRIATIONS

The following table provides details of the supplemental appropriations in this title.

[In thousands of dollars]

Account	House	Senate	Conference
Military Personnel:			
Military Personnel, Army	5,877,400	5,009,420	4,713,245
Military Personnel, Navy	282,000	180	144,000
Military Personnel, Marine Corps	667,800	455,420	455,000
Military Personnel, Air Force	982,800	372,480	508,000
Reserve Personnel, Army	138,755	121,500	138,755
Reserve Personnel, Navy	-	10,000	10,000
National Guard Personnel, Army	67,000	232,300	234,400
National Guard Personnel, Air Force	-	5,300	3,200
Total Military Personnel	8,015,755	6,206,600	6,206,600
Operation and Maintenance:			
O&M, Army	20,398,450	21,915,547	21,348,886
O&M, Navy	1,907,800	1,806,400	1,810,500
O&M, Marine Corps	1,827,150	1,275,800	1,833,126
O&M, Air Force	3,559,900	2,014,900	2,483,900
O&M, Defense-Wide	826,000	980,000	805,000
Iraq Freedom Fund	3,500,000	4,100,000	4,658,686
O&M, Army Reserve	35,700	53,700	48,200
O&M, Navy Reserve	-	9,400	6,400
O&M, Marine Corps Reserve	23,950	27,950	27,950
O&M, Air Force Reserve	-	7,000	5,000
O&M, Army National Guard	159,500	201,300	183,000
O&M, Air National Guard	-	13,400	7,200
Total Operation and Maintenance	32,238,450	32,405,397	33,217,848
Procurement:			
Aircraft Procurement, Army	-	348,100	232,100
Missile Procurement, Army	-	80,000	55,000
Procurement of WTCV, Army	455,427	910,700	860,190
Procurement of Ammunition, Army	13,900	335,780	273,000
Other Procurement, Army	1,501,270	3,916,000	3,174,900
Aircraft Procurement, Navy	-	151,537	138,837
Weapons Procurement, Navy	81,696	56,700	116,900
Procurement of Ammunition, Navy & Marine Corps	144,721	48,485	38,885
Other Procurement, Navy	48,800	116,048	49,100
Procurement, Marine Corps	389,900	2,303,700	1,710,145
Aircraft Procurement, Air Force	115,300	118,058	115,300
Missile Procurement, Air Force	-	17,000	17,000
Other Procurement, Air Force	2,400	17,500	17,500
Procurement, Defense-Wide	103,900	132,075	182,075
National Guard and Reserve Equipment	-	1,300,000	1,000,000
Total Procurement	2,857,314	9,851,683	7,980,932
Research, Development, Test and Evaluation:			
RDT&E, Army	-	72,000	13,100
RDT&E, Navy	13,100	-	-
RDT&E, Air Force	-	17,800	12,500
RDT&E, Defense-Wide	75,000	2,500	25,000
Total RDT&E	88,100	92,300	50,600

[In thousands of dollars]

Account	House	Senate	Conference
Revolving and Management Funds:			
Defense Working Capital Funds			
Fuel	1,738,000	2,400,000	2,200,000
WCF Wartime Costs (war reserves, etc.)	317,000	316,400	316,400
Total Revolving and Management Funds	2,055,000	2,716,400	2,516,400
Other Department of Defense Programs:			
Drug Interdiction and Counter-Drug Activities, Defense			
Afghanistan	-	27,620	27,620
Total Other DoD Programs	-	27,620	27,620
General Provision - Transfer Authority [Non add]	[2,500,000]	[2,500,000]	[2,500,000]
Grand Total Title IX	45,254,619	51,300,000	50,000,000

REPORTING REQUIREMENTS

The conferees direct the Secretary of Defense to provide a report to the congressional defense committees within 30 days of enactment of this legislation on the allocation of the funds within the accounts listed in this title. The Secretary shall submit updated reports 30 days after the end of each fiscal quarter until funds listed in this title are no longer available for obligation. The conferees direct that these reports shall include: a detailed accounting of obligations and expenditures of appropriations provided in this title by program and subactivity group for the continuation of the war in Iraq and Afghanistan; and a listing of equipment procured using funds provided in this title. The conferees expect that in order to meet unanticipated requirements, the Department of Defense may need to transfer funds within these appropriation accounts for purposes other than those specified in this report. The conferees direct the Department of Defense to follow normal prior approval reprogramming procedures should it be necessary to transfer funding between different appropriations accounts in this title.

Additionally, the conferees direct that the bi-annual reporting requirements of section 9010 of Public Law 108–287, the Department of Defense Appropriations Act, 2005, regarding the military operations of the Armed Forces and the reconstruction activities of the Department of Defense in Iraq and Afghanistan shall apply to the funds appropriated in this Act.

MILITARY PERSONNEL

The following table provides details of the supplemental appropriations in this title.

[In thousands of dollars]

Account	House	Senate	Conference
Military Personnel, Army:			
Incremental OIF/OEF wartime costs	5,119,600	4,159,000	3,867,745
Army active duty overstrength	346,800	346,000	346,000
Recruiting and Retention Initiatives	257,000	424,000	424,000
Imminent Danger/Hostile Fire Pay Extension	-	4,920	-
SGLI/Death Gratuity	154,000	75,500	75,500
Total Military Personnel, Army	5,877,400	5,009,420	4,713,245
Military Personnel, Navy:			
Incremental OIF/OEF wartime costs	276,000	-	138,000
Imminent Danger/Hostile Fire Pay Extension	-	180	-
SGLI/Death Gratuity	6,000	-	6,000
Total Military Personnel, Navy	282,000	180	144,000
Military Personnel, Marine Corps:			
Incremental OIF/OEF wartime costs	435,600	306,000	306,000
Marine Corps active duty end strength increase	167,200	84,000	84,000
Imminent Danger/Hostile Fire Pay Extension	-	420	-
SGLI/Death Gratuity	65,000	65,000	65,000
Total Military Personnel, Marine Corps	667,800	455,420	455,000
Military Personnel, Air Force:			
Incremental OIF/OEF wartime costs	752,400	369,000	369,000
Incremental ONE wartime costs	225,400	-	136,000
Imminent Danger/Hostile Fire Pay Extension	-	480	-
SGLI/Death Gratuity	5,000	3,000	3,000
Total Military Personnel, Air Force	982,800	372,480	508,000
Reserve Personnel, Army:			
Recruiting and Retention Initiatives	68,000	68,000	68,000
SGLI/Death Gratuity	855	-	855
AGR Recruiters	-	29,500	29,500
Special Training	47,700	24,000	40,400
Branch Officer Basic Course	22,200	-	-
Total Reserve Personnel, Army	138,755	121,500	138,755
Reserve Personnel, Navy:			
Full Accession Training	-	10,000	10,000
Total Reserve Personnel, Navy	-	10,000	10,000
National Guard Personnel, Army:			
Initial Entry Training	67,000	-	67,000
Recruiting and Retention (Bonuses and Incentives)	-	130,500	160,000
Schools	-	62,500	-
Active Guard and Reserve	-	34,000	-
National Guard CERFP Teams	-	5,300	7,400
Total National Guard Personnel, Army	67,000	232,300	234,400
National Guard Personnel, Air Force:			
National Guard CERFP Teams	-	5,300	3,200
Total National Guard Personnel, Air Force	-	5,300	3,200
Total Military Personnel	8,015,755	6,206,600	6,206,600

OPERATION AND MAINTENANCE

The following table provides details of the supplemental appropriations in this title.

[In thousands of dollars]

Account	House	Senate	Conference
Operation and Maintenance, Army:			
Incremental Wartime Operating Costs	13,543,000	13,554,897	13,647,736
Incremental Operation Noble Eagle Costs	181,000	-	-
Depot Maintenance	1,151,400	1,493,000	1,270,000
Reset (Unit and Intermediate Maintenance)	1,747,400	1,760,000	1,760,000
Rapid Fielding Initiative; Force Protection; IBA	1,233,000	1,336,000	1,240,000
CERP; Program Contracting Office; Other	1,314,600	700,000	700,000
Base Support Costs for Mobilization and Demobilization	448,700	750,000	750,000
Unit of Action Implementation	37,200	100,000	75,000
Second Destination Transportation	101,700	500,000	350,000
Operational C2 Connectivity	46,000	150,000	90,000
Sustainment System Technical Support	168,000	85,000	148,000
All Terrain Military Utility Vehicles (M-Gator)	-	7,000	3,500
Personnel Sustainment for Added End Strength	124,700	250,000	200,000
Recruiting and Advertising	200,000	400,000	400,000
Chitosan Hemorrhage Control Dressing	-	5,000	5,000
Virtual Combat Trainer	7,700	-	-
Ammunition Depot Operations and Maintenance	91,800	-	-
Travel for Family Member of Hospitalized Soldier	2,250	2,250	2,250
Body Armor	-	57,400	57,400
Army Linguistics Support	-	290,000	200,000
Army Pre-positioned Stocks/Prepare to Deploy Order Materiel	-	320,000	300,000
Medical Support for Tactical Units	-	150,000	150,000
Vehicle Body Armor Support System	-	5,000	-
Total Operation and Maintenance, Army	20,398,450	21,915,547	21,348,886
Operation and Maintenance, Navy:			
Incremental Wartime Operating Costs	1,870,000	-	-
Counter IED Collection and Exploitation	17,800	-	17,800
Recruiting and Advertising	20,000	-	20,000
Personnel Support Costs	-	151,800	151,800
Steaming - Carrier and Expeditionary Strike Group	-	94,600	90,000
Flying Hours	-	283,700	283,700
Depot Level Maintenance	-	315,600	315,600
C4I, Logistics, Material and Training Support	-	275,000	275,000
Other Support Costs	-	194,100	165,000
Transportation	-	488,500	488,500
Body Armor	-	3,100	3,100
Total Operation and Maintenance, Navy	1,907,800	1,806,400	1,810,500

[In thousands of dollars]

Account	House	Senate	Conference
Operation and Maintenance, Marine Corps:			
Incremental Wartime Operating Costs/Force Protection/Field Logistics	1,195,900	847,000	1,116,076
Base Support Including Mobilization	18,500	18,500	18,500
Second Destination Transportation	163,500	163,500	163,500
Reset, Organizational Maintenance, Spare Parts	250,000	-	250,000
Recruiting and Advertising	9,600	9,600	9,600
Depot Maintenance	151,400	174,400	174,400
Initial Issue Including Clothing, Body Armor, Tents	25,500	-	25,500
Personnel Sustainment for Added End Strength	12,000	-	12,000
Travel for Family Member of Hospitalized Marine	750	-	750
Maritime Prepositioning	-	18,800	18,800
Body Armor	-	25,000	25,000
Field Medical Equipment	-	19,000	19,000
Total Operation and Maintenance, Marine Corps	1,827,150	1,275,800	1,833,126
Operation and Maintenance, Air Force:			
Incremental Wartime Operating Costs/Flying Hours	2,967,800	1,400,000	1,835,000
Incremental Operation Noble Eagle Costs	270,000	-	-
Predator Operations and Support	85,100	85,000	85,000
B-1 Deployable Phase Maintenance Kit	34,000	17,000	25,000
B-52 Deployable Phase Maintenance Kit	52,000	-	26,000
Transportation	-	306,000	306,000
Body Armor	-	54,900	54,900
Depot Maintenance	151,000	152,000	152,000
Total Operation and Maintenance, Air Force	3,559,900	2,014,900	2,483,900
Operation and Maintenance, Defense-Wide:			
Incremental Wartime Operating Costs	490,000	490,000	490,000
DISA	62,000	40,000	40,000
DLA	264,000	215,000	215,000
DHRA - Joint Advertising, Market Research and Studies	10,000	-	10,000
Child Care for Military Families	-	20,000	20,000
Family Advocacy Program and Counseling Assistance for Military Families	-	20,000	30,000
Coalition Support	-	195,000	-
Total Operation and Maintenance, Defense-Wide	826,000	980,000	805,000
Iraq Freedom Fund:			
Incremental Wartime Operating Costs	1,000,000	1,250,000	250,000
IED Defeat Task Force			1,360,000
Classified Programs	2,500,000	2,850,000	3,048,686
Total Iraq Freedom Fund	3,500,000	4,100,000	4,658,686

[In thousands of dollars]

Account	House	Senate	Conference
Operation and Maintenance, Army Reserve:			
Recruiting and Retention Support	13,900	13,900	13,900
Medical Readiness Screening	-	18,000	10,000
Army Reserve Family Support Centers	12,500	6,000	8,500
Advertising and Marketing Support	9,300	9,300	9,300
Tuition Assistance	-	6,500	6,500
Total Operation and Maintenance, Army Reserve	35,700	53,700	48,200
Operation and Maintenance, Navy Reserve:			
Medical Readiness Screening	-	7,000	4,000
Body Armor	-	2,400	2,400
Total Operation and Maintenance, Navy Reserve	-	9,400	6,400
Operation and Maintenance, Marine Corps Reserve:			
Operating Forces	22,575	22,575	22,575
Medical Readiness Screening	-	4,000	4,000
Training Support	1,000	1,000	1,000
Base Operation Support	375	375	375
Total Operation and Maintenance, Marine Corps Res.	23,950	27,950	27,950
Operation and Maintenance, Air Force Reserve:			
Medical Readiness Screening	-	7,000	5,000
Total Operation and Maintenance Marine Corps Res.	-	7,000	5,000
Operation and Maintenance, Army National Guard:			
Recruiting and Advertising	147,000	147,000	147,000
National Guard Family Support Centers	12,500	12,500	12,500
Medical Readiness Screening	-	31,000	16,000
CERFP Teams	-	5,800	4,000
All Terrain Military Utility Vehicle	-	5,000	3,500
Total Operation and Maintenance, Army National Gd.	159,500	201,300	183,000
Operation and Maintenance, Air National Guard:			
Medical Readiness Screening	-	10,000	5,000
CERFP Teams	-	3,400	2,200
Total Operation and Maintenance, Air National Guard	-	13,400	7,200
Total Operation and Maintenance	32,238,450	32,405,397	33,217,848

HOME STATION READINESS TRAINING AND LOGISTICS

In this title the conferees recommend $50,000,000,000 as a ''bridge fund'' in support of ongoing contingency operations related to the Global War on Terror, including $33,217,848,000 in the operation and maintenance accounts. Substantial funding will be required to support continuing combat and security operations in Afghanistan and Iraq. The conferees understand that substantial amounts will be needed as well in support of unit mobilizations, specialized pre-deployment training, transportation to and from the areas of operation, home station recovery and reset, and post-deployment training to ensure recovery to established readiness standards for full spectrum combat operations around the world. Specialized training before deployment, and retraining after deployment, with the associated transportation, base operations, logistical, maintenance and reset costs, though accrued at home station, should be attributed to the continuing combat and peacekeeping operations. To the extent that such training, maintenance and reset activities displace normal peacetime training events, the amounts provided in home station operation and maintenance lines have been reduced. The Department of Defense should allocate title IX operation and maintenance funding accordingly, to ensure full support for pre-deployment and post-deployment operations, as well as for continuing combat and security operations in support of the Global War on Terror.

IRAQ FREEDOM FUND

The conference agreement includes $4,658,686,000 for the Iraq Freedom Fund. Of this amount, $1,360,000,000 is for the IED Defeat Task Force, $3,048,686,000 is for classified activities described further in a classified annex to this report, and $250,000,000 is for emergent needs for the Global War on Terror. Additionally, the conference agreement provides that up to $100,000,000 shall be available for the Department of Homeland Security, ''United States Coast Guard, Operating Expenses''.

PROCUREMENT

The following table provides details of the supplemental appropriations in this title.

[In thousands of dollars]

Account	House	Senate	Conference
Aircraft Procurement, Army:			
AH-64 Apache Mods	-	98,800	74,100
GUARDRAIL Mods (TIARA)	-	25,000	18,700
UH-60L Blackhawk Helicopters	-	90,000	30,000
Integrated Mechanical Diagnostics--HUMS	-	25,000	-
Aircraft Survivability Equipment	-	11,200	11,200
ASE CM	-	69,600	69,600
CH-47 Replacement	-	28,500	28,500
Total Aircraft Procurement, Army	-	348,100	232,100
Missile Procurement, Army:			
TOW 2B	-	80,000	55,000
Total Missile Procurement, Army	-	80,000	55,000
Procurement of Weapons and Tracked Combat Vehicles, Army:			
Bradley Base Sustainment	-	100,000	50,000
Bradley Reactive Tiles	-	25,000	-
M1 Abrams Tank Power Pack Improvement and Integration Optimization	-	252,700	252,700
Stryker--Combat Losses	-	50,000	50,000
Stryker	-	130,000	130,000
Carrier Mods	-	75,000	62,000
CROWS	-	75,000	75,000
Gun Trucks	2,450	-	-
Small Arms Programs			
M16 rifle mods	55,300	10,000	9,590
M240 medium machine gun mods	9,372	10,000	9,000
M240 medium machine gun (7.62mm)	107,944	10,000	18,000
M4 carbine mods	29,595	130,000	75,000
M4 carbine	168,237	-	63,000
M249 SAW mods	5,728	9,000	4,500
M249 SAW machine gun (5.56mm)	54,111	5,000	3,500
M107, Cal. 50 sniper rifle	9,274	1,000	1,000
Small Arms Equipment (Soldier Enhancement Program)	3,416	5,000	5,000
M2HB Enhanced .50 Caliber Machine Gun Kits	10,000	-	-
Mortar Systems	-	23,000	15,000
Counter Rocket, Artillery and Mortar FOB (note: transferred from OP,A)			36,900
Total Procurement of WTCV, Army	455,427	910,700	860,190
Procurement of Ammunition, Army:			
First Destination Transportation	2,000	-	-
Ammunition Production Force Protection	11,900	-	-
CTG, 5.56MM, All Types	-	20,753	30,000
CTG, 7.62MM, All Types	-	14,889	21,000
CTG, 9MM, All Types	-	1,513	-
CTG, .50 CAL, All Types	-	6,685	15,000
CTG, 20MM Phalanx (for C-RAM development)	-	-	6,000
CTG, 25MM, All Types	-	6,999	-
CTG, 30MM, All Types	-	10,531	20,000
CTG, 40MM, All Types	-	42,747	35,000
CTG, 60MM MORTAR, All Types	-	15,335	-
CTG, 81MM MORTAR, All Types	-	32,286	-

[In thousands of dollars]

Account	House	Senate	Conference
CTG, MORTAR, 120MM, All Types	-	69,963	-
CTG, Tank Training, All Types	-	1,132	-
CTG, ARTY, 155MM, All Types	-	4,593	-
CTG, Artillery, 155MM, All Types	-	6,999	4,500
Modular Artillery Charge System (MACS), All Types	-	841	600
Mines (Conventional), All Types	-	486	-
Shoulder Fired Rockets, All Types	-	6,786	5,000
Rocket, Hydra 70, All Types	-	10,000	-
Demolition Munitions, All Types	-	11,257	2,900
Grenades, All Types	-	5,529	-
Signals, All Types	-	1,209	116,000
Simulators, All Types	-	1,154	2,000
Non-Lethal Ammunition, All Types	-	46,782	-
Items Less Than $5 Million	-	2,311	-
Provision of Industrial Facilities	-	15,000	15,000
(Note: for Holston Army Ammunition Plant)			
Total Procurement of Ammunition, Army	13,900	335,780	273,000
Other Procurement, Army:			
Up-Armor HMMWVs: M1114, M1151, M1152	170,000	240,000	170,000
Add-on-Armor plate for level III and ballistic glass	20,000	150,000	50,000
Tactical Wheeled Vehicle Recap Modernization Program			
HMMWV Recap	193,000	690,000	463,500
HMMWVs--AR	60,000	-	-
Up-armored HMMWVs (M1114)--AR	5,370	-	-
FMTVs	50,000	-	45,000
Light Medium Tactical Vehicle (LMTV) 2.5 ton--AR	15,000	-	-
Medium Tactical Vehicle 5 ton--AR	41,000	-	-
HEMTT Recap	60,400	48,000	48,000
Truck Cargo PLS M1075--AR	37,000	-	-
PLS Trailers--AR	9,000	-	-
FHTV	-	70,800	60,000
FHTV Trailers	-	-	12,500
Tactical Trailer/Dolly Sets	-	9,000	9,000
M915A1 Replacements	15,000	-	-
Freightliner Military Linehaul Tractors--M915A3	-	12,000	6,000
Movement Tracking System	-	2,000	2,000
Armored Security Vehicles	-	54,400	40,800
SINCGARS Family	87,000	500,000	450,000
High Frequency Radio--AR	21,000	-	-
Radio Improved, HF Family	-	600,000	575,000
Army Data Distribution System (Data Radio)	-	-	27,000
Combat Survivor Radios	-	11,100	11,100
Radio Set, AN/VDR-2	-	-	-
Bridge to Future Networks (ACUS MODS)	-	200,000	175,000
Force XXI Battle Command BDE and Below (FBCB2)	116,900	116,000	116,000
Defense advanced global positioning system receiver (DAGR)	5,000	-	-
Air & Missile Defense Planning & Control System (AMD PCS)	-	100,000	100,000
Maneuver Control System (MCS)	-	30,000	30,000
NAVSTAR Global Positioning System (Space)	-	14,000	14,000
Digital Topographic Support System	-	18,000	18,000
Mounted Battle Command on the Move (MBCOTM)	30,000	30,000	30,000
Prophet/COBRA	145,000	-	37,500

[In thousands of dollars]

Account	House	Senate	Conference
Prophet Ground (TIARA)	-	75,000	37,500
Items Less Than $5.0M (TIARA)	-	14,000	-
Night Vision Devices	-	245,000	225,000
Thermal Weapon System--Night Vision Equipment	-	73,000	68,000
Lightweight Counter Mortar Radar Enhancement	-	6,000	-
Small Tactical Optical Rifle Mounted Micro-Laser Range Finding System	-	6,000	-
Long Range Advanced Scout Surveillance System	-	5,000	5,000
IED Jammers	35,000	-	-
Low cost ECM production	10,000	-	-
Multi-Band SHF Terminal (Phoenix)--AR	12,000	-	-
Tactical Common Data Link	72,000	-	-
Biometrics Automated Toolset (BAT)	14,700	-	-
Tactical Operations Centers	84,000	85,000	72,000
All Source Analysis System	-	14,000	14,000
Tactical Unmanned Aerial Vehicle (TUAV) (JMIP)	-	174,000	140,000
I-GNAT	-	50,000	-
Smoke & Obscurant Systems	-	10,000	-
Handheld Standoff Minefield Detection System (HSTAMIDS)	-	15,000	13,000
Nomad Helmet Mounted Display for Stryker Brigades	-	11,200	-
Construction Equipment SLEP	25,000	10,000	-
Medical Comm for Combat Casualty Care (MC4)	-	33,000	28,000
Combat Support Medical	-	26,500	23,000
Quick Clot Hemorrhage Control	5,000	-	-
Chitosan Hemorrhage Control Dressing	5,000	-	-
Self-contained Reusable Blood Container	10,000	-	-
HMMWV and Tactical Truck Crew Trainers	25,000	20,000	20,000
Counter Rocket, Artillery and Mortar (C-RAM) (FAAD C2)	107,900	80,000	24,000
Explosive Detection Equipment (Backscatter)	-	68,000	-
Persistent Threat Detection System, OIF loss replacement	15,000	-	15,000
Total Other Procurement, Army	1,501,270	3,916,000	3,174,900
Aircraft Procurement, Navy:			
P-3 SSI-K	-	6,400	4,600
P-3C Center Wing Replacement	-	13,800	13,800
AH-1W Increased Survivability	-	6,600	6,600
AH-1W Turned Exhaust	-	15,900	15,900
AH-1W Turned Exhaust (Spares)	-	1,300	1,300
CH-53 Sustainment	-	10,000	10,000
KC-130T DECM/NVL Ground Up	-	24,700	18,000
UC-35 Aircraft Survivability Equipment	-	7,500	7,500
AAR-47 Missile Warning System Upgrade	-	8,100	8,100
ALQ-157 Maintainability Improvement	-	3,000	3,000
Mobile Facility Power	-	3,800	3,800
UH-1Y/AH-1Z NRE	-	10,000	10,800
F/A-18 Litening Pods	-	15,000	15,000
War Consumables	-	10,437	10,437
AT FLIR	-	15,000	10,000
Total Aircraft Procurement, Navy	-	151,537	138,837

[In thousands of dollars]

Account	House	Senate	Conference
Weapons Procurement, Navy:			
Tomahawk Missiles	81,696	-	75,900
Hellfire Missiles (Thermobaric and Blast/Frag Variants)	-	50,000	38,000
Pioneer TUAV Engines and Avionics	-	6,700	3,000
Total Weapons Procurement, Navy	81,696	56,700	116,900
Procurement of Ammunition, Navy and Marine Corps:			
Ammunition Requirements for FSRG	20,221	-	-
155mm Fuze-Electronic Time M762A1	10,000	-	-
Igniter-Time Blasting Fuze M81	5,000	5,000	3,500
Detonator, Non-Electric MK154	10,000	-	-
66mm Rocket-High Explosive M72A7	11,000	-	-
155mm Multi Option Fuze M782	6,000	-	-
120mm Tank Ammunition-M1028 Canister	3,000	3,000	-
155mm High Explosive Projectile M795	15,000	15,000	12,000
.50 Caliber Cartridges	13,000	-	-
7.62mm Cartridges	1,500	-	-
40mm M430 HEDP	30,000	-	-
120mm Cartridges M830A1 HEAT-MP-T	10,000	-	-
C4 Charges M58A4 HE	10,000	-	-
Small Arms and Landing Party Ammo	-	3,200	2,400
Air Expendable Countermeasures	-	5,800	4,500
Asbly, Pyro MK 34	-	16,485	16,485
Total Procurement of Ammunition, Navy and Marine Corps	144,721	48,485	38,885
Other Procurement, Navy:			
Physical Security Equipment	48,800	106,948	40,000
Combat Survivor Radios	-	9,100	9,100
Total Other Procurement, Navy	48,800	116,048	49,100
Procurement, Marine Corps:			
Miniature Transceiver (Blue Force Tracker)	7,400	-	-
Light Armored Vehicle (LAV) - 48 vehicles to support FSRG	102,500	-	57,000
Light Armored Vehicle (LAV) Combat Losses	-	25,000	25,000
Weapons under $5 million	10,800	100,000	90,000
Modular Weapon System	-	10,000	10,000
Guided Missile and Equipment Mod Kits	-	1,500	1,000
Guided MLRS Pods for HIMARS	-	54,500	30,000
Up Armored HMMWV: M1114, M1151, M1152	-	200,000	178,645
MTVR	-	500,000	275,000
Logistics Vehicle Replacement	-	7,000	3,500
Commercial Cargo Vehicles	-	7,000	3,500
Family of Tactical Trailers	-	20,000	15,000
AN/PSQ-18A, M203 Day/Night Sight	-	4,000	-
Close Quarters Battle Sight	-	5,000	-
Mod Kits, Armor and Fire Support	-	12,000	8,000
Comm Switching and Control Systems	-	120,000	92,000
MAGTF Support (Air Ops C2 Systems)	-	10,000	5,000
Radar Systems	-	25,000	18,000
Tactical Remote Sensor System	-	25,000	14,000
Repair and Test Equipment	-	20,000	15,000
Fire Support System	-	30,000	20,000
Intelligence Support Equipment	-	25,000	15,000

[In thousands of dollars]

Account	House	Senate	Conference
Mod Kits (Intell)	-	11,000	3,000
General Purpose Tools	-	1,000	1,000
Command Post Systems	-	100,000	85,000
Common Computer Resources	-	15,000	12,000
Small Unit Remote Scouting System	-	7,500	6,000
Night Vision Equipment	225,000	90,000	72,000
Environmental Control Equipment	-	3,000	2,000
Bulk Liquid Equipment	-	20,000	14,000
Tactical Fuel Systems	-	23,000	16,000
Assorted Power Equipment	-	15,000	10,000
Construction Equipment	-	15,000	12,000
Engineering Mod Kits	-	5,000	3,500
Engineer and Other Equipment Items Less Than $5m	-	7,000	4,500
Field Medical Equipment	-	8,500	8,500
Family of EOD Equipment and EOD Systems	-	140,000	23,000
High Power Jammmers UUNS	-	362,700	362,700
Z Backscatter UUNS	-	29,000	-
PSS-14 Metal Detectors and Other Items	1,300	-	-
EOD Systems (demolition equipment)	-	-	5,300
Tactical Radios (PRC-117 and PRC-150 radios)	25,000	-	-
JTRS Legacy Bridge - EPLRS	17,900	-	-
Radio Systems		250,000	194,000
Total Procurement, Marine Corps	389,900	2,303,700	1,710,145
Aircraft Procurement, Air Force:			
ANG F-16 / A-10 Litening Pods	-	10,000	10,000
C- 17 Modifications - LAIRCM installs	84,000	84,000	84,000
C-130 Modifications - LAIRCM installs	7,200	-	7,200
War Consumables - Initial/replacement of towed decoys and rocket launcher motors	24,100	24,058	24,100
Total Aircraft Procurement, Air Force	115,300	118,058	115,300
Missile Procurement, Air Force:			
Hellfire Missiles	-	17,000	17,000
Total Missile Procurement, Air Force	-	17,000	17,000
Other Procurement, Air Force:			
HMMWV, Up-Armored	2,400	2,400	2,400
Advanced Ground Blue Force Tracker	-	2,000	2,000
463L Cargo Nets	-	4,100	4,100
Cargo Pallets	-	9,000	9,000
Total Other Procurement, Air Force	2,400	17,500	17,500
Procurement, Defense-Wide:			
MH-47 infrared engine exhaust suppressor (moved to PDW line 33)	7,700	7,700	-
High performance mobility FLIR (ground)	10,800	-	10,800
High performance mobility FLIR (maritime)	6,000	-	6,000
Multi-band inter/intra team radio	13,500	-	-
Multi-band multi mission radio	65,900	-	45,900
RAMS	-	950	950
ALGL	-	10,760	-

[In thousands of dollars]

Account	House	Senate	Conference
ALQ-172	-	2,700	2,700
AN/PAS-21	-	10,452	6,000
TACTICOMP	-	8,000	7,025
ITWS	-	3,400	3,400
AGMS	-	21,146	15,000
HPMMR	-	2,584	1,600
TACLAN	-	1,983	1,000
SWORD (moved to PDW line 64)	-	2,000	-
SOF Ordnance Replenishment	-	10,000	10,000
Small Arms and Weapons	-	31,300	31,300
Body Armor	-	3,700	3,700
MH-47 Battle Loss Conversion	-	15,400	15,400
A/MH-6M Little bird Helicopters	-	-	21,300
Total Procurement, Defense-Wide	103,900	132,075	182,075
National Guard and Reserve Equipment:			
National Guard and Reserve Equpment	-	1,300,000	1,000,000
Total Procurement	2,857,314	8,551,683	7,980,932

NATIONAL GUARD AND RESERVE EQUIPMENT

The conferees agree to provide $1,000,000,000 in title IX for National Guard and Reserve Equipment, to be distributed as follows: $700,000,000 for the Army National Guard; $200,000,000 for the Air National Guard; $100,000,000 for the Army Reserve. The conferees agree that to the maximum extent possible, the National Guard equipment provided in title IX should be equipment identified by the Chief of the National Guard Bureau to the House and Senate Appropriations Committees in the September 22, 2005 document entitled ''National Guard Equipment Requirements, Protecting America at Home and Abroad''. The conferees direct the Chief of the National Guard Bureau and the Chief of the Army Reserve to submit to the congressional defense committees a report specifying the items to be procured with this funding and a fielding plan for this equipment not later than 30 days after the enactment of this Act.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The following table provides details of the supplemental appropriations in this title.

[In thousands of dollars]

Account	House	Senate	Conference
RDT&E, Army:			
Surgical Wound Disinfection and Biological Agents	-	2,000	-
Close-in Active Protection System for Stryker Family of Vehicles	-	12,000	
Family of Medium Tactical Vehicles (FMTV)--A2	-	10,000	-
Heavy Expanded Mobile Tactical Truck (HEMTT)--A3	-	12,000	
PM Bloc Improvement Program for HMMWVs	-	5,000	-
Excalibur XM982 Life Cycle Improvements	-	6,000	-
Counter Rocket, Artillery and Mortar (C-RAM)	-	-	13,100
CH-47 Integrated Mechanical Diagnostics (IMDS) Demonstration	-	25,000	
Total RDT&E, Army	-	72,000	13,100
RDT&E, Navy:			
Classified Program	13,100	-	-
Total RDT&E, Navy	13,100	-	-
RDT&E, Air Force:			
Horned Owl Project	-	5,000	3,500
Large Aircraft Infrared Countermeasures (LAIRCM)	-	7,500	3,700
Predator A: Additional Capability	-	1,500	1,500
Theater Airborne Reconnaissance System	-	3,000	3,000
Interim Capability for Airborne Networking	-	800	800
Total RDT&E, Air Force	-	17,800	12,500
RDT&E, Defense-Wide:			
Counter-Terrorism Technical Working Group	25,000	-	25,000
Quick Reaction Special Projects	50,000	-	-
RC-135 Processing Forward Network [Note: Transferred to RDTE, AF, Line 199]	-	2,500	-
Total RDT&E, Defense-Wide	75,000	2,500	25,000
Total RDT&E	88,100	92,300	50,600

INTEROPERABLE COMMUNICATIONS IN DISASTER RESPONSE

The conferees recognize the need to ensure rapid and uninterrupted communications between Federal, state, and local first responders and the National Guard. As recently demonstrated in the response to Hurricane Katrina, communications breakdowns limit the Guard's ability to respond effectively and rapidly in either a man-made or natural disaster. The conferees fully support the National Guard Bureau's initiatives to develop interoperable and reliable communications. Of particular interest is the Joint CONUS Communications Support Enterprise team concept. As a part of this initiative, the conferees are aware that the National Guard Bureau has developed a concept called the National Guard Bureau Incident Area Communications Program. This program would deploy a software-based solution that improves interoperability by enabling disparate communications devices and networks to work together. Therefore, the conferees urge the Department of Defense to fully fund this initiative to ensure a robust interoperable solution for the National Guard to meet its first responder communications needs.

JOINT NETWORK NODES

The conferees agree to provide $175,000,000 for procurement of the Joint Network Nodes (JNN) program in title IX, Other Procurement, Army, within the Bridge to Future Networks line. The House and Senate continue to support the procurement of JNN based on the Army requirement to respond to the urgent needs of ground forces for tactical communications. The conferees are concerned, however, that the Army is not evolving its network communications programs at a sufficiently fast rate from JNN to objective WIN–T capability. For example, JNN funding contained in title IX could resource a JNN+ capability that moves network communication capability closer to the WIN–T requirement. Therefore, the conferees direct the Army to submit a report not later than January 15, 2006, detailing its plans to procure evolutionary capability in its network communications programs.

IMPROVISED EXPLOSIVE DEVICE COUNTERMEASURES

The conferees support DoD efforts to provide the strongest possible defense against the Improvised Explosive Device (IED) threat faced in theater, and provide not less than $1,360,000,000 in the Iraq Freedom Fund (IFF) for this purpose. The conferees are aware of several specific Service requirements along these lines and direct the Joint IED Task Force to fully fund validated Army and Marine Corps requirements for Backscatter Radars and related equipment, and H2K ICE Jammers. In addition, the conferees direct the Task Force to provide quarterly updates to the congressional defense committees, to include assessments of the evolving threat posed to war fighters by IEDs, individual Service requirements to counter this threat, and a report on the execution of funds provided to the Joint IED Task Force.

In addition, the conferees recognize and commend the ongoing effort of the Department of Defense to develop the next generation of countermeasures for IEDs. Furthermore, the conferees note that current counter-IED systems deployed in Operation Iraqi Freedom and Operation Enduring Freedom provide an important force protection capability. The conferees, therefore, direct the Department to continue procurement of sufficient quantities of currently deployed counter-IED technologies and, where applicable, to provide those systems with available upgrades.

GENERAL PROVISIONS—THIS TITLE

The conferees include a general provision (Section 9001) as proposed by the House and the Senate which provides that appropriations made in this title are available for obligation until September 30, 2006, unless otherwise so provided in this title.

The conferees include a general provision (Section 9002) as proposed by the House and the Senate which provides that funds made available in this title are in addition to amounts provided elsewhere in this Act.

The conferees include a general provision (Section 9003) as proposed by the Senate which provides that the Secretary of Defense is permitted to transfer up to $2,500,000,000 of funds made available in this title subject to certain conditions and reporting requirements. The House included a similar provision.

The conferees include a general provision (Section 9004) as proposed by the Senate which provides that funds appropriated in title IX of this Act for intelligence activities are deemed to be authorized for purposes of section 504 of the National Security Act of 1947. The House included a similar provision.

The conferees include a general provision (Section 9005) as proposed by the House which prohibits use of funds provided in title IX to finance programs or activities denied by Congress, or to initiate a new start program without prior notification to the congressional defense committees. The Senate included a similar provision.

The conferees include a general provision (Section 9006) which amends language as proposed by the House, which provides up to $500,000,000 from funds available in this title for support to military and security forces of Iraq and Afghanistan. The Senate included a similar provision.

The conferees include a general provision (Section 9007) as proposed by the Senate which provides funding for the Commander's Emergency Response Program and makes $500,000,000 available for the program from funds available in title IX. The House included a similar provision.

The conferees include a general provision (Section 9008) which amends language as proposed by the Senate which provides that amounts provided in this title for operations in Iraq and Afghanistan may be used to purchase certain armored vehicles, and requires quarterly reports. The House did not address this matter.

The conferees include a general provision (Section 9009) as proposed by the House and the Senate which provides that funds available to the Department of Defense for operation and maintenance may be used to provide supplies, services and transportation to coalition forces in Afghanistan and Iraq.

The conferees include a general provision (Section 9010) as proposed by the Senate which requires the Secretary of Defense to provide quarterly reports on certain indicators and measures for progress toward military and political stability in Iraq. The House did not address this matter.

The conferees delete a general provision as proposed by the House and the Senate which reaffirmed that torture of prisoners of war and detainees is illegal. This matter is addressed elsewhere in this conference report.

The conferees delete language as proposed by the House which directs semi-annual reports to Congress on military operation and reconstruction activities in Iraq and Afghanistan. The reporting requirements are included in the Joint Explanatory Statement. The Senate did not address this matter.

The conferees delete language as proposed by the House concerning religious freedom and tolerance at the United States Air Force Academy. The Senate did not address this matter.

The conferees delete a general provision as proposed by the House regarding implementing the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. The Senate included a similar provision. This matter is addressed elsewhere in this conference report.

The conferees include a general provision (Section 9011) as proposed by the Senate which provides that for construction projects in Iraq and Afghanistan funded with operation and maintenance funds, supervisory and administrative costs may be obligated when the contract is awarded. The House did not address this matter.

The conferees include a general provision (Section 9012) as proposed by the Senate which designates amounts appropriated or otherwise made available in this title as making appropriations for contingency operations related to the global war on terrorism. The House included such designation in each appropriation account.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2006 recommended by the Committee of Conference, with comparisons to the fiscal year 2005 amount, the 2006 budget estimates, and the House and Senate bills for 2006 follow:

[In thousands of dollars]

New budget (obligational) authority, fiscal year 2005	$467,128,020
Budget estimates of new (obligational) authority, fiscal year 2006	397,214,410
House bill, fiscal year 2006	439,456,182
Senate bill, fiscal year 2006	445,448,117
Conference agreement, fiscal year 2006	442,789,753
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 2005	−24,338,267
Budget estimates of new (obligational) authority, fiscal year 2006	+45,575,343
House bill, fiscal year 2006	+3,333,571
Senate bill, fiscal year 2006	−2,658,364

[1] Includes funding contained in the House Military Quality of Life and Veterans Affairs Appropriations Bill, 2006.

DIVISION B—EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS HURRICANES IN THE GULF OF MEXICO AND PANDEMIC INFLUENZA, 2006

TITLE I—EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS HURRICANES IN THE GULF OF MEXICO

CHAPTER 1

DEPARTMENT OF AGRICULTURE

EXECUTIVE OPERATIONS

WORKING CAPITAL FUND

The conference agreement provides $35,000,000 for the Working Capital Fund.

AGRICULTURAL RESEARCH SERVICE

BUILDINGS AND FACILITIES

The conference agreement provides $9,200,000 for the Agricultural Research Service, Buildings and Facilities account.

RURAL DEVELOPMENT PROGRAMS

RURAL COMMUNITY ADVANCEMENT PROGRAM

The conference agreement provides $45,000,000 for the Rural Community Advancement Program.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

The conference agreement provides $45,000,000 for the Rural Housing Insurance Fund Program Account.

RURAL HOUSING ASSISTANCE GRANTS

The conference agreement provides $20,000,000 for Rural Housing Assistance Grants.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

The conference agreement provides a subsidy of $8,000,000 for the cost of loan modifications to the rural electric loan program.

The conference agreement provides a loan level of $50,000,000 for the direct rural telecommunications loan program.

FOOD AND NUTRITION SERVICE

COMMODITY ASSISTANCE PROGRAM

The conference agreement provides $10,000,000 for the Commodity Assistance Program.

GENERAL PROVISIONS—THIS CHAPTER

Section 101.—The conference agreement provides $199,800,000 for the Emergency Conservation Program to repair damage caused by hurricanes in 2005.

Section 102.—The conference agreement provides $300,000,000 for the Emergency Watershed Program (EWP) to repair damage caused by hurricanes in 2005 to waterways and watersheds, and for other specified purposes related to damage from hurricanes. Of the total provided, no less than $283,890,365 is for the hurricane Katrina, Rita, or Wilma-related projects specified in the December 8, 2005, ''EWP Recovery Projects Unfunded'' table.

Section 103.—The conference agreement includes language allowing for the reimbursement of accounts related to hurricane costs.

Section 104.—The conference agreement includes language allowing the transfer of funds between the Rural Housing Insurance Fund and the Rural Housing Assistance Grant accounts.

Section 105.—The conference agreement includes language granting the Secretary of Agriculture temporary authorities for certain programs under the Rural Development mission area.

Section 106.—The conference agreement includes a technical correction to Section 759 of P.L. 109–97.

CHAPTER 2

DEPARMENT OF DEFENSE—MILITARY

In this chapter, the conferees recommend total new appropriations of $5,112,438,000, minus a general reduction of $737,089,000 elsewhere in the conference agreement. Funding by category is as follows:

Military Personnel	$554,535,000
Operation and Maintenance	1,953,318,000
Procurement	2,309,778,000
Research, Development, Test and Evaluation	41,382,000
Revolving and Management Funds	7,224,000
Trust Funds	44,341,000
Other Department of Defense Programs	201,860,000

Funds are provided for specific appropriations accounts, and quarterly reports are required on the obligation of funds.

The following table provides details of the supplemental appropriations in this chapter:

[In thousands of dollars]

Account	Request	Conference
Military Personnel:		
Military Peresonnel, Army	29,830	29,830
Military Personnel, Navy	57,691	57,691
Military Personnel, Marine Corps	14,193	14,193
Military Personnel, Air Force	105,034	105,034
Reserve Personnel, Army	11,100	11,100
Reserve Personnel, Navy	33,015	33,015
Reserve Personnel, Marine Corps	3,028	3,028
Reserve Personnel, Air Force	2,370	2,370
National Guard Personnel, Army	220,556	220,556
National Guard Personnel, Air Force	77,718	77,718
Total Military Personnel	554,535	554,535
Operation and Maintenance:		
O&M, Army	156,166	156,166
O&M, Navy	543,590	544,690
O&M, Marine Corps	7,343	7,343
O&M, Air Force	554,252	554,252
O&M, Defense-Wide	29,027	29,027
O&M, Army Reserve	16,118	16,118
O&M, Navy Reserve	480,084	480,084
O&M, Marine Corps Reserve	16,331	16,331
O&M, Air Force Reserve	2,366	2,366
O&M, Army National Guard	98,855	98,855
O&M, Air National Guard	48,086	48,086
Total Operation and Maintenance	1,952,218	1,953,318
Procurement:		
Procurement of WTCV, Army	1,600	1,600
Procurement of Ammunition, Army	1,000	1,000
Other Procurement, Army	1,390	43,390
Aircraft Procurement, Navy	3,856	3,856
Procurement of Ammunition, Navy & Marine Corps	2,600	2,600
Shipbuilding and Conversion, Navy	1,987,000	1,987,000
Other Procurement, Navy	89,675	76,675
Other Procurement, Air Force	170,300	162,315
Procurement, Defense-Wide	12,082	12,082
National Guard and Reserve Equipment	19,260	19,260
Total Procurement	2,288,763	2,309,778
Research, Development, Test and Evaluation:		
RDT&E, Navy	27,612	2,462
RDT&E, Air Force	6,200	6,200
RDT&E Defense-Wide	32,720	32,720
Total RDT&E	66,532	41,382
Revolving and Management Funds:		
Defense Working Capital Funds	7,224	7,224
Trust Funds		
Surcharge Collections, Sales of Commissary Stores, Defense	44,341	44,341
Other Department of Defense Programs:		
Defense Health Program O&M	161,858	172,958
Defense Health Program Procurement	39,692	28,592
Office of the Inspector General—Evac Personnel	30	30
Office of the Inspector General—Equipment Repair	280	280
Total Other DoD Programs	201,860	201,860
General Provision—Transfer Authority [Non add]	[750,000]	[500,000]
Total	5,115,473	5,112,438
General Reduction		(737,089)
Grand Total		4,375,349

CLASSIFIED PROGRAMS

Adjustments to classified programs are addressed in the classified annex accompanying this Joint Explanatory Statement.

REPORTING REQUIREMENTS

The conferees direct the Secretary of Defense to provide a report to the congressional defense committees within 30 days of enactment of this legislation on the allocation of the funds within the accounts listed in this chapter. The Secretary shall submit updated reports 30 days after the end of each fiscal quarter until funds listed in this chapter are no longer available for obligation. The conferees direct that these reports shall include: a detailed accounting, by programs and subactivity groups, of obligations and expenditures of appropriations provided in this chapter for the continuation of relief and recovery operations from the storm damage; and a listing of equipment procured using funds provided in this chapter.

The conferees expect that in order to meet unanticipated requirements, the Department of Defense may need to transfer funds within these appropriations accounts for purposes other than those specified in this chapter. The conferees expect the Department to follow normal prior-approval reprogramming procedures should it be necessary to transfer funding between different appropriations accounts in this chapter.

MILITARY PERSONNEL

The following table provides details of the recommendations for the military personnel accounts:

[In thousands of dollars]

Account	Request	Conference
Military Personnel, Army		
Military Pay and Allowances	9,005	9,005
Evacuation of DoD Personnel	20,825	20,825
Total Military Personnel, Army	29,830	29,830
Military Personnel, Navy:		
Evacuation of DoD Personnel	57,691	57,691
Total Military Personnel, Navy	57,691	57,691
Military Personnel, Marine Corps:		
Evacuation of DoD Personnel	14,193	14,193
Total Military Personnel, Marine Corps	14,193	14,193
Military Personnel, Air Force:		
Military Pay and Allowances	57,279	57,279
Basic Allowance for Housing	6,526	6,526
Evacuation of DoD Personnel	41,229	41,229
Total Military Personnel, Air Force	105,034	105,034
Reserve Personnel, Army:		
Military Pay and Allowances	10,739	10,739
Basic Allowance for Housing	361	361
Total Reserve Personnel, Army	11,100	11,100
Reserve Personnel, Navy		
Military Pay and Allowances	13,647	13,647
Basic Allowance for Housing	1,053	1,053
Evacuation of DoD Personnel	18,315	18,315
Total Reserve Personnel, Navy	33,015	33,015
Reserve Personnel, Marine Corps		
Evacuation of DoD Personnel	3,028	3,028
Total Reserve Personnel, Marine Corps	3,028	3,208
Reserve Personnel, Air Force:		
Military Pay and Allowances	2,285	2,285
Basic Allowance for Housing	85	85
Total Reserve Personnel, Air Force	2,370	2,370
National Guard Personnel, Army:		
Military Pay and Allowance	188,262	188,262
Basic Allowance for Housing	32,294	32,294
Total National Guard Personnel, Army	220,556	220,556
National Guard Personnel, Air Force:		
Military Pay and Allowances	67,429	67,429
Basic Allowance for Housing	10,289	10,289
Total National Guard Personnel, Air Force	77,718	77,718
Total Military Personnel	554,535	554,535

Additional funds are provided in the military personnel accounts to continue hurricane relief efforts during fiscal year 2006. Funds are provided for military pay and allowances, subsistence, and travel and related expenses for active duty and full-time Guard and Reserve personnel providing support to hurricane relief and recovery efforts in areas affected by hurricanes in the Gulf of Mexico in calendar year 2005. In addition, funds are provided for per diem costs for the evacuation of family members of military personnel.

BASIC ALLOWANCE FOR HOUSING

The conference agreement includes a general provision which provides the Services the authority to temporarily adjust Basic Allowance for Housing (BAH) rates for those areas affected by hurricanes in the Gulf of Mexico in calendar year 2005. The conferees direct that any additional costs to the military personnel accounts for this change to the BAH entitlement should be requested and funded through a supplemental appropriations bill for hurricane-related disaster relief.

OPERATION AND MAINTENANCE

The following table provides details of the recommendations for the operation and maintenance accounts:

[In thousands of dollars]

Account	Request	Conference
Operation and Maintenance, Army:		
Urgent Repair and Recovery (Non-SRM)	55,910	55,910
Evacuation of DoD Personnel	67,076	67,076
Temporary Continuing Operations	13,342	13,342
Temporary Continuing Operations (Non-SRM)	12,764	12,764
Equipment Repair and Replacement	7,074	7,074
Total Operation and Maintenance, Army	156,166	156,166
Operation and Maintenance, Navy:		
Urgent Repair and Recovery (Non-SRM)	139,690	139,690
Evacuation of DoD Personnel	120,029	120,029
Temporary Continuing Operations	65,772	65,772
Equipment Repair and Replacement	2,600	2,600
Facilities Restoration (SRM)	215,499	215,499
Classified Adjustment	—	(1,500)
Naval Station Pascagoula Pier Repair and Force Protection	—	2,600
Total Operation and Maintenance, Navy	543,590	544,690
Operation and Maintenance, Marine Corps:		
Evacuation of DoD Personnel	7,343	7,343
Total Operation and Maintenance, Marine Corps	7,343	7,343
Operation and Maintenance, Air Force:		
Urgent Repair and Recovery (Non-SRM)	273,038	273,038
Evacuation of DoD Personnel	184,371	184,371
Temporary Continuing Operations	18,938	18,938
Equipment Repair and Replacement	8,900	8,900
Facilities Restoration (SRM)	69,005	69,005
Total Operation and Maintenance, Air Force	554,252	554,252
Operation and Maintenance, Defense-Wide:		
Urgent Repair and Recovery—SOCOM	4,070	4,070
Evacuation of DoD Personnel	10,768	10,768
Temporary Continuing Operations.		
SOCOM	100	100
DISA	558	558
DIA	2,636	2,636
DCAA	250	250
DCMA	4,007	4,007
Equipment Repair and Replacement	800	800
Equipment Repair and Replacement—DISA	600	600
Facilities Restoration (SRM).		
SOCOM	4,644	4,644
DISA	469	469
DCAA	125	125
Total Operation Maintenance, Defense-Wide	29,027	29,027
Operation and Maintenance, Army Reserve:		
Urgent Repair and Recovery (Non-SRM)	10,590	10,590
Temporary Continuing Operations	4,400	4,400
Facilities Restoration (SRM)	1,128	1,128
Total Operation and Maintenance, Army Reserve	16,118	16,118
Operation and Maintenance, Navy Reserve:		
Urgent Repair and Recovery (Non-SRM)	128,849	128,849
Evacuation of DoD Personnel	21,466	21,466
Temporary Continuing Operations	19,745	19,745
Facilities Restoration (SRM)	310,024	310,024
Total Operation and Maintenance, Navy Reserve	480,084	480,084
Operation and Maintenance, Marine Corps Reserve:		
Evacuation of DoD Personnel	3,537	3,537
Temporary Continuing Operations	11,700	11,700
Facilities Restoration (SRM)	1,094	1,094
Total Operation and Maintenance, Marine Corps Reserve	16,331	16,331
Operation and Maintenance, Air Force Reserve:		
Temporary continuing Operations	449	449
Equipment Repair and Replacement	1,917	1,917
Total Operation and Maintenance Air Force Reserve	2,366	2,366
Operation and Maintenance, Army National Guard:		
Army National Guard Support (Non-SRM)	42,803	42,803
Urgent Repair and Recovery (Non-SRM)	6,200	6,200
Temporary Continuing Operations	635	635
Facilities Restoration (SRM)	49,217	49,217
Total Operation and Maintenance, Army National Guard	98,855	98,855
Operation and Maintenance, Air National Guard:		
Urgent Repair and Recovery (Non-SRM)	25,449	25,449
Temporary Continuing Operations	9,080	9,080
Facilities Restoration (SRM)	13,557	13,557
Total Operation and Maintenance, Air National Guard	48,086	48,086
Total Operation and Maintenance	1,952,218	1,953,318

Additional funds are provided in the operation and maintenance accounts to address a broad spectrum of hurricane-related relief and recovery activities including repair of Department of Defense facilities, establishment of alternate operating sites for displaced military functions and sustainment of temporary continuing operations. Funds will support the repair and replacement of equipment, debris removal, hazardous waste cleanup and disposal, utility and electrical repair, furniture replacement, and transportation costs. Additionally, funding will provide for the reestablishment of recruiting centers and Reserve Officer Training campus sites. The funds provided will support the evacuation and sustainment of Active and Reserve Component personnel, federal civilian employees, and their dependents. Funds also are provided in support of Army and Air National Guard storm related activities including flying hours, ground support, aviation technical assistance, supplies and repairs.

PROCUREMENT

The following table provides details of the recommendations for the procurement accounts:

[In thousands of dollars]

Account	Request	Conference
Procurement of Weapons and Tracked Combat Vehicles, Army:		
Lightweight (LW) 155mm Howitzer	1,600	1,600
Total Procurement of WTCV, Army	1,600	1,600
Procurement of Ammunition, Army:		
Mississippi Ammunition plant repairs	1,000	1,000
Total Procurement of Ammunition, Army	1,000	1,000
Other Procurement, Army:		
Family of Heavy Tactical Vehicles (FHTV) Movement Tracking		
System (MTS)	42	42
Automated Date Processing Equipment	90	90
Radio Frequency in Transit Visibility (RFITV)	175	175
Medical Comm for Combat Casualty Care (MC4)	175	175
Force Provider	908	908
Armored Security Vehicles	—	42,000
Total Other Procurement, Army	1,390	43,390
Aircraft Procurement, Navy:		
Precision Approach Radar Trainers—NAS New Orleans	96	96
Calibration Standards Equipment—NS Algiers	3,760	3,760
Total Aircraft Procurement, Navy	3,856	3,856
Procurement of Ammunition, Navy and Marine Corps:		
5 Inch/55 Gun Ammunition	601	601
76MM Gun Ammunition	166	166
Other Ship Gun Ammunition	649	649
Small Arms and Landing Party Ammunition	744	744
Pyrotechnics and Demolition Material	440	440
Total Procurement of Ammunition, Navy and Marine Corps	2,600	2,600
Shipbuilding and Conversion, Navy:		
Total Shipbuilding and Conversion, Navy	1,987,000	1,987,000
Other Procurement, Navy:		
ATC Radar—NAS New Orleans	100	100
Precision Approach Radar—NAS New Orleans	160	160
Deployable Joint Command and Control System	175	175
Navy Standard Integrated Personnel System	150	150
Military Construction Support Equipment Under $5 Million	2,514	2,514
Construction and Maintenance Equipment	7,840	7,840
Tactical Vehicles—Naval Construction Battalion Center	846	846
Digital Phone Systems	27,581	27,581
Trailers for Classrooms, Child Development Centers, Etc.	30,000	17,000
SPAWAR Systems Center	13,250	13,250
BUPERS Generator	1,659	1,659
Back-Up Power Supply—Stennis Space Center	4,000	4,000
Oceanographic Survey Equipment—Stennis Space Center	1,400	1,400
Total Other Procurement, Navy	89,675	76,675
Other Procurement, Air Force:		
Replacement of vehicles at Keesler AFB	2,803	2,803
Host & Remote Voice Systems	22,377	22,377
Data Systems—Information Transport Node (ITN)	2,163	2,163
Data Systems—End Building Node (EBN)	24,676	24,676
Data Systems—SIPRNet (TACLANE)	418	418
Data Systems—First 400' Core 1 & 2 Buildings	12,029	12,029
Data Systems—Video—Closed Circuit TV	259	259
Network Control Center	7,150	7,150
Flight Support (ATCALS)	3,795	3,795
Flight Support Air Traffic Control Tower	2,145	2,145
Security Systems	3,000	3,000
Command Post Communications	1,936	1,936
ROVER III model 301 video downlink	57	57
Training Communications Equipment	22,728	22,728
Air National Guard Switching Equipment	3,051	3,051
Communications System Support	33	33
Deployable Communications	7,985	—
General Training Equipment	27,500	27,500
BEAR Kits	25,645	25,645
ANG Generators	330	330
ANG Firefighting Equipment	220	220
Total Other Procurement, Air Force	170,300	162,315
Procurement, Defense-Wide:		
SOCOM Equipment Replacement	12,082	12,082
Total Procurement, Defense-Wide	12,082	12,082
National Guard and Reserve Equipment:		
National Guard Equipment (Army National Guard)	19,260	19,260
Total National Guard and Reserve Equipment	19,260	19,260
Total Procurement	2,288,763	2,309,778

OVERSIGHT OF PROCUREMENT PROGRAMS

The conference agreement provides $1,987,000,000 for extraordinary shipbuilding and ship repair costs and $42,000,000, above the budget request, for production of the Army Armored Security Vehicle (ASV). This funding is intended to cover costs relating to real property damage, including damage to govemment- and contractor-furnished equipment; cleanup of facilities; business interruption, to include idle payroll; temporary housing and transportation for employees; and additional business expenses, including but not limited to power, security, information technology support, and necessary equipment rentals.

The conferees believe these expenses require special oversight by the Department of Defense and the Congress. Accordingly, the conferees direct that none of the funds provided for ''Shipbuilding and Conversion, Navy'' or for the Army ASV shall be obligated or expended until 30 days after the Secretary of the Navy or Secretary of the Army, as applicable, submits a report to the House and Senate Committees on Appropriations certifying that the increased direct and indirect costs relating to contractor-funded programs are: (a) incurred or required to be incurred for hurricane relief; (b) not subject to reimbursement by any third party (e.g., FEMA or private insurer); and (c) directly allocable to the program for which funds are

being provided. All such costs shall be subject to review, audit, and validation by appropriate management officials of the military service, including the Government Procurement Contracting Officer and service audit teams. Approved costs will be reimbursed as they are incurred with no application of general and administrative overhead or profit.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The following table provides details of the recommendations for the Research, Development, Test and Evaluation accounts:

Account	Request	Conference
RDT&E, Navy:		
Composite watercraft	11,600	750
Advanced Electric Ship Demonstrator Composite Deckhouse	1,000	200
Ocean Engineering Technology Development	237	237
Test and Evaluation Support—AUTEC Damage Repair	775	775
Classified Project	13,500	.....
MK–48 ADCAP Torpedo	500	500
Total RDT&E, Navy	27,612	2,462
RDT&E Air Force:		
Test and Evaluation Support	1,900	1,900
Facilities Restoration and Modernization—T&E Support	4,300	4,300
Total RDT&E, Air Force	6,200	6,200
RDT&E, Defense-Wide:		
DIMHRS	32,720	32,702
Total RDT&E, Defense-Wide:	32,720	32,720
Total RDT&E	66,532	41,382

REVOLVING AND MANAGEMENT FUNDS

DEFENSE WORKING CAPITAL FUNDS

The conference agreement includes $7,224,000 for Defense Working Capital Funds for transportation and contingency operations costs for the Defense Logistics Agency, for the replacement of commissary stock and equipment, and for the replacement of equipment for Air Force Working Capital Fund entities.

TRUST FUNDS

SURCHARGE COLLECTIONS, SALES OF COMMISSARY STORES, DEFENSE

The conference agreement includes $44,341,000 for Surcharge Collections, Sales of Commissary Stores, Defense, to rebuild commissaries at Keesler Air Force base and Gulfport Naval Construction Battalion Center.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

The conference agreement provides $201,550,000 for the Defense Health Program, of which $172,958,000 shall be for Operation and Maintenance, and of which $28,592,000 shall be for Procurement. This funding will provide for healthcare for guard and reserve members activated for duty, replacement of medical supplies and equipment, backfilling deployed medical personnel and increases in private sector care costs.

KEESLER MEDICAL CENTER

Evacuations and damages at military medical facilities along the Gulf Coast demonstrated the need to improve the procedures for inventory management and for medical record management to provide a seamless transition of medical care between facilities.

Within the funds made available for repair and recovery of the Keesler Medical Center, the Air Force is encouraged to continue their initiative of making medical records available electronically for health care providers and for establishing an automated inventory management system using RFID technology.

OFFICE OF THE INSPECTOR GENERAL

The conferees have agreed to provide a total amount of $310,000 for the Office of the Inspector General. Of this amount $30,000 is for the relocation of the Inspector General's office in Slidell, Louisiana, and $280,000 is for replacement and repair of storm damaged equipment in the Inspector General's office, Slidell, Louisiana.

GENERAL PROVISIONS—THIS CHAPTER

Chapter 2 of this title contains five general provisions. A description of the recommended general provisions follows.

The conferees agree to include language which provides for transfer between appropriations of up to $500,000,000 of the funds made available to the Department of Defense in this chapter, and provides for promptnotification to the Congress of each transfer made under this authority. The transfer authority provided in this section is in addition to any other transfer authority available to the Department of Defense.

The conferees agree to include language which provides that military members on active duty in support of hurricanes in the Gulf of Mexico in calendar year 2005 may retain accumulated leave, not to exceed 120 days at the end of fiscal year 2005.

The conferees agree to include language which provides that the Secretary of Defense may prescribe a temporary adjustment in the geographic location rates of the basic allowance for housing within an area declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Act resulting from hurricanes in the Gulf of Mexico in calendar year 2005. Such temporary adjustment shall be based on the Secretary's redetermination of housing costs and shall not exceed 20 percent of the current rate for an affected area. Members must certify that an increased housing cost has been incurred. No temporary adjustment may be made after September 30, 2006, and assistance may not extend beyond January 1, 2007.

The conferees agree to include language which provides that funds appropriated in this chapter for intelligence activities are deemed to be authorized for purposes of section 504 of the National Security Act of 1947.

The conferees agree to include language that makes general reduction of $737,089,000.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

The conference agreement provides emergency funding to address water resource projects damaged by Hurricanes Katrina, Rita, Ophelia and Wilma. The funding provided in this chapter is based on Corps of Engineers' estimates of the requirements of all areas of the Nation impacted by these hurricanes. The conferees expect the funds provided herein shall be expended substantially in accordance with those estimates.

INVESTIGATIONS

Funds totaling $37,300,000 are provided to expedite ongoing studies in the areas recently affected by recent hurricanes, as shown below:

Louisiana Coastal Area Ecosystem Restoration, LA	$11,000,000
Hurricane Protection, LA	12,000,000
Hurricane Protection, MS	10,000,000
Plaquemines Parish, Urban Flood Control, LA	1,200,000
St. Bernard Parish Urban Flood Control, LA	1,200,000
St. Charles Parish Urban Flood Control, LA	1,100,000
Southwest Coastal Louisiana, LA	500,000
Bouge Banks, NC	100,000
Hatteras and Ocracoke Islands, NC	100,000
Surf City and North Topsail Beach, NC	100,000

The conference agreement includes $11,000,000 for the Louisiana Coastal Area Ecosystem study. These funds, together with $10,000,000 provided in the Energy and Water Development Appropriations Act, 2006, provide the amounts necessary to continue the Louisiana Coastal Plan this fiscal year. Within these amounts, funds are provided for hurricane or storm damage assessment, including coastal data collection.

The conference agreement includes a provision that withholds funding provided for the Louisiana Hurricane Protection Study in this Act until the State of Louisiana establishes a single state or quasi-state entity to act as the local sponsor for construction, operation and maintenance for all hurricane, storm damage reduction and flood control projects in the greater New Orleans and southeast Louisiana area. The conferees expect that no funds shall be available for the final report after the completion of the preliminary technical report until a functioning single entity is established by the State to meet local responsibilities for Federal projects.

CONSTRUCTION

Funds totaling $101,417,000 are provided to repair flood and storm damage reduction, commercial navigation and other projects damaged by Hurricanes Katrina, Rita, Ophelia and Wilma.

Citing a lack of authorization, the conferees did not provide the request of $250,000,000 for coastal mitigation; however, a total of $96,000,000 is available in fiscal year 2006 for activities related to improving the Gulf Coast coastal wetlands to reduce the risk of storm damage to the greater New Orleans metropolitan area. In this Act, $11,000,000 is provided to further the Louisiana Coastal study in the Investigations account, together with $10,000,000 provided in the Energy and Water Development Appropriations Act, 2006. In addition, $75,000,000 is provided in this Act in the Operations and Maintenance account for authorized activities to preserve and maintain existing wetlands, enhance estuarine habitat and provide erosion protection for hurricane protection projects. The conferees encourage the Administration to submit a legislative proposal to the appropriate authorizing committees for full and further consideration.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS, ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI AND TENNESSEE

Funds totaling $153,750,000 are provided to repair levees; remove hazards to navigation; cover the increased cost of mat laying operations due to storm impacts; repair damaged training works, including dikes; and repair damaged levees to provide protection from riverine flooding resulting from Hurricanes Katrina and Rita.

OPERATION AND MAINTENANCE

Funds totaling $327,517,000 are provided to restore navigation channels and harbors to pre-storm conditions and to repair flood damage reduction and other projects in states affected by Hurricanes Katrina, Rita, Ophelia and Wilma. Of this amount, $75,000,000 is provided for authorized operation and maintenance activities to enhance estuarine habitats through monitoring and control of marine and river flow and reef building initiatives and providing foreshore bank protection in the form of revetment and rock placement to protect endangered wetlands and provide erosion protection for

hurricane protection projects along the Mississippi River-Gulf Outlet Channel. The expenditure of funds shall be limited to those activities necessary for the protection of existing wetlands, navigation, flood and storm damage reduction projects along the Mississippi River-Gulf Outlet Channel and funds shall not be expended on any project that would otherwise preclude or foreclose any final disposition of the navigation channel; funds are not available to conduct any dredging of the Mississippi River-Gulf Outlet Channel.

FLOOD CONTROL AND COASTAL EMERGENCIES

Funds totaling $2,277,965,000 are provided to continue repairs to flood and storm damage reduction projects in states affected by Hurricanes Katrina, Rita, Ophelia and Wilma. Funds are provided to fund at full Federal expense repairs to non-federal levees and pumps and to construct levees and floodwalls to original design levels rather than pre-storm conditions. Within the funds provided, $75,000,000 shall be available to accelerate completion of authorized projects in the State of Mississippi along the Mississippi Gulf Coast.

Further, this amount includes $544,460,000 to accelerate the completion of unconstructed portions of authorized hurricane, storm damage reduction and flood control projects in the greater New Orleans and south Louisiana area, as follows:

New Orleans to Venice, LA	$32,487,000
West Bank and Vicinity, LA	147,614,000
Lake Pontchartrain and Vicinity, LA	120,554,000
Southeast Louisiana, LA	224,755,000
Larose to Golden Meadow, LA	4,026,000
Grand Isle, LA	15,024,000

The conference agreement includes $70,000,000 to prepare for flood, hurricane and other natural disasters and support emergency operations, repairs, and other activities in response to flood and hurricane emergencies, as authorized by law. Funding is provided to cover annual recurring costs of the program as well as costs related to recent natural disasters. The Army Corps of Engineers is directed to include recurring annual funding requirements for this program in its fiscal year 2007 budget request and to address event-related costs in the appropriate emergency supplemental requests.

The conference agreement includes approximately $468,000,000 to reimburse projects from which funds were transferred to meet emergency requirements.

GENERAL EXPENSES

Funds totaling $1,600,000 are provided for additional oversight and management costs associated with Hurricanes Katrina and Rita.

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

OFFICE OF THE SECRETARY AND EXECUTIVE MANAGEMENT

OFFICE OF POLICY

The conferees agree to clarify Public Law 109–90 does not include an increase of $1,512,000 and 3 full-time equivalent positions for the Embassy Baghdad Initiative requested in the President's Fiscal Year 2006 Budget. Public Law 109–90 does include the transfer of $5,176,000 to the Office of Policy for the Border and Transportation Security Policy Office and Operations staff. Any fiscal year 2005 funding for a Department of Homeland Security (DHS) attaché in Baghdad included in this amount is continued in fiscal year 2006 at the fiscal year 2005 level. The conferees prohibit the use of any funds available to the Department for increasing resources for the Embassy Baghdad Initiative beyond the fiscal year 2005 level without approval of a reprogramming notification submitted pursuant to Section 503 of Public Law 109–90. The conferees provide this clarification to ensure the Department's actions are consistent with the intent of the Committees as indicated in the Statement of Managers accompanying the fiscal year 2006 appropriations conference report. The Department is directed to submit within 15 days of enactment of this Act to the House and Senate Committees on Appropriations a fiscal year 2006 program, project, and activity breakdown of the funding and staffing level of the Office of Policy including the $5,176,000 transfer for the Office of Policy.

CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

The conferees agree to provide $24,100,000 instead of $27,100,000 as proposed by the President to repair and replace critical information technology, equipment, and property damaged by Hurricane Katrina and other natural disasters.

CONSTRUCTION

The conferees agree to provide $10,400,000 for planning, engineering, and other equipment for structures damaged by Hurricane Katrina and other natural disasters instead of $26,700,000 as proposed by the President. The conferees are aware of uncertainty associated with the replacement of various facilities damaged by recent hurricanes and direct Customs and Border Protection to submit to the House and Senate Committees on Appropriations a detailed estimate of the total cost of replacing these facilities once relocation sites and total costs are determined. Funds are available until expended.

IMMIGRATION AND CUSTOMS ENFORCEMENT

SALARIES AND EXPENSES

The conferees agree to provide $13,000,000, instead of $13,848,000 as requested by the President to repair and replace critical information technology, communications equipment, and facilities damaged by Hurricane Katrina and other natural disasters.

UNITED STATES COAST GUARD

OPERATING EXPENSES

The conferees agree to provide $132,000,000 instead of $139,300,000 as requested by the President for clean-up and repair needs at facilities damaged by Hurricane Katrina and other natural disasters; activation of reservists to assist in hurricane recovery efforts; and repair and replacement of equipment, materials, and supplies lost due to these hurricanes. Funds are available until expended.

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

The conferees agree to provide $74,500,000 instead of $136,660,000 as proposed by the President for major repair and reconstruction projects at facilities damaged by Hurricane Katrina and other natural disasters, and for damage to vessels currently under construction. The conferees are aware of uncertainty associated with the replacement of the New Orleans Integrated Support Command. The conferees agree to provide funding for the survey, planning, and engineering costs related to this facility and direct the Coast Guard to submit to the House and Senate Committees on Appropriations a detailed estimate for the total cost of replacing this facility once a relocation site is determined. Funds are available until expended.

OIL SPILL LIABILITY

The conferees understand over 3,800 oil spills have been caused by Hurricanes Katrina and Rita, with more than 8 million gallons of oil spilled from Hurricane Katrina alone. Currently, oil pollution response costs are being funded from the Federal Emergency Management Agency (FEMA) Disaster Relief Fund (DRF). However, the DRF will not pay for long-term oil removal costs and natural resource damages, leaving a significant funding gap not addressed in the supplemental request. While oil removal costs and damage claims may be eligible under the Oil Spill Liability Trust Fund (OSLTF), costs related to Hurricane Katrina are expected to easily exceed $1,000,000,000, leaving the existing balance of $750,000,000 in the OSLTF in jeopardy. The Department is directed to provide the House and Senate Appropriations Committees an analysis of the projected impacts to the OSLTF for any Oil Pollution Act removal and damage costs resulting from Hurricanes Katrina and Rita, and a plan to address the expected funding shortfall. This report is due no later than March 15, 2006.

UNITED STATES SECRET SERVICE

SALARIES AND EXPENSES

The conferees agree to provide $3,600,000 for equipment, vehicle replacement, and personnel relocation due to damage caused by Hurricane Katrina and other natural disasters.

OFFICE FOR DOMESTIC PREPAREDNESS

STATE AND LOCAL PROGRAMS

The conferees agree to provide $10,300,000 for replacement equipment for the Prepositioned Equipment Program utilized during Hurricane Katrina.

The conferees agree notification required by Section 508 of Public Law 109–90 shall include any announcements of grant eligibility in which the Department limits the number or type of potential grantees.

FEDERAL EMERGENCY MANAGEMENT AGENCY

ADMINISTRATIVE AND REGIONAL OPERATIONS

The conferees agree to provide $17,200,000 instead of $87,100,000 as requested by the President to repair and improve warning and crisis communication systems, and to ensure proper controls are in place over the expenditure and management of funds for hurricane response and recovery.

PUBLIC HEALTH PROGRAMS

The conferees are concerned about the National Disaster Medical System (NDMS). The conferees direct the Chief Medical Officer to provide a report to the House and Senate Committees on Appropriations by April 30, 2006, outlining the goals of NDMS, the ability of the current program to meet these goals, the resources (people, training, and funding) required to maintain a system design to rapidly meet nationwide disaster medical needs, and the appropriate roles of DHS and the Department of Health and Human Services in the oversight and management of this critical program.

The conferees are aware of FEMA's intention to use the authority provided by Public Law 109–62 to transfer up to $100,000,000 for the NDMS to support medical care as authorized by Public Law 107–188. The conferees direct FEMA to provide to the House and Senate Committees on Appropriations by February 28, 2006, a spend plan for the amount transferred, including the amounts obligated and expended as of the date of the report, the methods used for allocating funds, and the rules established regarding the expenses eligible for payment from this appropriation.

DISASTER RELIEF

(TRANSFER OF FUNDS)

The conferees agree to transfer $1,500,000 from the Disaster Relief Fund for administrative expenses of the Community Disaster Loan program. This funding is in addition to the $1,000,000 made available for transfer in

Public Law 109–88. The conferees agree the Department shall notify the House and Senate Committees on Appropriations no later than 15 days after a community disaster loan has been awarded. Such notification shall include the amount of the loan, a brief assessment of the borrower's financial position, reasons for the necessity of the loan, and a description of the essential services to be provided through the loan.

The conferees believe a comprehensive long-term recovery plan is critical for the rehabilitation of the Gulf Coast and should be implemented as quickly as possible. The conferees direct the Department to provide this plan to the House and Senate Committees on Appropriations by February 28, 2006. The plan should be prepared in coordination with state and local officials as well as other Federal agencies involved in recovery efforts.

The conferees are concerned with the lack of guidance on housing assistance. Within two weeks from the date of enactment of this Act, the Director of FEMA shall issue guidance used to determine continued eligibility for housing assistance under the Section 408 program. Consistent with current FEMA regulations, such guidance shall include the extension of assistance if the recipient is unable to afford local housing at the Fair Market Rent level.

GENERAL PROVISION—THIS CHAPTER

Sec. 401. The conferees include a general provision allowing the Secretary of Homeland Security to permit active duty personnel who performed duties in response to the hurricanes to carryover accumulated leave until the end of fiscal year 2007.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

UNITED STATES FISH AND WILDLIFE SERVICE

CONSTRUCTION

The conference agreement provides $30,000,000 for construction costs of the United States Fish and Wildlife Service related to Hurricanes Katrina, Rita, Wilma, and Ophelia. These funds will be used for repair and reconstruction and operational costs incurred in responding to and cleaning up from the storms. In addition to repair and reconstruction of Federal facilities, the funds should be used to repay construction projects from which funds were transferred on an emergency basis. They also are available to pay for un-reimbursed overtime and operational costs.

NATIONAL PARK SERVICE

CONSTRUCTION

The conference agreement provides $19,000,000 for construction costs of the National Park Service related to Hurricanes Katrina, Rita, and Wilma. These funds will be used for repair and reconstruction and operational costs incurred in responding to and cleaning up from the storms. In addition to repair and reconstruction of Federal facilities, the funds should be used to repay construction projects from which funds were transferred on an emergency basis. They also are available to pay for un-reimbursed overtime and operational costs.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

The conference agreement provides $5,300,000, as requested, for surveys, investigations, and research costs of the United States Geological Survey. The funds are for facility and equipment repair and replacement needs, including stream gage repair and replacement, at Survey sites in the Southeast that were damaged by Hurricanes Katrina and Rita.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

The conference agreement provides $16,000,000 for royalty and offshore minerals management. The funds are provided for the temporary relocation of the Minerals Management Service's Gulf of Mexico regional office from Louisiana to Houston, TX; including immediate recovery costs to purchase new equipment, locate temporary offices and additional personnel, and operational costs incurred as a result of the hurricanes during the first six months after the events.

ENVIRONMENTAL PROTECTION AGENCY

LEAKING UNDERGROUND STORAGE TANK PROGRAM

The conference agreement provides $8,000,000 for the leaking underground storage tank program. These funds will be used to address the most immediate underground storage tank needs in areas affected by Hurricanes Katrina and Rita; including site assessments of leaking tanks to identify problems and initiate appropriate corrective actions.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATE AND PRIVATE FORESTRY

The conference agreement provides $30,000,000 for State and private forestry instead of providing the $50,000,000 requested for a new forestry disaster assistance fund. The managers believe that the proposed new fund is unnecessary in that the activities that would be funded, including assistance to timber land owners for debris removal, timber salvage, wildfire mitigation, and wildlife habitat stabilization, are more appropriately funded within authorized activities under the existing State and private forestry account. The funding provided should be used for urgently needed activities associated with Hurricanes Katrina and Rita recovery, clean-up, and restoration. The managers direct the Secretary of Agriculture to notify the House and Senate Committees on Appropriations on the proposed distribution of funds at least ten days before allocating these funds to the field.

NATIONAL FOREST SYSTEM

The conference agreement provides $20,000,000 for the national forest system for urgently needed activities associated with Hurricanes Katrina and Rita recovery, clean-up, and restoration. A portion of these funds may be used for hazardous fuels reduction activities on national forest system lands. The managers direct the Secretary of Agriculture to notify the House and Senate Committees on Appropriations on the proposed distribution of funds at least ten days before allocating these funds to the field.

CAPITAL IMPROVEMENT AND MAINTENANCE

The conference agreement provides $7,000,000 for capital improvement and maintenance to repair roads and to repair or replace hurricane damaged bridges and other facilities in National Forests affected by Hurricanes Katrina and Rita.

CHAPTER 6

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND EMPLOYMENT SERVICES

The conference agreement includes a supplemental appropriation of $125,000,000 for the Employment and Training Administration to award national emergency grants related to the consequences of hurricanes in the Gulf of Mexico in calendar year 2005. These funds may be used to replace grant funds previously obligated to the impacted areas.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

The conference agreement includes language that extends the availability of funds provided under this heading in Public Law 108–447, which have been allocated to the States of Alabama, Louisiana, and Mississippi. The funding shall remain available for obligation by those States through September 30, 2006 and funds used for automation by those States shall remain available through September 30, 2008.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

SOCIAL SERVICES BLOCK GRANT

The conference agreement includes a supplemental appropriation of $550,000,000 for the Social Services Block Grant (SSBG). The conferees note that the hurricanes in the Gulf of Mexico in calendar year 2005 have imposed extreme demands for social and health care services in affected States. States may use SSBG funds for a wide array of human services.

In addition to other uses, the conferees intend these funds to be available to help meet the health care needs of people affected by the hurricanes in the Gulf of Mexico in calendar year 2005 and lacking health insurance or other adequate access to care, and to help health care ''safety net'' providers restore and resume their operations. Accordingly, the conferees have included bill language intended to remove any uncertainties as to the eligibility of health care providers and facilities (including mental health providers and facilities) to receive Social Services Block Grant funds from this appropriation. Examples of institutions that could receive these funds include community health centers, rural hospitals and clinics, community mental health centers, public hospitals, and other providers with substantial percentages of uninsured patients. In addition to helping meet health care needs arising from the hurricanes, funds may be made available for repairs or reconstruction needed to allow health centers and similar providers to resume or expand operations, or to help key providers meet salary and other costs associated with resuming or restoring health services.

The conferees are concerned about the mental health impact of the hurricanes in the Gulf of Mexico in calendar year 2005. The Centers for Disease Control and Prevention (CDC) reports that as many as 500,000 Gulf Coast residents might need mental health care. The conferees encourage the Secretary to work with State governments in the region to ensure that adequate funding is available, within the amounts appropriated, for community safety net providers to meet this emerging public mental health crisis.

CHILDREN AND FAMILIES SERVICES PROGRAMS

The conference agreement includes a supplemental appropriation of $90,000,000 for Head Start to serve children displaced by the hurricanes in the Gulf of Mexico in calendar year 2005 and to cover costs associated with renovating Head Start facilities, which were affected by the hurricanes, to the extent that FEMA and insurance companies do not fully cover such costs.

DEPARTMENT OF EDUCATION

The conference agreement includes a supplemental appropriation of $750,000,000 for immediate aid to restart school operations and reimburse States for costs already incurred in reopening schools affected by the Gulf hurricanes. This funding is to be distributed to State educational agencies in Louisiana, Mississippi, Alabama, and Texas for assistance to schools that were impacted

by the hurricanes in the Gulf of Mexico in calendar year 2005. The State educational agencies shall provide services and assistance to local educational agencies and nonpublic schools consistent with provisions outlined in section 102 of title IV, division B of this Act.

The conference agreement includes a supplemental appropriation of $5,000,000 for assistance for homeless children and youths displaced by the hurricanes in the Gulf of Mexico in calendar year 2005 consistent with provisions outlined in section 106 of title IV, division B of this Act.

The conference agreement includes a supplemental appropriation of $645,000,000 for temporary emergency impact aid for displaced students during the 2005–2006 school year. This funding is to be distributed to eligible schools that serve students who were displaced by the hurricanes in the Gulf of Mexico in calendar year 2005. Public, private, and charter schools are eligible for assistance consistent with provisions outlined in section 107 of title IV, division B of this Act.

The conference agreement includes a supplemental appropriation of $200,000,000 to assist college students and higher education institutions with unanticipated expenses associated with the hurricanes in the Gulf of Mexico in calendar year 2005. Within the amount provided, $95,000,000 is for the Mississippi Institutes of Higher Learning for additional student financial aid for students and families impacted by the Gulf hurricanes. The conferees intend for these funds to be made available for assistance to any eligible student attending a title IV eligible institution, including independent colleges and universities, private institutions, community colleges, junior colleges, and graduate institutions.

Of the amount provided, $95,000,000 is for the Louisiana Board of Regents, which may be used to provide emergency assistance for student financial assistance, faculty salaries, or any purpose authorized under the Higher Education Act, to institutions of higher education that are located in an area affected by the Gulf hurricanes. The conferees intend for these funds to be used only for authorized purposes at the impacted institutions of higher education; allocated only to affected postsecondary educational institutions that were forced to suspend operations for 30 days or more; and distributed primarily to those institutions demonstrating that they were not able to reopen in existing facilities or fully re-open to pre-Gulf hurricane levels. The conferees intend for these funds to supplement and not supplant any portion of an institution's State support. In allocating these funds, the conferees strongly urge the Board to consult with the presidents or chancellors of the eligible colleges and universities and equitably allocate funding, within 45 days, based only on the need criteria agreed to by these officials.

The Committees on Appropriations of the House and Senate request that the Department submit a report not later than March 1, 2006 on the obligation and allocation of these supplemental funds provided under the Higher Education Act.

CHAPTER 7

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION

Military Construction Projects Repaired Using Operation and Maintenance Funds.—The conferees understand that all military construction projects requested by the President which have not been included in the agreement have been, or will be, repaired using operation and maintenance funds, rather than requiring replacement through military construction. Each military Service or Defense agency shall notify the Committees on Appropriations of both Houses of Congress, within seven days after the decision to execute, if a repair project is carried out with operation and maintenance funds in lieu of a project appropriated in this chapter.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

The agreement provides $291,219,000, instead of $314,629,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: NCBC Gulfport	Applied Electronics/Water Treatment Training Facility	1,910,000	1,910,000
MS: NCBC Gulfport	Armory	4,600,000	4,600,000
MS: NCBC Gulfport	Auto Vehicle Training Shop	940,000	940,000
MS: NCBC Gulfport	Bachelor Enlisted Quarters	13,400,000	13,400,000
MS: NCBC Gulfport	Bachelor Enlisted Quarters—NCTC	20,700,000	20,700,000
MS: NCBC Gulfport	Broad Road Security Improvements	2,310,000	2,310,000
MS: NCBC Gulfport	Builders Applied Instruction Facility	13,400,000	13,400,000
MS: NCBC Gulfport	Command and Control Facility	5,530,000	5,530,000
MS: NCBC Gulfport	Comprehensive Utilities Hardening	20,500,000	20,500,000
MS: NCBC Gulfport	Consolidated Professional Development Ctr	8,030,000,	8,030,000
MS: NCBC Gulfport	Consolidated Public Works Facility	10,730,000	10,730,000
MS: NCBC Gulfport	Consolidated Security Complex	6,900,000	6,900,000
MS: NCBC Gulfport	Disaster Recovery Training Facility	6,800,000	6,800,000
MS: NCBC Gulfport	Pass Road Security Improvements	2,110,000	2,110,000
MS: NCBC Gulfport	Pollution Prevention Facility	890,000	890,000
MS: NCBC Gulfport	Sandblast Facility	1,410,000	1,410,000
MS: NCBC Gulfport	Steelworkers Training Facility	8,300,000	8,300,000
MS: NCBC Gulfport	Storm Drainage Improvements	14,200,000	14,200,000
MS: NCBC Gulfport	Supply Integrated Logistics Facility		33,400,000
MS: NCBC Gulfport	Tactical Training Facility	15,310,000	15,310,000
MS: NCBC Gulfport	Training Complex	14,610,000	14,610,000
MS: NCBC Gulfport	Training Hall	6,930,000	6,930,000
MS: NS Pascagoula	Lakeside Bachelor Enlisted Quarters "A"	28,710,000	
MS: NS Pascagoula	Lakeside Bachelor Enlisted Quarters "B"	28,100,000	
MS: Stennis Space Center	Boat Operations Building	2,920,000	2,920,000
MS: Stennis Space Center	Ocean Sciences Laboratory	47,010,000	47,010,000
MS: Stennis Space Center	UPS and Generator Upgrades	14,400,000	14,400,000
Worldwide: Unspecified	Planning and Design	13,979,000	13,979,000
Total		314,629,000	291,219,000

MILITARY CONSTRUCTION, AIR FORCE

The agreement provides $52,612,000, instead of $44,305,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: KEESLER AFB	Base Personnel Facility	3,500,000	
MS: KEESLER AFB	Consolidated Open Mess	7,800,000	13,100,000
MS: KEESLER AFB	Fence, Boundary	4,000,000	
MS: KEESLER AFB	Headquarters Group Facility	1,000,000	
MS: KEESLER AFB	Interior Fencing	1,000,000	
MS: KEESLER AFB	Munitions Inspection Facility	1,300,000	1,300,000
MS: KEESLER AFB	Postal Center	2,500,000	2,500,000
MS: KEESLER AFB	Recreation Center		10,200,000
MS: KEESLER AFB	Refueler Maintenance Facility	1,300,000	1,300,000
MS: KEESLER AFB	Reserve Forces Operational Training Facility	3,400,000	
MS: KEESLER AFB	Technical Training Lab/Shop—Dolan Hall	1,000,000	
MS: KEESLER AFB	Technical Training Lab/Shop—Hewes Hall	1,000,000	
MS: KEESLER AFB	Temporary Base Exchange		3,800,000
MS: KEESLER AFB	Training Aids Facility	11,200,000	11,200,000
Worldwide: Unspecified	Planning and Design	5,305,000	9,212,000
Total		44,305,000	52,612,000

MILITARY CONSTRUCTION, DEFENSE-WIDE

The agreement provides $45,000,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: Keesler AFB	Central Energy Plant, KMC	20,000,000	20,000,000
MS: Keesler AFB	Diagnostic Imaging Center, KMC	25,000,000	25,000,000
Total		45,000,000	45,000,000

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The agreement provides $374,300,000, instead of $414,118,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
LA: Bogalusa	Readiness Center	16,413,000	16,413,000
LA: Covington	Readiness Center	15,833,000	15,833,000
LA: Hammond	Readiness Center	40,318,000	40,318,000
LA: Jackson Barracks	Field Maintenance Shop 12	17,586,000	17,586,000
LA: Jackson Barracks	Field Maintenance Shop 13	19,308,000	19,308,000
LA: Jackson Barracks	Infrastructure Replacement	21,535,000	21,535,000
LA: Jackson Barracks	Readiness Center	31,041,000	31,041,000
LA: Jackson Barracks	Barracks Complex	22,130,000	22,130,000
LA: Marrero	Readiness Center	19,166,000	19,166,000
LA: Pineville	Consolidated Maintenance Facility, Ph II/III	37,294,000	37,294,000
LA: Reserve	Readiness Center	15,850,000	15,850,000
MS: Bay St. Louis	Readiness Center	12,286,000	12,286,000
MS: Biloxi	Readiness Center	26,353,000	16,987,000
MS: Camp Shelby	Readiness Center	12,403,000	
MS: Columbia	Readiness Center	14,286,000	14,286,000
MS: Decatur	Field Maintenance Shop	12,403,000	12,403,000
MS: Gulfport	Field Maintenance Shop, Phase 1	13,393,000	13,393,000
MS: Poplarville	Readiness Center	12,500,000	12,500,000
MS: Purvis	Readiness Center	12,294,000	—
MS: Wiggins	Readiness Center	12,786,000	12,786,000
Worldwide: Unspecified	Planning and Design	28,940,000	23,185,00
Total		414,118,000	374,300,000

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

The agreement provides $35,000,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: CRTC Gulfport	Replace Civil Engineering Complex	5,900,000	5,900,000
MS. CRTC Gulfport	Replace Regional Training Site Complex	7,000,000	7,000,000
MS: CRTC Gulfport	Replace Squadron/Wing Operations Facility	9,000,000	9,000,000
MS: CRTC Gulfport	Replace Troop Quarters	2,400,000	2,400,000
MS: CRTC Gulfport	Electrical Distribution System	5,500,000	5,500,000
MS: CRTC Gulfport	Storm Water System	2,300,000	2,300,000
Worldwide: Unspecified	Planning and Design	2,900,000	2,900,000
Total		35,000,000	35,000,000

MILITARY CONSTRUCTION, NAVAL RESERVE

The agreement provides $120,132,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
LA: NAS/JRB New Orieans	Comprehensive Utilities	9,060,000	9,060,000
LA: NAS/JRB New Orleans	Fitness Center	9,320,000	9,320,000
LA: NAS/JRB New Orleans	Hangar 263	33,160,000	33,160,000
LA: NAS/JRB New Orleans	Hangar 4	23,510,000	23,510,000
LA: NSA New Orleans	Building 11, Admin Building	9,870,000	9,870,000
LA: NSA New Orleans	Building 252, Public Works Complex	3,630,000	3,630,000
LA: NSA New Orleans	Building 703, Bachelor Enlisted Quarters	8,820,000	8,820,000
LA: NSA New Orleans	Building 9, Youth Center	4,470,000	4,470,000
LA: NSA New Orleans	Comprehensive Utilities	13,420,000	13,420,000
Worldwide: Unspecified	Planning and Design	4,872,000	4,872,000
Total		120,132,000	120,132,000

FAMILY HOUSING

FAMILY HOUSING CONSTRUCTION, NAVY AND MARINE CORPS

The agreement provides $86,165,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: Gulfport/Stennis	New Construction Housing	81,600,000	81,600,000
MS: NCBC Gulfport	Housing Office (Metro Conversion)	1,150,000	1,150,000
Worldwide: Unspecified	Planning and Design	3,415,000	3,415,000
Total		86,165,000	86,165,000

FAMILY HOUSING OPERATION AND MAINTENANCE, NAVY AND MARINE CORPS

The agreement provides $48,889,000 as proposed in the reallocation request dated October 28, 2005.

FAMILY HOUSING CONSTRUCTION, AIR FORCE

The agreement provides $278,000,000, instead of $313,000,000 as proposed in the reallocation request dated October 28, 2005. The funds are provided as follows:

Location	Project description	Request	Conference agreement
MS: Keesler AFB	Construct Family Housing (1,067 Units)	299,500,000	264,500,000
Worldwide: Unspecified	Planning and Design	13,500,000	13,500,000
Total		313,000,000	278,000,000

Family Housing, Keesler AFB, MS.—The conferees understand the need for family housing at Keesler Air Force Base and fully support efforts to rebuild lost or damaged units. The conferees further understand the full requirement of $313,000,000 at Keesler will be met by the $278,000,000 appropriated in this chapter and the $35,854,000 appropriated for family housing at Keesler in the Military Construction Appropriations Act, 2005.

FAMILY HOUSING OPERATION AND MAINTENANCE, AIR FORCE

The agreement provides $47,019,000 as proposed in the reallocation request dated October 28, 2005.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

The agreement provides $198,265,000 for Medical Services as proposed in the reallocation request dated October 28, 2005.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

The agreement provides $24,871,000 for General Operating Expenses as proposed in the reallocation request dated October 28, 2005.

NATIONAL CEMETERY ADMINISTRATION

The agreement provides $200,000 for the National Cemetery Administration as proposed in the reallocation request dated October 28, 2005.

CONSTRUCTION, MAJOR PROJECTS

The agreement provides $367,500,000 for Construction, Major Projects. The amount provided is $787,500,000 less than proposed in the reallocation request dated October 28, 2005. The agreement provides $292,500,000 for the construction of a new hospital at Biloxi, Mississippi consistent with the recommendations of the Capital Asset Realignment for Enhanced Services report, to replace the facility destroyed at Gulfport, Mississippi. The agreement does not include full funding for a replacement hospital at New Orleans, Louisiana at this time because there is insufficient information to determine the actual cost. The agreement does include funding of $75,000,000 for advance planning and design associated with construction of a replacement hospital in the New Orleans area.

The Department is directed to report to the Committees on Appropriations of both Houses of Congress by February 28, 2006 on the long term plans for the construction of a replacement hospital in New Orleans, Louisiana.

CONSTRUCTION, MINOR PROJECTS

The agreement provides $1,800,000 for Construction, Minor Projects as proposed in the reallocation request dated October 28, 2005.

RELATED AGENCY

ARMED FORCES RETIREMENT HOME

The agreement provides $65,800,000 for the Armed Forces Retirement Home instead of $20,800,000 as proposed in the reallocation request dated October 28, 2005. Of the amount provided, $45,000,000 is to be used to begin the process of advanced planning and design for the reuse of the Gulfport, Mississippi facility. Within 60 days of enactment of this Act, the Armed Forces Retirement Home is to provide a report to the Committees on Appropriations of both Houses of Congress outlining in detail the expected use of these funds and long-term plans for renovations and construction at both the Washington and the Gulfport facilities.

GENERAL PROVISIONS—THIS CHAPTER

The agreement includes a provision that waives the limit on the amount of Federal funds that can be provided for Army National Guard readiness center projects appropriated in this chapter.

The agreement includes a provision relating to the disposal of Navy property on the Gulf Coast.

The agreement includes four provisions, all requested in the reallocation request of October 28, 2005. The provisions give the Department the authority to address specific limitations that currently inhibit the ability of the Department to address emergent needs of veterans in the areas affected by hurricanes in the Gulf of Mexico. The expanded authority granted by these provisions will expire on September 30, 2006.

CHAPTER 8

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

The conference agreement includes $9,000,000 for the United States Attorneys to support operational recovery from hurricane-related damage in the Gulf Coast region.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES

The conference agreement includes $9,000,000 for the United States Marshals Service to support operational recovery from hurricane-related damage in the Gulf Coast region.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

The conference agreement includes $45,000,000 for the Federal Bureau of Investigation to support operational recovery from hurricane-related damage in the Gulf Coast region.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement includes $10,000,000 for the Drug Enforcement Administration to support operational recovery from hurricane-related damage in the Gulf Coast region.

BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES

SALARIES AND EXPENSES

The conference agreement includes $20,000,000 for the Bureau of Alcohol, Tobacco, Firearms and Explosives to support operational recovery from hurricane-related damage in the Gulf Coast region.

FEDERAL PRISON SYSTEM

BUILDINGS AND FACILITIES

The conference agreement includes $11,000,000 for the Federal Prison System to repair hurricane-related damage in the Gulf Coast region.

OFFICE OF JUSTICE PROGRAMS

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

The conference agreement includes $125,000,000 for grants to State and local law enforcement entities in the areas affected by recent Gulf Coast hurricanes.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

The conference agreement includes $17,200,000 for repair of weather-related facilities, unplanned operational costs for weather forecasting activities, upgrades and enhancements of hurricane forecasting instruments, and acceleration of storm surge and flood forecasting.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

The conference agreement includes $37,400,000 for repair of weather-related facilities and observation platforms, including damaged weather buoys and automated surface weather observation stations, upgrades and enhancements of hurricane forecasting instruments, an additional aircraft for hurricane observations, and temporary operating space and requirements for the damaged fisheries laboratory facility in Pascagoula, Mississippi.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

EXPLORATION CAPABILITIES

The conference agreement includes $349,800,000 for repair and rehabilitation of National Aeronautics and Space Administration facilities and other high priority requirements resulting from recent Gulf Coast hurricanes.

SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

The conference agreement includes $5,000,000 for the Office of Inspector General to conduct audits, reviews, and investigations of disaster-related activities.

DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

The conference agreement includes $441,000,000 for the Disaster Loans Program Account for loan subsidy costs and associated administrative expenses. The amount provided will allow the Small Business Administration (SBA) to make disaster loans to individuals and businesses in the wake of recent Gulf Coast hurricanes. The conferees expect the SBA to make not less than $50,000 available to increase call center capacity and respond fully to questions from loan applicants, including providing applicants with reasons for denying their applications.

The conferees are concerned about the SBA's slow pace of approving disaster loan applications in the Gulf Coast hurricane-affected region. The conferees encourage the SBA to deliver disaster assistance as quickly as possible without jeopardizing program integrity. The SBA shall immediately report to the Committees on Appropriations on specific ways it will expedite the disaster loan

approval process, improve information flow to disaster loan applicants, and expand the disaster loan program to assist the widest population possible.

GENERAL PROVISIONS—THIS CHAPTER

(INCLUDING TRANSFER OF FUNDS)

SEC. 801. The conference agreement includes language regarding Manufacturing Extension Centers serving hurricane-affected areas.

SEC. 802. The conference agreement includes language requiring the Department of Justice to transfer funds made available for the purchase of portable and mobile radios to the Narrowband Communications/Integrated Wireless Network account.

CHAPTER 9

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

The conference agreement provides $40,600,000 for the Federal Aviation Administration's (FAA) facilities and equipment account for emergency hurricane-related response activities. Multiple FAA facilities including control towers, buildings and navigation aids were damaged by the recent hurricanes and need to be repaired or replaced.

FEDERAL HIGHWAY ADMINISTRATION

EMERGENCY RELIEF PROGRAM

The conference agreement provides $2,750,000,000 to the Department of Transportation (DOT) for repairing and rebuilding highways, roads, bridges, and trails damaged by Hurricanes Katrina, Rita, Wilma, and prior disasters that are eligible for assistance under the Federal Highway Administration's Emergency Relief (ER) program.

Within the funds provided, up to $629,000,000 is available to repair and reconstruct the I–10 bridge connecting New Orleans and Slidell, Louisiana. These funds may be used to rebuild the bridge to current design standards as allowable under Section 125 of title 23, United States Code.

The funds provided are available until expended. The conference agreement waives the State matching share requirements for all of the ER projects related to these hurricanes and exempts projects for these hurricanes, Hurricane Dennis, and the 2004–2005 winter storms in the State of California from the ER program's $100,000,000 per State per event cap.

The conference agreement allows DOT to spend any excess funds on other ER projects. The conferees permit DOT to promptly allocate up to $550,000,000 of the funds provided to address the existing backlog of ER projects to the extent the funds are needed to contend with damages caused by natural disasters or catastrophic failures from external causes that occurred prior to Hurricane Wilma, provided that such projects are ready to proceed to construction or are otherwise eligible for reimbursement.

MARITIME ADMINISTRATION

OPERATIONS AND TRAINING

The conference agreement provides an additional $7,500,000 to the Department of Transportation to repair and reconstruct the Poland Street pier and warehouse in New Orleans, Louisiana, damaged as a result of Hurricane Katrina. These assets are owned by the Maritime Administration and are used in conjunction with the U.S. Navy to support the Ready Reserve Force Fleet.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

TENANT-BASED RENTAL ASSISTANCE

The conference agreement includes $390,299,500 for tenant-based rental assistance. The conferees agree to limit the use of funds to those individuals and families who were receiving federal assistance or were homeless or in emergency shelters in the declared disaster area prior to Hurricanes Katrina and Rita.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT FUND

The conference agreement includes $11,500,000,000 for necessary expenses related to disaster relief, long term recovery, restoration of infrastructure and mitigation in communities in any declared disaster area in Louisiana, Mississippi, Alabama, Florida, and Texas related to Hurricanes Katrina, Rita or Wilma. Not more than five percent of the funds granted may be used for administrative and overhead expenses.

The conference agreement emphasizes the requirement that the States with the most impacted and distressed areas in connection with the Gulf of Mexico hurricanes receive priority consideration in the allocation of funds by HUD.

Of the amounts made available under this heading up to $40,000,000 may be made available for LISC and the Enterprise Foundation for activities authorized under section 4 of the HUD Demonstration Act of 1993 and section 11 of the Housing Opportunity Program Extension Act of 1996.

The conference agreement requires HUD, upon request by the state and a finding by the Secretary that the waiver would not be inconsistent with the overall purpose of the program, to issue certain waivers and to review the waivers after two years. The conference agreement also includes several notification and reporting requirements prior to and during the period in which any waiver is in effect.

The conferees note that the Lower Manhattan Development Corporation (LMDC), which was established as the entity to plan and execute most of the redevelopment of the area impacted by the September 11, 2001 terrorist attack in New York City, has worked well to ensure an effective and efficient use of emergency funds made available for site redevelopment. The conferees encourage States to use the LMDC as a model for implementing the provision in this Act, which mandates that funds allocated under this heading be administered through entities designated by the Governor of each state.

ADMINISTRATIVE PROVISIONS

Section 901 permits the Secretary during calendar year 2006 to authorize a public housing agency in the areas most heavily impacted by Hurricanes Katrina and Rita to combine their Capital Fund, Operating Fund and Section 8 tenant-based monies to more effectively assist families receiving assistance prior to Hurricanes Katrina and Rita.

Section 902 directs HUD to preserve assisted housing to the maximum extent possible considering costs and feasibility.

THE JUDICIARY

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

The conference agreement provides $18,000,000 for direct hurricane recovery costs for affected Gulf Coast courts, as reflected in the Judiciary's revised supplemental appropriations request. The conferees deny the request for $10,641,000 to cover the costs of future preparedness activities and direct the Judicial Conference to include these items in the fiscal year 2006 financial plan.

INDEPENDENT AGENCY

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND

The conference agreement provides $38,000,000 for the General Services Administration's federal buildings fund to be available until expended. This includes funding for emergency building operations, in support of cleaning, assessing damage and repairing Federal buildings and United States Courthouses damaged in the wake of Hurricanes Katrina and Rita. These funds will be used for the unplanned costs for equipment and additional professional and nonprofessional contract staffing to support GSA personnel in the field with damage assessment, recovery efforts and facilities operations and maintenance, debris removal and clean-up activities. In addition, this funding level will provide, to the extent possible, for the short- and long-term repair and alterations of the following buildings impacted by Hurricanes Katrina and Rita, under the repairs and alterations account: Courthouse—Mobile, AL; Federal Building—Mobile, AL; Federal Building Courthouse—Hattiesburg, MS; Post Office/Courthouse—Jackson, MS; McCoy Federal Building—Jackson, MS; Federal Building/Courthouse—Gulfport, MS; Courthouse Annex—Gulfport, MS; Gulfport Mechanical Building—Gulfport, MS; U.S. Courthouse—Pensacola, FL; Customs House—New Orleans, LA; FE Hebert Federal Building—New Orleans, LA; JM Wisdom Courthouse; Hale Boggs Federal Building—Courthouse; Border Patrol Sector Headquarters (multiple buildings); New Orleans Post Office (leased)—New Orleans, LA; and Harahan Depot (three buildings)—Harahan, LA.

TITLE II—EMERGENCY SUPPLEMENTAL APPROPRIATIONS TO ADDRESS PANDEMIC INFLUENZA

CHAPTER 1

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

The conference agreement provides $11,350,000 for the Office of the Secretary.

The conferees direct the Secretary of Agriculture to provide the Committees on Appropriations with quarterly reports on the expenditure of the funds provided to the Department in this Act for pandemic influenza preparedness and hurricane relief. The reports shall also include details on any reimbursements received by the Department from any other federal agencies for expenses incurred in hurricane relief or pandemic influenza preparedness. The first report shall be transmitted no later than February 15, 2006.

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

The conference agreement provides $7,000,000 for the Agricultural Research Service, Salaries and Expenses account.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION ACTIVITIES

The conference agreement provides $1,500,000 for the Cooperative State Research, Education, and Extension Service, Research and Education Activities for surveillance of the Pacific flyway.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

The conference agreement provides $71,500,000 for the Animal and Plant Health Inspection Service, Salaries and Expenses account.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement provides $20,000,000 for the Food and Drug Administration (FDA), Salaries and Expenses account, to enhance the FDA regulatory science base to facilitate the production of new influenza

vaccine drugs and diagnostic products. This funding is to be directed toward expediting the development, evaluation, and licensure of influenza vaccines; enhancing the manufacturing capacity of vaccine drug and diagnostic products; ensuring and monitoring the safety and effectiveness of vaccines; ensuring the quality of the vaccine manufacturing process, and developing better, more rapid tests and assays.

The conferees direct the Secretary of Health and Human Services to provide the Committees on Appropriations with quarterly reports on the expenditure of the funds provided for the Food and Drug Administration in this Act for pandemic influenza preparedness. The reports shall also include details on any reimbursements received by the agency from any other federal agencies for expenses incurred for pandemic influenza preparedness. The first report shall be transmitted no later than February 15, 2006.

CHAPTER 2

DEPARTMENT OF DEFENSE—MILITARY

The following table provides details of the supplemental appropriations for the Department of Defense in this title:

[In thousands of dollars]

Account	Request	Conference
Avian flu:		
Operation and Maintenance, Defense-Wide	10,000	10,000
Defense Health Program	120,000	120,000
Total Pandemic Flu	130,000	130,000

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, DEFENSE-WIDE

The conference agreement provides $10,000,000 for Operation and maintenance, Defense-wide, for response preparedness and training activities, as well as diagnostic, surveillance, and communication equipment.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

The conference agreement provides $120,000,000 for the Defense Health Program to purchase avian influenza vaccines, increase world-wide surveillance, and upgrade surveillance, laboratory and information management equipment.

CHAPTER 3

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

The conference agreement includes $131,530,000 for USAID for activities associated with planning for and responding to the avian influenza virus.

GENERAL PROVISIONS—THIS CHAPTER

The conference agreement includes a provision that requires the United States Agency for International Development submit a report to the Committee on Appropriations detailing the use of funds provided to the Agency in this Act.

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

OFFICE OF THE SECRETARY AND EXECUTIVE MANAGEMENT

The conferees agree to provide $47,283,000, to remain available until expended, for necessary expenditures related to planning for the consequences of a pandemic flu outbreak. Funds are available for transfer to other appropriations accounts subject to requirements for the reprogramming and transfer of funds in Section 503 of Public Law 109–90.

The additional funds will allow for training of Department of Homeland Security personnel in emergency response procedures and protocols related to the potential outbreak of a highly pathogenic pandemic influenza, preparedness planning within the Department, protection of Department employees, modeling capabilities of likely patterns of pathogen dispersion, and equipment to isolate potentially exposed individuals. Recognizing pandemic influenza is not the only pathogenic threat that may enter the Nation, the Department should leverage its pandemic influenza activities to guard against other highly infectious and deadly diseases.

CHAPTER 5

DEPARMENT OF THE INTERIOR

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

The conference agreement provides $7,398,000, as requested, for resource management to increase field monitoring for avian influenza.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

The conference agreement provides $525,000, as requested, for operation of the National Park System to coordinate surveillance and monitoring of wild birds for avian influenza within national parks.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

The conference agreement provides $3,670,000, as requested, for surveys, investigations, and research for an interagency effort to detect avian influenza in wild birds, with an initial focus on early detection activities in areas with a high potential for contact between Asian and North American birds.

CHAPTER 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

The conference agreement provides $3,300,000,000 to prepare for and respond to an influenza pandemic, of which $3,204,000,000 is to remain available until expended. Section 8116 of the Senate bill included $3,913,000,000 for this purpose to remain available until expended. In addition, the Senate included $8,158,589,000 for pandemic influenza in H.R. 3010, the appropriations bill for the Department of Health and Human Services, of which $8,095,000,000 was to remain available until expended.

The conference agreement includes bill language designating $350,000,000 for upgrading State and local response capacity, particularly the planning and exercising of pandemic response plans by State and local officials. Section 8116 of the Senate bill proposed $600,000,000 for this activity. The conferees are aware that any successful response to a pandemic influenza must include an effective response at the State and local levels. This will require pre-established partnerships and collaborative planning by public health officials, law enforcement officials, hospital administrators, and community leaders, who have considered a broad range of scenarios and participated in realistic response exercises. These planning and response exercises should enable public health and law enforcement officials to establish procedures and locations for quarantine, surge capacity, diagnostics, and communication. The conferees intend that most of these funds be put toward planning and exercises. The conferees intend that these funds be provided accompanied by established benchmarks and that a portion of the funding be made available based on meeting performance objectives at both the State and local levels.

The conference agreement includes bill language designating $50,000,000 for laboratory capacity and research at the Centers for Disease Control and Prevention (CDC). Section 8116 of the Senate bill included $125,000,000 for this purpose. The conferees intend that a portion of these funds go to address a critical lack of influenza laboratory capacity, which has resulted in delays in processing influenza virus samples and the sharing of DNA sequence information with outside laboratories in a timely manner. The conferees also recognize that the proper laboratory and research assets are vital to definitively characterize virus strains and determine best practices among protective public health measures. Finally, the conferees encourage the development of an evidence base for the effectiveness of policies and technologies to reduce respiratory disease transmission, modeling means of social distancing, and accelerating the development of rapid field diagnostic tests suitable for both domestic and international use, particularly use in developing nations.

The conference agreement includes bill language designating $246,000,000 for international activities, disease surveillance, vaccine registries, research, and clinical trials. $150,000,000 of this amount is designated in bill language to CDC and is available until expended to carry out global and domestic disease surveillance, laboratory diagnostics, rapid response and quarantine. The conferees recognize that increased international surveillance to track influenza strains, implementation of surveillance and quarantine measures at U.S. points-of-entry, and enhanced domestic surveillance are key elements to the pandemic response plan. An integrated global and domestic surveillance and control system will serve to slow introduction of a pandemic influenza strain into the general population, thereby increasing the amount of time available for preparing and deploying appropriate countermeasures.

The balance of the funds provided, $2,750,000,000 are available to support, at the Secretary's discretion, other core preparedness activities, such as expanding the domestic production capacity of influenza vaccine, developing and stockpiling pandemic vaccine, and stockpiling antivirals and other medical supplies necessary to protect and preserve lives in the event of an outbreak of pandemic influenza.

The conference agreement does not contain specific earmarks of $3,080,000,000 for the stockpiling of antivirals and medical supplies, $33,000,000 for global surveillance, and $75,000,000 for risk communication as was included in section 8116 of the Senate bill.

The conferees encourage CDC to partner with industry to ensure it has the proper diagnostic ''surge capacity'' in place for both surveillance and pandemic response. The conferees also request that the Secretary be prepared to report on a plan for using diagnostics in early-stage clinical response to an emerging pandemic during the hearings on the fiscal year 2007 budget.

The conferees believe that HHS should give priority to research and development activities that could realistically be translated into vaccine production or pandemic detection, diagnosis, or treatment regimes in the near to medium term. The conferees encourage HHS to allocate funding to such areas as vaccine development, testing, and production, including cell culture technologies and cell line development; antivirals, including dosing, timing, and efficacy screening; alternative vaccine technologies, including synthetic vaccines and vaccines composed of virus-like particles; antiviral delivery mechanisms; improved diagnostics and surveillance tools for influenza; enhanced tools and methods for the molecular analysis of viruses, virus subtypes, and host immunological response; antigen-sparing,

heterosubtypic immunity protective measures; and research into modes of influenza transmission. The Secretary is strongly encouraged to use the simplified acquisition authorities provided under sections 319F-1 and 319F-2 of the Public Health Service Act in awarding contracts, grants, and cooperative agreements.

The conferees support the elaboration of novel adjuvant, antigen-sparing and multivalent technologies that can bolster the effectiveness and scope of vaccines based on adaptive or innate immunological response.

The conferees are aware of the key role migratory bird tracking has played in predicting the spread of avian influenza. The conferees encourage CDC to ensure that this important activity is part of its surveillance activities.

The conferees understand that smoking substantially increases both the incidence and severity of influenza because it compromises the upper respiratory system. One study found that smoking more than doubles the risk of developing clinical influenza. The conferees encourage CDC to provide information about the link between smoking and an increased risk for influenza infection and severity of illness through existing quitlines and to collaborate with other countries to assess the role of smoking in flu epidemics.

The conferees encourage HHS to procure for the Strategic National Stockpile essential supplies that may be needed in the event of a pandemic including syringes, ventilators, respirators, diagnostic equipment, surgical masks, and gloves.

To prevent co-infection, the conferees urge the Secretary to promote the widespread vaccination against seasonal influenza.

The conferees encourage the Centers for Medicare and Medicaid Services to establish standards for the measurement of use by beneficiaries under the Medicare and Medicaid programs of adult immunizations for influenza and to conduct a study to determine the feasibility and advisability of including adult immunization for influenza as a performance measure under quality initiatives conducted by the Secretary under the Medicare and Medicaid programs. The study should also consider as a requirement of accreditation of a provider of services compliance with recommended adult immunizations.

The conferees direct the Secretary to provide on a semi-annual basis to the House and Senate Appropriations Committees a report identifying the disbursements of funds received under this heading and a listing of the governments, companies and organizations that received funding. The report should include the amount and purpose of each grant or other form of assistance. Finally, the report should include the cumulative obligations by activity of the funds made available under this heading for pandemic preparedness, as well as any remaining unobligated balances.

CHAPTER 7

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

The agreement provides $27,000,000 for Medical Services for enhanced human health surveillance related to avian and pandemic influenza as proposed in the request dated November 1, 2005.

CHAPTER 8

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

The conference agreement includes $16,000,000 for diplomatic outreach, health support of United States Government employees, Peace Corps volunteers, and families, and continuity of operations at United States missions overseas due to the impact of avian and pandemic influenza. The conference agreement includes language directing that $1,100,000 be transferred to the Peace Corps for costs associated with Peace Corps volunteers.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

The conference agreement includes $15,000,000 for costs of emergency evacuation of United States Government personnel and dependents from United States missions overseas due to the impact of avian and pandemic influenza. The conferees request to be consulted prior to the use of any funds relating to evacuation of Peace Corps volunteers.

The conference agreement includes language allowing the Secretary of State to transfer additional funding to this account should evacuation requirements exceed the available resources. The exercise of the transfer authority is subject to the Secretary's determination that circumstances related to the avian influenza require additional funding from this account, and notification to the Committees on Appropriations five days in advance of any transfer using this authority. The authority to transfer funds for this purpose is not subject to the percentage limitations contained in section 402 of Public Law 109–108 that are normally applicable to transfers between accounts. The conferees note that, in addition to fiscal year 2006 appropriations, unobligated balances totaling $17,000,000 are currently available in this account.

TITLE III—RESCISSIONS AND OFFSETS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

The conference agreement includes language that rescinds certain unobligated balances in the Conservation Operations program.

RURAL UTILITIES SERVICE

DISTANCE LEARNING, TELEMEDICINE, AND BROADBAND PROGRAM

The conference agreement includes language that rescinds certain unobligated balances in the Public Broadcast grant program.

FOOD AND NUTRITION SERVICE

FOOD STAMP PROGRAM

The conference agreement includes language that rescinds certain unobligated prior-year balances in the Food Stamp Employment and Training program.

FOREIGN AGRICULTURAL SERVICE

PUBLIC LAW 480 TITLE I [OCEAN FREIGHT DIFFERENTIAL GRANTS]

The conference agreement includes language that rescinds certain unobligated balances of the ocean freight differential grant program.

CHAPTER 2

DEPARTMENT OF DEFENSE—MILITARY

The following table provides details of the offsets for the Department of Defense in this title:

[In thousands of dollars]

Account	Request	Conference
Rescissions:		
Operation and Maintenance		
Support for International Sporting Competitions	26,000	
Disposal of Department of Defense Real Property	45,000	45,000
Lease of Department of Defense Real Property	30,000	30,000
Overseas Military Facility Investment Recovery	5,000	5,000
Research, Development, Test and Evaluation.		
RDT&E, Army		
Venture Capital	14,000	—
Joint Common Missile (JCM) Program	34,600	—
Total Rescissions	154,600	80,000

CHAPTER 3

FOREIGN OPERATIONS

The conference agreement includes language that reduces balances in Public Law 109–102 and Public Law 108–447, under the heading, ''Export-Import Bank Subsidy Appropriation'', by a total of $25,000,000

CHAPTER 4

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES COAST GUARD

OPERATING EXPENSES

(RESCISSION OF FUNDS)

The conferees agree to rescind $260,533,000 for accrual payments for Medicare-eligible employees which have been met using permanent indefinite discretionary authority.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

(RESCISSION OF FUNDS)

The conferees agree to rescind $23,409,300,000 from the Disaster Relief Fund.

CHAPTER 5

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

(RESCISSION)

The conference agreement rescinds $500,000 in unobligated balances in the management of lands and resources account.

UNITED STATES FISH AND WILDLIFE SERVICE

LANDOWNER INCENTIVE PROGRAM

(RESCISSION)

Tne conference agreement rescinds $2,000,000 in unobligated balances in the landowner incentive program.

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND

(RESCISSION)

The conference agreement rescinds $1,000,000 in unobligated balances in the cooperative endangered species conservation fund.

CHAPTER 6

DEPARTMENT OF COMMERCE

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

INDUSTRIAL TECHNOLOGY SERVICES

(RESCISSION)

The conference agreement includes a rescission of $7,000,000 from unobligated balances available under this heading.

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

(RESCISSION)

The conference agreement includes a rescission of $10,000,000 from unobligated balances available under this heading.

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

(RESCISSION)

The conference agreement includes a rescission of $20,000,000 from unobligated balances available under this heading.

CHAPTER 7

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

(HIGHWAY TRUST FUND)

(RESCISSION)

The conference agreement includes a rescission of $1,143,000,000 of the unobligated balances of funds apportioned to the States under chapter 1 of title 23, United States Code, excluding safety programs and funds set aside within the State for population areas. The conferees direct the Federal Highway Administration to administer the rescission by allowing each State maximum flexibility in making adjustments among the apportioned highway programs.

FEDERAL RAILROAD ADMINISTRATION

EFFICIENCY INCENTIVE GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

(RESCISSION)

The conference agreement rescinds $8,300,000 from Efficiency Incentive Grants to the National Railroad Passenger Corporation and repeals section 135 of Division A of Public Law 109–115.

CHAPTER 8

GOVERNMENT-WIDE RESCISSIONS

The conference agreement includes a 1 percent across-the-board rescission to discretionary budgetary resources provided in fiscal year 2006 regular appropriations Acts, as well as to any previously enacted fiscal year 2006 advance appropriation and to any contract authority subject to limitation. The rescission does not apply to the Department of Veterans Affairs or spending designated as an emergency requirement.

TITLE IV—HURRICANE EDUCATION RECOVERY ACT

SUBTITLE A—ELEMENTARY AND SECONDARY EDUCATION HURRICANE RELIEF

The conference agreement includes language that authorizes assistance to elementary and secondary students and schools impacted by the hurricanes in the Gulf of Mexico in calendar year 2005. Funding to carry out this authority is included in chapter 6 of title 1.

SUBTITLE B—HIGHER EDUCATION HURRICANE RELIEF

The conference agreement includes temporary waivers to and modifications of certain higher education act requirements in order to provide flexibility to and ease financial burdens on postsecondary students and institutions impacted by the hurricanes in the Gulf of Mexico in calendar year 2005.

SUBTITLE C—EDUCATION AND RELATED PROGRAMS HURRICANE RELIEF

The conference agreement includes language to extend certain deadlines of the individuals with disabilities education act and waivers relating to Head Start and the Child Care and Development Block Grant. This language is included to facilitate assistance related to the hurricanes in the Gulf of Mexico in calendar year 2005.

TITLE V—GENERAL PROVISIONS AND TECHNICAL CORRECTIONS

The conference agreement includes a provision relating to the availability of funds.

The conference agreement includes a provision relating to any reference to ''this Act''.

The conference agreement includes a provision removing the authority to make further transfers to or from the Emergency Response Fund.

The conference agreement includes a technical correction regarding funds appropriated to the Cooperative State Research Education and Extension Service.

The conference agreement includes a technical correction to the Energy and Water Development Appropriations Act, 2005, relating to the Animas-La Plata project.

The conference agreement includes a technical correction to the Energy and Water Development Appropriations Act, 2006, relating to the San Gabriel Basin Restoration Fund.

The conference agreement includes a technical correction to the Energy and Water Development Appropriations Act, 2006, relating to the Placer County, California, wastewater treatment project.

The conference agreement includes a technical correction to the Energy and Water Development Appropriations Act, 2006, relating to the Central New Mexico Project.

The conference agreement includes a provision correcting an enrollment error in the Energy and Water Development Appropriations Act, 2006, relating to a Hurricane Protection Study in Louisiana.

The conference agreement includes a technical correction to the Energy and Water Development Appropriations Act, 2006, related to the Western Area Power Administration.

The conference agreement includes a general provision making $50,000,000 available to the New York State Uninsured Employers Fund and $75,000,000 to the Centers for Disease Control and Prevention for purposes related to the September 11, 2001 terrorist attacks. These funds replace $125,000,000 included in the supplemental appropriations for New York State made following the September 11th attacks that were unable to be spent for administering worker compensation claims and were rescinded in the regular FY 2006 Labor-HHS-Education Appropriations Act.

The conference agreement includes language that amends the Flexibility for Displaced Workers Act (Public Law 109–72) to strike ''Hurricane Katrina'' and insert ''hurricanes in the Gulf of Mexico in calendar year 2005'' each place it appears.

The conference agreement includes a provision that amends section 124 of Public Law 109–114.

The conference agreement includes a provision that amends section 128 of Public Law 109–114.

The conference agreement includes a provision that makes a technical correction to a military construction project in Public Law 109–114.

The conference agreement includes a provision that makes a technical correction to the short title of Public Law 109–114.

The conference agreement makes technical corrections to the capital investment grants listed in Public law 109–115.

The conference agreement clarifies activities that are subject to section 205 of division A of Public Law 109–115.

The conference agreement makes a technical correction to an economic development grant in Public Law 108–447.

The conference agreement makes technical corrections to economic development grants in Public law 109–115.

The conference agreement makes technical corrections to an economic development grant in Public law 108–447.

The conference agreement precludes the funds appropriated to the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks from being transferred to or from the Emergency Response Fund.

CONFERENCE TOTAL—WITH COMPARISON

The total new budget (obligational) authority for the fiscal year 2006 recommended by the Committee of Conference and comparisons to the 2006 budget estimates for 2006 follow:

[In thousands of dollars]

Budget estimates of new (obligational) authority, fiscal year 2006	4,825,347
Conference agreement, fiscal year 2006	−618,007
Conference agreement compared with:	
Budget estimates of new (obligational) authority, fiscal year 2006	−5,443,354

DIVISION C—AMERICAN ENERGY INDEPENDENCE AND SECURITY

The conference report includes division C concerning the lease of lands for oil and gas exploration and production within a defined area of the Arctic National Wildlife Refuge.

DIVISION D—DISTRIBUTION OF REVENUES AND DISASTER ASSISTANCE

The conference report includes division D, which provides for the distribution of revenues derived from bonus, rental, and royalty receipts from federal oil and gas leasing and operations within the Arctic National Wildlife Refuge and from receipts derived from the Digital Television Transition and Public Safety Fund.

DIVISION E

The conference agreement includes as division E the ''Public Readiness and Emergency Preparedness Act''.

BILL YOUNG,
DAVID HOBSON,
HENRY BONILLA,
R.P. FRELINGHUYSEN,
TODD TIAHRT,
ROGER F. WICKER,
JACK KINGSTON,
KAY GRANGER,
JAMES T. WALSH,
ROBERT B. ADERHOLT,
JERRY LEWIS,
JOHN P. MURTHA,
NORMAN D. DICKS
(Except for Division C as to ANWR),
MARTIN OLAV SABO
(Except for 1% cut in Division B and Division C),
PETER J. VISCLOSKY
(Except for Division C and Division B as to 1% cut and avian flu section),
JAMES P. MORAN
(Except for Division B and Division C as to 1% cut, avian flu section),
MARCY KAPTUR
(Except for ANWR provision and Division B and Division C as to 1% cuts and avian flu),
CHET EDWARDS
(Except for 1% cut),
DAVID R. OBEY
(Except for Division C, Division B as to 1% cut and avian flu),
Managers on the Part of the House.

TED STEVENS,
THAD COCHRAN,
ARLEN SPECTER,
PETE V. DOMENICI,
KIT BOND,
MITCH MCCONNELL,
RICHARD C. SHELBY,
JUDD GREGG,
KAY BAILEY HUTCHISON,
CONRAD BURNS,

DANIEL K. INOUYE,
ROBERT C. BYRD
(Except ANWR and across the board cut and avian flu vaccine liability and compensation provisions),
BYRON L. DORGAN
(Except for ANWR and 1% cut and avian flu vaccine liability and compensation provisions),
DIANNE FEINSTEIN
(Except ANWR and 1% cut and avian flu vaccine liability and compensation provisions),
BARBARA A. MIKULSKI
(Except ANWR and 1% A+B cut and avian flu vaccine liability and compensation provisions),
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 1932, DEFICIT REDUCTION ACT OF 2005

Mr. NUSSLE submitted the following conference report and statement on the Senate bill (S. 1932) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95):

CONFERENCE REPORT (H. REPT. 109–362)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1932), to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95), having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

In lieu of the matter proposed to be inserted by the House amendment, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Deficit Reduction Act of 2005''.

SEC. 2. TABLE OF TITLES.

The table of titles is as follows:

TITLE I—AGRICULTURE PROVISIONS
TITLE II—HOUSING AND DEPOSIT INSURANCE PROVISIONS
TITLE III—DIGITAL TELEVISION TRANSITION AND PUBLIC SAFETY
TITLE IV—TRANSPORTATION PROVISIONS
TITLE V—MEDICARE
TITLE VI—MEDICAID AND SCHIP
TITLE VII—HUMAN RESOURCES AND OTHER PROVISIONS
TITLE VIII—EDUCATION AND PENSION BENEFIT PROVISIONS
TITLE IX—LIHEAP PROVISIONS
TITLE X—JUDICIARY RELATED PROVISIONS

TITLE I—AGRICULTURE PROVISIONS

SECTION 1001. SHORT TITLE.

This title may be cited as the ''Agricultural Reconciliation Act of 2005''.

SEC. 1002. TABLE OF CONTENTS.

The table of contents for this title is as follows:

Subtitle A—Commodity Programs

SEC. 1101. NATIONAL DAIRY MARKET LOSS PAYMENTS.

(a) AMOUNT.—Section 1502(c) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7982(c)) is amended by striking paragraph (3) and inserting the following new paragraph:

''(3)(A) during the period beginning on the first day of the month the producers on a dairy farm enter into a contract under this section and ending on September 30, 2005, 45 percent;

''(B) during the period beginning on October 1, 2005, and ending on August 31, 2007, 34 percent; and

''(C) during the period beginning on September 1, 2007, 0 percent.''.

(b) DURATION.—Section 1502 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7982) is amended by striking ''2005'' each place it appears in subsections (f) and (g)(1) and inserting ''2007''.

(c) CONFORMING AMENDMENTS.—Section 1502 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7982) is amended—

(1) in subsection (g)(1), by striking ''and subsection (h)''; and

(2) by striking subsection (h).

SEC. 1102. ADVANCE DIRECT PAYMENTS.

(a) COVERED COMMODITIES.—Section 1103(d)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7913(d)(2)) is amended in the first sentence by striking ''2007 crop years'' and inserting ''2005 crop years, up to 40 percent of the direct payment for a covered commodity for the 2006 crop year, and up to 22 percent of the direct payment for a covered commodity for the 2007 crop year,''.

(b) PEANUTS.—Section 1303(e)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7953(e)(2)) is amended in the first sentence by striking ''2007 crop years'' and inserting ''2005 crop years, up to 40 percent of the direct payment for the 2006 crop year, and up to 22 percent of the direct payment for the 2007 crop year,''.

SEC. 1103. COTTON COMPETITIVENESS PROVISIONS.

(a) REPEAL OF AUTHORITY TO ISSUE COTTON USER MARKETING CERTIFICATES.—Section 1207 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7937) is amended—

(1) by striking subsection (a); and

(2) in subsection (b)(1)—

(A) in subparagraph (B), by striking '', adjusted for the value of any certificate issued under subsection (a),''; and

(B) in subparagraph (C), by striking '', for the value of any certificates issued under subsection (a)''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on August 1, 2006.

Subtitle B—Conservation

SEC. 1201. WATERSHED REHABILITATION PROGRAM.

The authority to obligate funds previously made available under section 14(h)(1) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(1)) for a fiscal year and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

SEC. 1202. CONSERVATION SECURITY PROGRAM.

(a) EXTENSION.—Section 1238A(a) of the Food Security Act of 1985 (16 U.S.C. 3838a(a)) is amended by striking ''2007'' and inserting ''2011''.

(b) FUNDING.—Section 1241(a)(3) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(3)) is amended by striking ''not more than $6,037,000,000'' and all that follows through ''2014.'' and inserting the following: ''not more than—

''(A) $1,954,000,000 for the period of fiscal years 2006 through 2010; and

''(B) $5,650,000,000 for the period of fiscal years 2006 through 2015.''.

SEC. 1203. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) EXTENSION.—Section 1240B(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is amended by striking ''2007'' and inserting ''2010''.

(b) LIMITATION ON PAYMENTS.—Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended by striking ''the period of fiscal years 2002 through 2007'' and inserting ''any six-year period''.

(c) FUNDING.—Section 1241(a)(6) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(6)) is amended—

(1) by striking ''and'' at the end of subparagraph (D); and

(2) by striking subparagraph (E) and inserting the following new subparagraphs:

''(E) $1,270,000,000 in each of fiscal years 2007 through 2009; and

''(F) $1,300,000,000 in fiscal year 2010.''.

Subtitle C—Energy

SEC. 1301. RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS PROGRAM.

Section 9006(f) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106(f)) is amended by striking ''2007'' and inserting ''2006 and $3,000,000 for fiscal year 2007''.

Subtitle D—Rural Development

SEC. 1401. ENHANCED ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

The authority to obligate funds previously made available under section 601(j)(1) of the Rural Electrification Act of 1936 for a fiscal year and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

SEC. 1402. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

The authority to obligate funds previously made available under section 231(b)(4) of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 7 U.S.C. 1621 note) for a fiscal year and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

SEC. 1403. RURAL BUSINESS INVESTMENT PROGRAM.

(a) TERMINATION OF FISCAL YEAR 2007 AND SUBSEQUENT FUNDING.—Subsection (a)(1) of section 384S of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–18) is amended by inserting after ''necessary'' the following: ''through fiscal year 2006''.

(b) CANCELLATION OF UNOBLIGATED PRIOR-YEAR FUNDS.—The authority to obligate funds previously made available under such section and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

SEC. 1404. RURAL BUSINESS STRATEGIC INVESTMENT GRANTS.

The authority to obligate funds previously made available under section 385E of the Consolidated Farm and Rural Development Act and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

SEC. 1405. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANTS.

(a) TERMINATION OF FISCAL YEAR 2007 FUNDING.—Subsection (c) of section 6405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 2655) is amended by striking ''2007'' and inserting ''2006''.

(b) CANCELLATION OF UNOBLIGATED PRIOR-YEAR FUNDS.—The authority to obligate funds previously made available under such section for a fiscal year and unobligated as of October 1, 2006, is hereby cancelled effective on that date.

Subtitle E—Research

SEC. 1501. INITIATIVE FOR FUTURE FOOD AND AGRICULTURE SYSTEMS.

(a) TERMINATION OF FISCAL YEAR 2007, 2008, AND 2009 TRANSFERS.—Subsection (b)(3)(D) of section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7

U.S.C. 7621) is amended by striking ''2006'' and inserting ''2009''.

(b) TERMINATION OF MULTI-YEAR AVAILABILITY OF FISCAL YEAR 2006 FUNDS.—Paragraph (6) of subsection (f) of such section is amended to read as follows:

''(6) AVAILABILITY OF FUNDS.—

''(A) TWO-YEAR AVAILABILITY.—Except as provided in subparagraph (B), funds for grants under this section shall be available to the Secretary for obligation for a 2-year period beginning on the date of the transfer of the funds under subsection (b).

''(B) EXCEPTION FOR FISCAL YEAR 2006 TRANSFER.—In the case of the funds required to be transferred by subsection (b)(3)(C), the funds shall be available to the Secretary for obligation for the 1-year period beginning on October 1, 2005.''.

TITLE II—HOUSING AND DEPOSIT INSURANCE PROVISIONS

Subtitle A—FHA Asset Disposition

SEC. 2002. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) The term ''affordability requirements'' means any requirements or restrictions imposed by the Secretary, at the time of sale, on a multifamily real property or a multifamily loan, such as use restrictions, rent restrictions, and rehabilitation requirements.

(2) The term ''discount sale'' means the sale of a multifamily real property in a transaction, such as a negotiated sale, in which the sale price is lower than the property market value and is set outside of a competitive bidding process that has no affordability requirements.

(3) The term ''discount loan sale'' means the sale of a multifamily loan in a transaction, such as a negotiated sale, in which the sale price is lower than the loan market value and is set outside of a competitive bidding process that has no affordability requirements.

(4) The term ''loan market value'' means the value of a multifamily loan, without taking into account any affordability requirements.

(5) The term ''multifamily real property'' means any rental or cooperative housing project of 5 or more units owned by the Secretary that prior to acquisition by the Secretary was security for a loan or loans insured under title II of the National Housing Act.

(6) The term ''multifamily loan'' means a loan held by the Secretary and secured by a multifamily rental or cooperative housing project of 5 or more units that was formerly insured under title II of the National Housing Act.

(7) The term ''property market value'' means the value of a multifamily real property for its current use, without taking into account any affordability requirements.

(8) The term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 2003. APPROPRIATED FUNDS REQUIREMENT FOR BELOW-MARKET SALES.

(a) DISCOUNT SALES.—Notwithstanding any other provision of law, except for affordability requirements for the elderly and disabled required by statute, disposition by the Secretary of a multifamily real property during fiscal years 2006 through 2010 through a discount sale under sections 207(l) or 246 of the National Housing Act (12 U.S.C. 1713(l), 1715z–11), section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11), or section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a), shall be subject to the availability of appropriations to the extent that the property market value exceeds the sale proceeds. If the multifamily real property is sold, during such fiscal years, for an amount equal to or greater than the property market value then the transaction is not subject to the availability of appropriations.

(b) DISCOUNT LOAN SALES.—Notwithstanding any other provision of law and in accordance with the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), a discount loan sale during fiscal years 2006 through 2010 under section 207(k) of the National Housing Act (12 U.S.C. 1713(k)), section 203(k) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(k)), or section 204(a) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a(a)), shall be subject to the availability of appropriations to the extent that the loan market alue exceeds the sale proceeds. If the multifamily loan is sold, during such fiscal years, for an amount equal to or greater than the loan market value then the transaction is not subject to the availability of appropriations.

(c) APPLICABILITY.—This section shall not apply to any transaction that formally commences within one year prior to the enactment of this section.

SEC. 2004. UP-FRONT GRANTS.

(a) 1997 Act.—Section 204(a) of the Departments of Veterans Affairs and Housing And Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a(a))) is amended by adding at the end the following new sentence: ''A grant provided under this subsection during fiscal years 2006 through 2010 shall be available only to the extent that appropriations are made in advance for such purposes and shall not be derived from the General Insurance Fund.''.

(b) 1978 Act.—Section 203(f)(4) of the Housing and Community Development Amendments of 1978 (12 USC 1701z–11(f)(4)) is amended by adding at the end the following new sentence: ''This paragraph shall be effective during fiscal years 2006 through 2010 only to the extent that such budget authority is made available for use under this paragraph in advance in appropriation Acts.''.

(c) APPLICABILITY.—The amendments made by this section shall not apply to any transaction that formally commences within one year prior to the enactment of this section.

Subtitle B—Deposit Insurance

SEC. 2101. SHORT TITLE.

This subtitle may be cited as the ''Federal Deposit Insurance Reform Act of 2005''.

SEC. 2102. MERGING THE BIF AND SAIF.

(a) IN GENERAL.—

(1) MERGER.—The Bank Insurance Fund and the Savings Association Insurance Fund shall be merged into the Deposit Insurance Fund.

(2) DISPOSITION OF ASSETS AND LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance Fund.

(3) NO SEPARATE EXISTENCE.—The separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease on the effective date of the merger thereof under this section.

(b) REPEAL OF OUTDATED MERGER PROVISION.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is repealed.

(c) EFFECTIVE DATE.—This section shall take effect no later than the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

SEC. 2103. INCREASE IN DEPOSIT INSURANCE COVERAGE.

(a) IN GENERAL.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) by striking subparagraph (B) and inserting the following new subparagraph:

''(B) NET AMOUNT OF INSURED DEPOSIT.—The net amount due to any depositor at an insured depository institution shall not exceed the standard maximum deposit insurance amount as determined in accordance with subparagraphs (C), (D), (E) and (F) and paragraph (3).''; and

(2) by adding at the end the following new subparagraphs:

''(E) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term 'standard maximum deposit insurance amount' means $100,000, adjusted as provided under subparagraph (F) after March 31, 2010.

''(F) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—By April 1 of 2010, and the 1st day of each subsequent 5-year period, the Board of Directors and the National Credit Union Administration Board shall jointly consider the factors set forth under clause (v), and, upon determining that an inflation adjustment is appropriate, shall jointly prescribe the amount by which the standard maximum deposit insurance amount and the standard maximum share insurance amount (as defined in section 207(k) of the Federal Credit Union Act) applicable to any depositor at an insured depository institution shall be increased by calculating the product of—

''(I) $100,000; and

''(II) the ratio of the published annual value of the Personal Consumption Expenditures Chain-Type Price Index (or any successor index thereto), published by the Department of Commerce, for the calendar year preceding the year in which the adjustment is calculated under this clause, to the published annual value of such index for the calendar year preceding the date this subparagraph takes effect under the Federal Deposit Insurance Reform Act of 2005.

The values used in the calculation under subclause (II) shall be, as of the date of the calculation, the values most recently published by the Department of Commerce.

''(ii) ROUNDING.—If the amount determined under clause (ii) for any period is not a multiple of $10,000, the amount so determined shall be rounded down to the nearest $10,000.

''(iii) PUBLICATION AND REPORT TO THE CONGRESS.—Not later than April 5 of any calendar year in which an adjustment is required to be calculated under clause (i) to the standard maximum deposit insurance amount and the standard maximum share insurance amount under such clause, the Board of Directors and the National Credit Union Administration Board shall—

''(I) publish in the Federal Register the standard maximum deposit insurance amount, the standard maximum share insurance amount, and the amount of coverage under paragraph (3)(A) and section 207(k)(3) of the Federal Credit Union Act, as so calculated; and

''(II) jointly submit a report to the Congress containing the amounts described in subclause (I).

''(iv) 6-MONTH IMPLEMENTATION PERIOD.—Unless an Act of Congress enacted before July 1 of the calendar year in which an adjustment is required to be calculated under clause (i) provides otherwise, the increase in the standard maximum deposit insurance amount and the standard maximum share insurance amount shall take effect on January 1 of the year immediately succeeding such calendar year.

''(v) INFLATION ADJUSTMENT CONSIDERATION.—In making any determination under clause (i) to increase the standard maximum deposit insurance amount and the standard maximum share insurance amount, the Board of Directors and the National Credit Union Administration Board shall jointly consider—

''(I) the overall state of the Deposit Insurance Fund and the economic conditions affecting insured depository institutions;

''(II) potential problems affecting insured depository institutions; or

''(III) whether the increase will cause the reserve ratio of the fund to fall below 1.15 percent of estimated insured deposits.''.

(b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amended to read as follows:

''(D) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—

''(i) PASS-THROUGH INSURANCE.—The Corporation shall provide pass-through deposit insurance for the deposits of any employee benefit plan.

''(ii) PROHIBITION ON ACCEPTANCE OF BENEFIT PLAN DEPOSITS.—An insured depository institution that is not well capitalized or adequately capitalized may not accept employee benefit plan deposits.

''(iii) DEFINITIONS.—For purposes of this subparagraph, the following definitions shall apply:

''(I) CAPITAL STANDARDS.—The terms 'well capitalized' and 'adequately capitalized' have the same meanings as in section 38.

''(II) EMPLOYEE BENEFIT PLAN.—The term 'employee benefit plan' has the same meaning as in paragraph (5)(B)(ii), and includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

''(III) PASS-THROUGH DEPOSIT INSURANCE.—The term 'pass-through deposit insurance' means, with respect to an employee benefit plan, deposit insurance coverage based on the interest of each participant, in accordance with regulations issued by the Corporation.''.

(c) INCREASED AMOUNT OF DEPOSIT INSURANCE FOR CERTAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is amended by striking ''$100,000'' and inserting ''$250,000 (which amount shall be subject to inflation adjustments as provided in paragraph (1)(F), except that $250,000 shall be substituted for $100,000 wherever such term appears in such paragraph)''.

(h) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date the final regulations required under section 9(a)(2) take effect.

SEC. 2104. SETTING ASSESSMENTS AND REPEAL OF SPECIAL RULES RELATING TO MINIMUM ASSESSMENTS AND FREE DEPOSIT INSURANCE.

(a) SETTING ASSESSMENTS.—Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended—

(1) by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

''(A) IN GENERAL.—The Board of Directors shall set assessments for insured depository institutions in such amounts as the Board of Directors may determine to be necessary or appropriate, subject to subparagraph (D).

''(B) FACTORS TO BE CONSIDERED.—In setting assessments under subparagraph (A), the Board of Directors shall consider the following factors:

''(i) The estimated operating expenses of the Deposit Insurance Fund.

''(ii) The estimated case resolution expenses and income of the Deposit Insurance Fund.

''(iii) The projected effects of the payment of assessments on the capital and earnings of insured depository institutions.

''(iv) The risk factors and other factors taken into account pursuant to paragraph (1) under the risk-based assessment system, including the requirement under such paragraph to maintain a risk-based system.

''(v) Any other factors the Board of Directors may determine to be appropriate.''; and

(2) by inserting after subparagraph (C) the following new subparagraph:

''(D) NO DISCRIMINATION BASED ON SIZE.—No insured depository institution shall be barred from the lowest-risk category solely because of size.''.

(b) ASSESSMENT RECORDKEEPING PERIOD SHORTENED.—Paragraph (5) of section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended to read as follows:

''(5) DEPOSITORY INSTITUTION REQUIRED TO MAINTAIN ASSESSMENT-RELATED RECORDS.—Each insured depository institution shall maintain all records that the Corporation may require for verifying the correctness of any assessment on the insured depository institution under this subsection until the later of—

''(A) the end of the 3-year period beginning on the due date of the assessment; or

''(B) in the case of a dispute between the insured depository institution and the Corporation with respect to such assessment, the date of a final determination of any such dispute.''.

(c) INCREASE IN FEES FOR LATE ASSESSMENT PAYMENTS.—Subsection (h) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(h)) is amended to read as follows:

''(h) PENALTY FOR FAILURE TO TIMELY PAY ASSESSMENTS.—

''(1) IN GENERAL.—Subject to paragraph (3), any insured depository institution which fails or refuses to pay any assessment shall be subject to a penalty in an amount of not more than 1 percent of the amount of the assessment due for each day that such violation continues.

''(2) EXCEPTION IN CASE OF DISPUTE.—Paragraph (1) shall not apply if—

''(A) the failure to pay an assessment is due to a dispute between the insured depository institution and the Corporation over the amount of such assessment; and

''(B) the insured depository institution deposits security satisfactory to the Corporation for payment upon final determination of the issue.

''(3) SPECIAL RULE FOR SMALL ASSESSMENT AMOUNTS.—If the amount of the assessment which an insured depository institution fails or refuses to pay is less than $10,000 at the time of such failure or refusal, the amount of any penalty to which such institution is subject under paragraph (1) shall not exceed $100 for each day that such violation continues.

''(4) AUTHORITY TO MODIFY OR REMIT PENALTY.—The Corporation, in the sole discretion of the Corporation, may compromise, modify or remit any penalty which the Corporation may assess or has already assessed under paragraph (1) upon a finding that good cause prevented the timely payment of an assessment.''.

(e) STATUTE OF LIMITATIONS FOR ASSESSMENT ACTIONS.—Subsection (g) of section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817(g)) is amended to read as follows:

''(g) ASSESSMENT ACTIONS.—

''(1) IN GENERAL.—The Corporation, in any court of competent jurisdiction, shall be entitled to recover from any insured depository institution the amount of any unpaid assessment lawfully payable by such insured depository institution.

''(2) STATUTE OF LIMITATIONS.—The following provisions shall apply to actions relating to assessments, notwithstanding any other provision in Federal law, or the law of any State:

''(A) Any action by an insured depository institution to recover from the Corporation the overpaid amount of any assessment shall be brought within 3 years after the date the assessment payment was due, subject to the exception in subparagraph (E).

''(B) Any action by the Corporation to recover from an insured depository institution the underpaid amount of any assessment shall be brought within 3 years after the date the assessment payment was due, subject to the exceptions in subparagraphs (C) and (E).

''(C) If an insured depository institution has made a false or fraudulent statement with intent to evade any or all of its assessment, the Corporation shall have until 3 years after the date of discovery of the false or fraudulent statement in which to bring an action to recover the underpaid amount.

''(D) Except as provided in subparagraph (C), assessment deposit information contained in records no longer required to be maintained pursuant to subsection (b)(4) shall be considered conclusive and not subject to change.

''(E) Any action for the underpaid or overpaid amount of any assessment that became due before the amendment to this subsection under the Federal Deposit Insurance Reform Act of 2005 took effect shall be subject to the statute of limitations for assessments in effect at the time the assessment became due.''.

(f) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(5) take effect.

SEC. 2105. REPLACEMENT OF FIXED DESIGNATED RESERVE RATIO WITH RESERVE RANGE.

(a) IN GENERAL.—Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended to read as follows:

''(3) DESIGNATED RESERVE RATIO.—

''(A) ESTABLISHMENT.—

''(i) IN GENERAL.—Before the beginning of each calendar year, the Board of Directors shall designate the reserve ratio applicable with respect to the Deposit Insurance Fund and publish the reserve ratio so designated.

''(ii) RULEMAKING REQUIREMENT.—Any change to the designated reserve ratio shall be made by the Board of Directors by regulation after notice and opportunity for comment.

''(B) RANGE.—The reserve ratio designated by the Board of Directors for any year—

''(i) may not exceed 1.5 percent of estimated insured deposits; and

''(ii) may not be less than 1.15 percent of estimated insured deposits.

''(C) FACTORS.—In designating a reserve ratio for any year, the Board of Directors shall—

''(i) take into account the risk of losses to the Deposit Insurance Fund in such year and future years, including historic experience and potential and estimated losses from insured depository institutions;

''(ii) take into account economic conditions generally affecting insured depository institutions so as to allow the designated reserve ratio to increase during more favorable economic conditions and to decrease during less favorable economic conditions, notwithstanding the increased risks of loss that may exist during such less favorable conditions, as determined to be appropriate by the Board of Directors;

''(iii) seek to prevent sharp swings in the assessment rates for insured depository institutions; and

''(iv) take into account such other factors as the Board of Directors may determine to be appropriate, consistent with the requirements of this subparagraph.

''(D) PUBLICATION OF PROPOSED CHANGE IN RATIO.—In soliciting comment on any proposed change in the designated reserve ratio in accordance with subparagraph (A), the Board of Directors shall include in the published proposal a thorough analysis of the data and projections on which the proposal is based.''.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(1) take effect.

SEC. 2106. REQUIREMENTS APPLICABLE TO THE RISK-BASED ASSESSMENT SYSTEM.

Section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) is amended by adding at the end the following new subparagraphs:

''(E) INFORMATION CONCERNING RISK OF LOSS AND ECONOMIC CONDITIONS.—

''(i) SOURCES OF INFORMATION.—For purposes of determining risk of losses at insured depository institutions and economic conditions generally affecting depository institutions, the Corporation shall collect information, as appropriate, from all sources the Board of Directors considers appropriate, such as reports of condition, inspection reports, and other information from all Federal banking agencies, any information available from State bank supervisors, State insurance and securities regulators, the Securities and Exchange Commission (including information described in section 35), the Secretary of the Treasury, the Commodity Futures Trading Commission, the Farm Credit Administration, the Federal Trade Commission, any Federal reserve bank or Federal home loan bank, and other regulators of financial institutions, and

any information available from credit rating entities, and other private economic or business analysts.

''(ii) CONSULTATION WITH FEDERAL BANKING AGENCIES.—

''(I) IN GENERAL.—Except as provided in subclause (II), in assessing the risk of loss to the Deposit Insurance Fund with respect to any insured depository institution, the Corporation shall consult with the appropriate Federal banking agency of such institution.

''(II) TREATMENT ON AGGREGATE BASIS.—In the case of insured depository institutions that are well capitalized (as defined in section 38) and, in the most recent examination, were found to be well managed, the consultation under subclause (I) concerning the assessment of the risk of loss posed by such institutions may be made on an aggregate basis.

''(iii) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as providing any new authority for the Corporation to require submission of information by insured depository institutions to the Corporation.

''(F) MODIFICATIONS TO THE RISK-BASED ASSESSMENT SYSTEM ALLOWED ONLY AFTER NOTICE AND COMMENT.—In revising or modifying the risk-based assessment system at any time after the date of the enactment of the Federal Deposit Insurance Reform Act of 2005, the Board of Directors may implement such revisions or modification in final form only after notice and opportunity for comment.''.

SEC. 2107. REFUNDS, DIVIDENDS, AND CREDITS FROM DEPOSIT INSURANCE FUND.

(a) IN GENERAL.—Subsection (e) of section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is amended to read as follows:

''(e) REFUNDS, DIVIDENDS, AND CREDITS.—

''(1) REFUNDS OF OVERPAYMENTS.—In the case of any payment of an assessment by an insured depository institution in excess of the amount due to the Corporation, the Corporation may—

''(A) refund the amount of the excess payment to the insured depository institution; or

''(B) credit such excess amount toward the payment of subsequent assessments until such credit is exhausted.

''(2) DIVIDENDS FROM EXCESS AMOUNTS IN DEPOSIT INSURANCE FUND.—

''(A) RESERVE RATIO IN EXCESS OF 1.5 PERCENT OF ESTIMATED INSURED DEPOSITS.—If, at the end of a calendar year, the reserve ratio of the Deposit Insurance Fund exceeds 1.5 percent of estimated insured deposits, the Corporation shall declare the amount in the Fund in excess of the amount required to maintain the reserve ratio at 1.5 percent of estimated insured deposits, as dividends to be paid to insured depository institutions.

''(B) RESERVE RATIO EQUAL TO OR IN EXCESS OF 1.35 PERCENT OF ESTIMATED INSURED DEPOSITS AND NOT MORE THAN 1.5 PERCENT.—If, at the end of a calendar year, the reserve ratio of the Deposit Insurance Fund equals or exceeds 1.35 percent of estimated insured deposits and is not more than 1.5 percent of such deposits, the Corporation shall declare the amount in the Fund that is equal to 50 percent of the amount in excess of the amount required to maintain the reserve ratio at 1.35 percent of the estimated insured deposits as dividends to be paid to insured depository institutions.

''(C) BASIS FOR DISTRIBUTION OF DIVIDENDS.—

''(i) IN GENERAL.—Solely for the purposes of dividend distribution under this paragraph, the Corporation shall determine each insured depository institution's relative contribution to the Deposit Insurance Fund (or any predecessor deposit insurance fund) for calculating such institution's share of any dividend declared under this paragraph, taking into account the factors described in clause (ii).

''(ii) FACTORS FOR DISTRIBUTION.—In implementing this paragraph in accordance with regulations, the Corporation shall take into account the following factors:

''(I) The ratio of the assessment base of an insured depository institution (including any predecessor) on December 31, 1996, to the assessment base of all eligible insured depository institutions on that date.

''(II) The total amount of assessments paid on or after January 1, 1997, by an insured depository institution (including any predecessor) to the Deposit Insurance Fund (and any predecessor deposit insurance fund).

''(III) That portion of assessments paid by an insured depository institution (including any predecessor) that reflects higher levels of risk assumed by such institution.

''(IV) Such other factors as the Corporation may determine to be appropriate.

''(D) NOTICE AND OPPORTUNITY FOR COMMENT.—The Corporation shall prescribe by regulation, after notice and opportunity for comment, the method for the calculation, declaration, and payment of dividends under this paragraph.

''(E) LIMITATION.—The Board of Directors may suspend or limit dividends paid under subparagraph (B), if the Board determines in writing that—

''(i) a significant risk of losses to the Deposit Insurance Fund exists over the next 1-year period; and

''(ii) it is likely that such losses will be sufficiently high as to justify a finding by the Board that the reserve ratio should temporarily be allowed—

''(I) to grow without requiring dividends under subparagraph (B); or

''(II) to exceed the maximum amount established under subsection (b)(3)(B)(i).

''(F) CONSIDERATIONS.—In making a determination under subparagraph (E), the Board shall consider—

''(i) national and regional conditions and their impact on insured depository institutions;

''(ii) potential problems affecting insured depository institutions or a specific group or type of depository institution;

''(iii) the degree to which the contingent liability of the Corporation for anticipated failures of insured institutions adequately addresses concerns over funding levels in the Deposit Insurance Fund; and

''(iv) any other factors that the Board determines are appropriate.

''(H) REVIEW OF DETERMINATION.—

''(i) ANNUAL REVIEW.—A determination to suspend or limit dividends under subparagraph (E) shall be reviewed by the Board of Directors annually.

''(ii) ACTION BY BOARD.—Based on each annual review under clause (i), the Board of Directors shall either renew or remove a determination to suspend or limit dividends under subparagraph (E), or shall make a new determination in accordance with this paragraph. Unless justified under the terms of the renewal or new determination, the Corporation shall be required to provide cash dividends under subparagraph (A) or (B), as appropriate.

''(3) ONE-TIME CREDIT BASED ON TOTAL ASSESSMENT BASE AT YEAR-END 1996.—

''(A) IN GENERAL.—Before the end of the 270-day period beginning on the date of the enactment of the Federal Deposit Insurance Reform Act of 2005, the Board of Directors shall, by regulation after notice and opportunity for comment, provide for a credit to each eligible insured depository institution (or a successor insured depository institution), based on the assessment base of the institution on December 31, 1996, as compared to the combined aggregate assessment base of all eligible insured depository institutions, taking into account such factors as the Board of Directors may determine to be appropriate.

''(B) CREDIT LIMIT.—The aggregate amount of credits available under subparagraph (A) to all eligible insured depository institutions shall equal the amount that the Corporation could collect if the Corporation imposed an assessment of 10.5 basis points on the combined assessment base of the Bank Insurance Fund and the Savings Association Insurance Fund as of December 31, 2001.

''(C) ELIGIBLE INSURED DEPOSITORY INSTITUTION DEFINED.—For purposes of this paragraph, the term 'eligible insured depository institution' means any insured depository institution that—

''(i) was in existence on December 31, 1996, and paid a deposit insurance assessment prior to that date; or

''(ii) is a successor to any insured depository institution described in clause (i).

''(D) APPLICATION OF CREDITS.—

''(i) IN GENERAL.—Subject to clause (ii), the amount of a credit to any eligible insured depository institution under this paragraph shall be applied by the Corporation, subject to subsection (b)(3)(E), to the assessments imposed on such institution under subsection (b) that become due for assessment periods beginning after the effective date of regulations prescribed under subparagraph (A).

''(ii) TEMPORARY RESTRICTION ON USE OF CREDITS.—The amount of a credit to any eligible insured depository institution under this paragraph may not be applied to more than 90 percent of the assessments imposed on such institution under subsection (b) that become due for assessment periods beginning in fiscal years 2008, 2009, and 2010.

''(iii) REGULATIONS.—The regulations prescribed under subparagraph (A) shall establish the qualifications and procedures governing the application of assessment credits pursuant to clause (i).

''(E) LIMITATION ON AMOUNT OF CREDIT FOR CERTAIN DEPOSITORY INSTITUTIONS.—In the case of an insured depository institution that exhibits financial, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory, or is not adequately capitalized (as defined in section 38) at the beginning of an assessment period, the amount of any credit allowed under this paragraph against the assessment on that depository institution for such period may not exceed the amount calculated by applying to that depository institution the average assessment rate on all insured depository institutions for such assessment period.

''(F) SUCCESSOR DEFINED.—The Corporation shall define the term 'successor' for purposes of this paragraph, by regulation, and may consider any factors as the Board may deem appropriate.

''(4) ADMINISTRATIVE REVIEW.—

''(A) IN GENERAL.—The regulations prescribed under paragraphs (2)(D) and (3) shall include provisions allowing an insured depository institution a reasonable opportunity to challenge administratively the amount of the credit or dividend determined under paragraph (2) or (3) for such institution.

''(B) ADMINISTRATIVE REVIEW.—Any review under subparagraph (A) of any determination of the Corporation under paragraph (2) or (3) shall be final and not subject to judicial review.''.

(b) DEFINITION OF RESERVE RATIO.—Section 3(y) of the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) (as amended by section 2105(b) of this subtitle) is amended by adding at the end the following new paragraph:

''(3) RESERVE RATIO.—The term 'reserve ratio', when used with regard to the Deposit Insurance Fund other than in connection with a reference to the designated reserve ratio, means the ratio of the net worth of the Deposit Insurance Fund to the value of the aggregate estimated insured deposits.''.

SEC. 2108. DEPOSIT INSURANCE FUND RESTORATION PLANS.

Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) (as amended by section 2105(a) of this subtitle) is amended by adding at the end the following new subparagraph:

''(E) DIF RESTORATION PLANS.—

''(i) IN GENERAL.—Whenever—

''(I) the Corporation projects that the reserve ratio of the Deposit Insurance Fund will, within 6 months of such determination, fall below the

minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio; or

''(II) the reserve ratio of the Deposit Insurance Fund actually falls below the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio without any determination under subclause (I) having been made,

the Corporation shall establish and implement a Deposit Insurance Fund restoration plan within 90 days that meets the requirements of clause (ii) and such other conditions as the Corporation determines to be appropriate.

''(ii) REQUIREMENTS OF RESTORATION PLAN.—A Deposit Insurance Fund restoration plan meets the requirements of this clause if the plan provides that the reserve ratio of the Fund will meet or exceed the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio before the end of the 5-year period beginning upon the implementation of the plan (or such longer period as the Corporation may determine to be necessary due to extraordinary circumstances).

''(iii) RESTRICTION ON ASSESSMENT CREDITS.—As part of any restoration plan under this subparagraph, the Corporation may elect to restrict the application of assessment credits provided under subsection (e)(3) for any period that the plan is in effect.

''(iv) LIMITATION ON RESTRICTION.—Notwithstanding clause (iii), while any restoration plan under this subparagraph is in effect, the Corporation shall apply credits provided to an insured depository institution under subsection (e)(3) against any assessment imposed on the institution for any assessment period in an amount equal to the lesser of—

''(I) the amount of the assessment; or

''(II) the amount equal to 3 basis points of the institution's assessment base.

''(v) TRANSPARENCY.—Not more than 30 days after the Corporation establishes and implements a restoration plan under clause (i), the Corporation shall publish in the Federal Register a detailed analysis of the factors considered and the basis for the actions taken with regard to the plan.''.

SEC. 2109. REGULATIONS REQUIRED.

(a) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall prescribe final regulations, after notice and opportunity for comment—

(1) designating the reserve ratio for the Deposit Insurance Fund in accordance with section 7(b)(3) of the Federal Deposit Insurance Act (as amended by section 2105 of this subtitle);

(2) implementing increases in deposit insurance coverage in accordance with the amendments made by section 2103 of this subtitle;

(3) implementing the dividend requirement under section 7(e)(2) of the Federal Deposit Insurance Act (as amended by section 2107 of this subtitle);

(4) implementing the 1-time assessment credit to certain insured depository institutions in accordance with section 7(e)(3) of the Federal Deposit Insurance Act, as amended by section 2107 of this subtitle, including the qualifications and procedures under which the Corporation would apply assessment credits; and

(5) providing for assessments under section 7(b) of the Federal Deposit Insurance Act, as amended by this subtitle.

(b) TRANSITION PROVISIONS.—

(1) CONTINUATION OF EXISTING ASSESSMENT REGULATIONS.—No provision of this subtitle or any amendment made by this subtitle shall be construed as affecting the authority of the Corporation to set or collect deposit insurance assessments pursuant to any regulations in effect before the effective date of the final regulations prescribed under subsection (a).

(2) TREATMENT OF DIF MEMBERS UNDER EXISTING REGULATIONS.—As of the date of the merger of the Bank Insurance Fund and the Savings Association Insurance Fund pursuant to section 2102, the assessment regulations in effect immediately before the date of the enactment of this Act shall continue to apply to all members of the Deposit Insurance Fund, until such regulations are modified by the Corporation, notwithstanding that such regulations may refer to ''Bank Insurance Fund members'' or ''Savings Association Insurance Fund members''.

TITLE III—DIGITAL TELEVISION TRANSITION AND PUBLIC SAFETY

SEC. 3001. SHORT TITLE; DEFINITION.

(a) SHORT TITLE.—This title may be cited as the ''Digital Television Transition and Public Safety Act of 2005''.

(b) DEFINITION.—As used in this Act, the term ''Assistant Secretary'' means the Assistant Secretary for Communications and Information of the Department of Commerce.

SEC. 3002. ANALOG SPECTRUM RECOVERY: FIRM DEADLINE.

(a) AMENDMENTS.—Section 309(j)(14) of the Communications Act of 1934 (47 U.S.C. 309(j)(14)) is amended—

(1) in subparagraph (A)—

(A) by inserting ''full-power'' before ''television broadcast license''; and

(B) by striking ''December 31, 2006'' and inserting ''February 17, 2009'';

(2) by striking subparagraph (B);

(3) in subparagraph (C)(i)(I), by striking ''or (B)'';

(4) in subparagraph (D), by striking ''subparagraph (C)(i)'' and inserting ''subparagraph (B)(i)''; and

(5) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(b) TERMINATIONS OF ANALOG LICENSES AND BROADCASTING.—The Federal Communications Commission shall take such actions as are necessary—

(1) to terminate all licenses for full-power television stations in the analog television service, and to require the cessation of broadcasting by full-power stations in the analog television service, by February 18, 2009; and

(2) to require by February 18, 2009, that all broadcasting by Class A stations, whether in the analog television service or digital television service, and all broadcasting by full-power stations in the digital television service, occur only on channels between channels 2 and 36, inclusive, or 38 and 51, inclusive (between frequencies 54 and 698 megahertz, inclusive).

(c) CONFORMING AMENDMENTS.—

(1) Section 337(e) of the Communications Act of 1934 (47 U.S.C. 337(e)) is amended—

(A) in paragraph (1)—

(i) by striking ''CHANNELS 60 TO 69'' and inserting ''CHANNELS 52 TO 69'';

(ii) by striking ''person who'' and inserting ''full-power television station licensee that'';

(iii) by striking ''746 and 806 megahertz'' and inserting ''698 and 806 megahertz''; and

(iv) by striking ''the date on which the digital television service transition period terminates, as determined by the Commission'' and inserting ''February 17, 2009'';

(B) in paragraph (2), by striking ''746 megahertz'' and inserting ''698 megahertz''; and

SEC. 3003. AUCTION OF RECOVERED SPECTRUM.

(a) DEADLINE FOR AUCTION.—Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) is amended—

(1) by redesignating the second paragraph (15) of such section (as added by section 203(b) of the Commercial Spectrum Enhancement Act (P.L. 108–494; 118 Stat. 3993)), as paragraph (16) of such section; and

(2) in the first paragraph (15) of such section (as added by section 3(a) of the Auction Reform Act of 2002 (P.L. 107–195; 116 Stat. 716)), by adding at the end of subparagraph (C) the following new clauses:

''(v) ADDITIONAL DEADLINES FOR RECOVERED ANALOG SPECTRUM.—Notwithstanding subparagraph (B), the Commission shall conduct the auction of the licenses for recovered analog spectrum by commencing the bidding not later than January 28, 2008, and shall deposit the proceeds of such auction in accordance with paragraph (8)(E)(ii) not later than June 30, 2008.

''(vi) RECOVERED ANALOG SPECTRUM.—For purposes of clause (v), the term 'recovered analog spectrum' means the spectrum between channels 52 and 69, inclusive (between frequencies 698 and 806 megahertz, inclusive) reclaimed from analog television service broadcasting under paragraph (14), other than—

''(I) the spectrum required by section 337 to be made available for public safety services; and

''(II) the spectrum auctioned prior to the date of enactment of the Digital Television Transition and Public Safety Act of 2005.''.

(b) EXTENSION OF AUCTION AUTHORITY.—Section 309(j)(11) of such Act (47 U.S.C. 309(j)(11)) is amended by striking ''2007'' and inserting ''2011''.

SEC. 3004. RESERVATION OF AUCTION PROCEEDS.

Section 309(j)(8) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)) is amended—

(1) in subparagraph (A), by striking ''subparagraph (B) or subparagraph (D)'' and inserting ''subparagraphs (B), (D), and (E)'';

(2) in subparagraph (C)(i), by inserting before the semicolon at the end the following: '', except as otherwise provided in subparagraph (E)(ii)''; and

(3) by adding at the end the following new subparagraph:

''(E) TRANSFER OF RECEIPTS.—

''(i) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a fund to be known as the Digital Television Transition and Public Safety Fund.

''(ii) PROCEEDS FOR FUNDS.—Notwithstanding subparagraph (A), the proceeds (including deposits and upfront payments from successful bidders) from the use of a competitive bidding system under this subsection with respect to recovered analog spectrum shall be deposited in the Digital Television Transition and Public Safety Fund.

''(iii) TRANSFER OF AMOUNT TO TREASURY.—On September 30, 2009, the Secretary shall transfer $7,363,000,000 from the Digital Television Transition and Public Safety Fund to the general fund of the Treasury.

''(iv) RECOVERED ANALOG SPECTRUM.—For purposes of clause (i), the term 'recovered analog spectrum' has the meaning provided in paragraph (15)(C)(vi).''.

SEC. 3005. DIGITAL-TO-ANALOG CONVERTER BOX PROGRAM.

(a) CREATION OF PROGRAM.—The Assistant Secretary shall—

(1) implement and administer a program through which households in the United States may obtain coupons that can be applied toward the purchase of digital-to-analog converter boxes; and

(2) make payments of not to exceed $990,000,000, in the aggregate, through fiscal year 2009 to carry out that program from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E).

(b) CREDIT.—The Assistant Secretary may borrow from the Treasury beginning on October 1, 2006 such sums as may be necessary, but not to exceed $1,500,000,000, to implement this section. The Assistant Secretary shall reimburse the Treasury, without interest, as funds are deposited into the Digital Television Transition and Public Safety Fund.

(c) PROGRAM SPECIFICATIONS.—

(1) LIMITATIONS.—

(A) TWO-PER-HOUSEHOLD MAXIMUM.—A household may obtain coupons by making a request as required by the regulations under this section between January 1, 2008, and March 31, 2009, inclusive. The Assistant Secretary shall ensure that each requesting household receives,

via the United States Postal Service, no more than two coupons.

(B) NO COMBINATIONS OF COUPONS.—Two coupons may not be used in combination toward the purchase of a single digital-to-analog converter box.

(C) DURATION.—All coupons shall expire 3 months after issuance.

(2) DISTRIBUTION OF COUPONS.—The Assistant Secretary shall expend not more than $100,000,000 on administrative expenses and shall ensure that the sum of—

(A) all administrative expenses for the program, including not more than $5,000,000 for consumer education concerning the digital television transition and the availability of the digital-to-analog converter box program; and

(B) the total maximum value of all the coupons redeemed, and issued but not expired, does not exceed $990,000,000.

(3) USE OF ADDITIONAL AMOUNT.—If the Assistant Secretary transmits to the Committee on Energy and Commerce of the House of Representatives and Committee on Commerce, Science, and Transportation of the Senate a statement certifying that the sum permitted to be expended under paragraph (2) will be insufficient to fulfill the requests for coupons from eligible households—

(A) paragraph (2) shall be applied—

(i) by substituting ''$160,000,000'' for ''$100,000,000''; and

(ii) by substituting ''$1,500,000,000'' for ''$990,000,000'';

(B) subsection (a)(2) shall be applied by substituting ''$1,500,000,000'' for ''$990,000,000''; and

(C) the additional amount permitted to be expended shall be available 60 days after the Assistant Secretary sends such statement.

(4) COUPON VALUE.—The value of each coupon shall be $40.

(e) DEFINITION OF DIGITAL-TO-ANALOG CONVERTER BOX.—For purposes of this section, the term ''digital-to-analog converter box'' means a stand-alone device that does not contain features or functions except those necessary to enable a consumer to convert any channel broadcast in the digital television service into a format that the consumer can display on television receivers designed to receive and display signals only in the analog television service, but may also include a remote control device.

SEC. 3006. PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS.

(a) CREATION OF PROGRAM.—The Assistant Secretary, in consultation with the Secretary of the Department of Homeland Security—

(1) may take such administrative action as is necessary to establish and implement a grant program to assist public safety agencies in the acquisition of, deployment of, or training for the use of interoperable communications systems that utilize, or enable interoperability with communications systems that can utilize, reallocated public safety spectrum for radio communication; and

(2) shall make payments of not to exceed $1,000,000,000, in the aggregate, through fiscal year 2010 to carry out that program from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E).

(b) CREDIT.—The Assistant Secretary may borrow from the Treasury beginnong on October 1, 2006 such sums as may be necessary, but not to exceed $1,000,000,000, to implement this section. The Assistant Secretary shall reimburse the Treasury, without interest, as funds are deposited into the Digital Television Transition and Public Safety Fund.

(c) CONDITION OF GRANTS.—In order to obtain a grant under the grant program, a public safety agency shall agree to provide, from non-Federal sources, not less than 20 percent of the costs of acquiring and deploying the interoperable communications systems funded under the grant program.

(d) DEFINITIONS.—For purposes of this section:

(1) PUBLIC SAFETY AGENCY.—The term ''public safety agency'' means any State, local, or tribal government entity, or nongovernmental organization authorized by such entity, whose sole or principal purpose is to protect the safety of life, health, or property.

(2) INTEROPERABLE COMMUNICATIONS SYSTEMS.—The term ''interoperable communications systems'' means communications systems which enable public safety agencies to share information amongst local, State, Federal, and tribal public safety agencies in the same area via voice or data signals.

(3) REALLOCATED PUBLIC SAFETY SPECTRUM.—The term ''reallocated public safety spectrum'' means the bands of spectrum located at 764–776 megahertz and 794–806 megahertz, inclusive.

SEC. 3007. NYC 9/11 DIGITAL TRANSITION.

(a) FUNDS AVAILABLE.—From the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) the Assistant Secretary shall make payments of not to exceed $30,000,000, in the aggregate, which shall be available to carry out this section for fiscal years 2007 through 2008. The Assistant Secretary may borrow from the Treasury beginning October 1, 2006 such sums as may be necessary not to exceed $30,000,000 to implement and administer the program in accordance with this section. The Assistant Secretary shall reimburse the Treasury, without interest, as funds are deposited into the Digital Television Transition and Public Safety Fund.

(b) USE OF FUNDS.—The sums available under subsection (a) shall be made available by the Assistant Secretary by grant to be used to reimburse the Metropolitan Television Alliance for costs incurred in the design and deployment of a temporary digital television broadcast system to ensure that, until a permanent facility atop the Freedom Tower is constructed, the members of the Metropolitan Television Alliance can provide the New York City area with an adequate digital television signal as determined by the Federal Communications Commission.

(d) DEFINITIONS.—For purposes of this section:

(1) METROPOLITAN TELEVISION ALLIANCE.—The term ''Metropolitan Television Alliance'' means the organization formed by New York City television broadcast station licensees to locate new shared facilities as a result of the attacks on September 11, 2001 and the loss of use of shared facilities that housed broadcast equipment.

(2) NEW YORK CITY AREA.—The term ''New York City area'' means the five counties comprising New York City and counties of northern New Jersey in immediate proximity to New York City (Bergen, Essex, Union, and Hudson Counties).

SEC. 3008. LOW-POWER TELEVISION AND TRANSLATOR DIGITAL-TO-ANALOG CONVERSION.

(a) CREATION OF PROGRAM.—The Assistant Secretary shall make payments of not to exceed $10,000,000, in the aggregate, during the fiscal year 2008 and 2009 period from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) to implement and administer a program through which each eligible low-power television station may receive compensation toward the cost of the purchase of a digital-to-analog conversion device that enables it to convert the incoming digital signal of its corresponding full-power television station to analog format for transmission on the low-power television station's analog channel. An eligible low-power television station may receive such compensation only if it submits a request for such compensation on or before February 17, 2009. Priority compensation shall be given to eligible low-power television stations in which the license is held by a non-profit corporation and eligible low-power television stations that serve rural areas of fewer than 10,000 viewers.

(b) CREDIT.—The Assistant Secretary may borrow from the Treasury beginning October 1, 2006 such sums as may be necessary, but not to exceed $10,000,000, to implement this section. The Assistant Secretary shall reimburse the Treasury, without interest, as funds are deposited into the Digital Television Transition and Public Safety Fund.

(c) ELIGIBLE STATIONS.—For purposes of this section, the term ''eligible low-power television station'' means a low-power television broadcast station, Class A television station, television translator station, or television booster station—

(1) that is itself broadcasting exclusively in analog format; and

(2) that has not purchased a digital-to-analog conversion device prior to the date of enactment of the Digital Television Transition and Public Safety Act of 2005.

SEC. 3009. LOW-POWER TELEVISION AND TRANSLATOR UPGRADE PROGRAM.

(a) ESTABLISHMENT.—The Assistant Secretary shall make payments of not to exceed $65,000,000, in the aggregate, during fiscal year 2009 from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) to implement and administer a program through which each licensee of an eligible low-power television station may receive reimbursement for equipment to upgrade low-power television stations from analog to digital in eligible rural communities, as that term is defined in section 610(b)(2) of the Rural Electrification Act of 1937 (7 U.S.C. 950bb(b)(2)). Such reimbursements shall be issued to eligible stations no earlier than October 1, 2010. Priority reimbursements shall be given to eligible low-power television stations in which the license is held by a non-profit corporation and eligible low-power television stations that serve rural areas of fewer than 10,000 viewers.

(b) ELIGIBLE STATIONS.—For purposes of this section, the term ''eligible low-power television station'' means a low-power television broadcast station, Class A television station, television translator station, or television booster station—

(1) that is itself broadcasting exclusively in analog format; and

(2) that has not converted from analog to digital operations prior to the date of enactment of the Digital Television Transition and Public Safety Act of 2005.

SEC. 3010. NATIONAL ALERT AND TSUNAMI WARNING PROGRAM.

The Assistant Secretary shall make payments of not to exceed $156,000,000, in the aggregate, during the fiscal year 2007 through 2012 period from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) to implement a unified national alert system capable of alerting the public, on a national, regional, or local basis to emergency situations by using a variety of communications technologies. The Assistant Secretary shall use $50,000,000 of such amounts to implement a tsunami warning and coastal vulnerability program.

SEC. 3011. ENHANCE 911.

The Assistant Secretary shall make payments of not to exceed $43,500,000, in the aggregate, from the Digital Television Transition and Public Safety Fund established under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) to implement the ENHANCE 911 Act of 2004.

SEC. 3012. ESSENTIAL AIR SERVICE PROGRAM.

(a) IN GENERAL.—If the amount appropriated to carry out the essential air service program under subchapter II of chapter 417 of title 49, United States Code, equals or exceeds $110,000,000 for fiscal year 2007 or 2008, then the

Secretary of Commerce shall make $15,000,000 available, from the Digital Television Transition and Public Safety Fund established by section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)), to the Secretary of Transportation for use in carrying out the essential air service program for that fiscal year.

(b) APPLICATION WITH OTHER FUNDS.—Amounts made available under subsection (a) for any fiscal year shall be in addition to any amounts—

(1) appropriated for that fiscal year; or

(2) derived from fees collected pursuant to section 45301(a)(1) of title 49, United States Code, that are made available for obligation and expenditure to carry out the essential air service program for that fiscal year.

(c) ADVANCES.—The Secretary of Transportation may borrow from the Treasury such sums as may be necessary, but not to exceed $30,000,000 on a temporary and reimbursable basis to implement subsection (a). The Secretary of Transportation shall reimburse the Treasury, without interest, as funds are deposited into the Digital Television Transition and Public Safety Fund under section 309(j)(8)(E) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)(E)) and made available to the Secretary under subsection (a).

SEC. 3014. SUPPLEMENTAL LICENSE FEES.

In addition to any fees assessed under the Communications Act of 1934 (47 U.S.C. 151 et seq.), the Federal Communications Commission shall assess extraordinary fees for licenses in the aggregate amount of $10,000,000, which shall be deposited in the Treasury during fiscal year 2006 as offsetting receipts.

TITLE IV—TRANSPORTATION PROVISIONS

SEC. 4001. EXTENSION OF VESSEL TONNAGE DUTIES.

(a) EXTENSION OF DUTIES.—Section 36 of the Act entitled ''An Act to provide revenue, equalize duties and encourage the industries of the United States, and for other purposes'', approved August 5, 1909 (36 Stat. 111; 46 U.S.C. App. 121), is amended—

(1) by striking ''9 cents per ton'' and all that follows through ''2002,'' the first place it appears and inserting ''4.5 cents per ton, not to exceed in the aggregate 22.5 cents per ton in any one year, for fiscal years 2006 through 2010,''; and

(2) by striking ''27 cents per ton'' and all that follows through ''2002,'' and inserting ''13.5 cents per ton, not to exceed 67.5 cents per ton per annum, for fiscal years 2006 through 2010,''.

(b) CONFORMING AMENDMENT.—The Act entitled ''An Act concerning tonnage duties on vessels entering otherwise than by sea'', approved March 8, 1910 (36 Stat. 234; 46 U.S.C. App. 132), is amended by striking ''9 cents per ton'' and all that follows through ''and 2 cents'' and inserting ''4.5 cents per ton, not to exceed in the aggregate 22.5 cents per ton in any one year, for fiscal years 2006 through 2010, and 2 cents''.

TITLE V—MEDICARE

Subtitle A—Provisions Relating to Part A

SEC. 5001. HOSPITAL QUALITY IMPROVEMENT.

(a) SUBMISSION OF HOSPITAL DATA.—Section 1886(b)(3)(B) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)) is amended—

(1) in clause (i)—

(A) in subclause (XIX), by striking ''2007'' and inserting ''2006''; and

(B) in subclause (XX), by striking ''for fiscal year 2008 and each subsequent fiscal year,'' and inserting ''for each subsequent fiscal year, subject to clause (viii),'';

(2) in clause (vii)—

(A) in subclause (I), by striking ''for each of fiscal years 2005 through 2007'' and inserting ''for fiscal years 2005 and 2006''; and

(B) in subclause (II), by striking ''Each'' and inserting ''For fiscal years 2005 and 2006, each''; and

(3) by adding at the end the following new clauses:

''(viii)(I) For purposes of clause (i) for fiscal year 2007 and each subsequent fiscal year, in the case of a subsection (d) hospital that does not submit, to the Secretary in accordance with this clause, data required to be submitted on measures selected under this clause with respect to such a fiscal year, the applicable percentage increase under clause (i) for such fiscal year shall be reduced by 2.0 percentage points. Such reduction shall apply only with respect to the fiscal year involved and the Secretary shall not take into account such reduction in computing the applicable percentage increase under clause (i) for a subsequent fiscal year, and the Secretary and the Medicare Payment Advisory Commission shall carry out the requirements under section 5001(b) of the Deficit Reduction Act of 2005.

''(II) Each subsection (d) hospital shall submit data on measures selected under this clause to the Secretary in a form and manner, and at a time, specified by the Secretary for purposes of this clause.

''(III) The Secretary shall expand, beyond the measures specified under clause (vii)(II) and consistent with the succeeding subclauses, the set of measures that the Secretary determines to be appropriate for the measurement of the quality of care furnished by hospitals in inpatient settings.

''(IV) Effective for payments beginning with fiscal year 2007, in expanding the number of measures under subclause (III), the Secretary shall begin to adopt the baseline set of performance measures as set forth in the November 2005 report by the Institute of Medicine of the National Academy of Sciences under section 238(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

''(V) Effective for payments beginning with fiscal year 2008, the Secretary shall add other measures that reflect consensus among affected parties and, to the extent feasible and practicable, shall include measures set forth by one or more national consensus building entities.

''(VI) For purposes of this clause and clause (vii), the Secretary may replace any measures or indicators in appropriate cases, such as where all hospitals are effectively in compliance or the measures or indicators have been subsequently shown not to represent the best clinical practice.

''(VII) The Secretary shall establish procedures for making data submitted under this clause available to the public. Such procedures shall ensure that a hospital has the opportunity to review the data that are to be made public with respect to the hospital prior to such data being made public. The Secretary shall report quality measures of process, structure, outcome, patients' perspectives on care, efficiency, and costs of care that relate to services furnished in inpatient settings in hospitals on the Internet website of the Centers for Medicare & Medicaid Services.''.

(b) PLAN FOR HOSPITAL VALUE BASED PURCHASING PROGRAM.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall develop a plan to implement a value based purchasing program for payments under the Medicare program for subsection (d) hospitals beginning with fiscal year 2009.

(2) DETAILS.—Such a plan shall include consideration of the following issues:

(A) The on-going development, selection, and modification process for measures of quality and efficiency in hospital inpatient settings.

(B) The reporting, collection, and validation of quality data.

(C) The structure of value based payment adjustments, including the determination of thresholds or improvements in quality that would substantiate a payment adjustment, the size of such payments, and the sources of funding for the value based payments.

(D) The disclosure of information on hospital performance.

In developing such a plan, the Secretary shall consult with relevant affected parties and shall consider experience with such demonstrations that are relevant to the value based purchasing program under this subsection.

(3) CONGRESSIONAL REPORT.—By not later than August 1, 2007, the Secretary of Health and Human Services shall submit a report to Congress on the plan for the value based purchasing program developed under this subsection.

(4) MEDPAC REPORT ON HOSPITAL VALUE BASED PURCHASING PROGRAM.—

(A) IN GENERAL.—By not later than June 1, 2007, the Medicare Payment Advisory Commission shall submit to Congress a report that includes detailed recommendations on a structure of value based payment adjustments for hospital services under the Medicare program under title XVIII of the Social Security Act.

(B) CONTENTS.—Such report shall include the following:

(i) Determinations of the thresholds, the size of payments, the sources of funds, and the relationship of payments to improvement and attainment of quality.

(ii) An analysis of hospital efficiency measures such as costs per discharge, related services within an episode of care including payments for physicians' services associated with the discharge or episode of care.

(iii) An identification of other changes that are needed within the payment structure under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)) to assure consistency between such structure and the value based payment program.

(c) QUALITY ADJUSTMENT IN DRG PAYMENTS FOR CERTAIN HOSPITAL ACQUIRED INFECTIONS.—

(1) IN GENERAL.—Section 1886(d)(4) of the Social Security Act (42 U.S.C. 1395ww(d)(4)) is amended by adding at the end the following new subparagraph:

''(D)(i) For discharges occurring on or after October 1, 2008, the diagnosis-related group to be assigned under this paragraph for a discharge described in clause (ii) shall be a diagnosis-related group that does not result in higher payment based on the presence of a secondary diagnosis code described in clause (iv).

''(ii) A discharge described in this clause is a discharge which meets the following requirements:

''(I) The discharge includes a condition identified by a diagnosis code selected under clause (iv) as a secondary diagnosis.

''(II) But for clause (i), the discharge would have been classified to a diagnosis-related group that results in a higher payment based on the presence of a secondary diagnosis code selected under clause (iv).

''(III) At the time of admission, no code selected under clause (iv) was present.

''(iii) As part of the information required to be reported by a hospital with respect to a discharge of an individual in order for payment to be made under this subsection, for discharges occurring on or after October 1, 2007, the information shall include the secondary diagnosis of the individual at admission.

''(iv) By not later than October 1, 2007, the Secretary shall select diagnosis codes associated with at least two conditions, each of which codes meets all of the following requirements (as determined by the Secretary):

''(I) Cases described by such code have a high cost or high volume, or both, under this title.

''(II) The code results in the assignment of a case to a diagnosis-related group that has a higher payment when the code is present as a secondary diagnosis.

''(III) The code describes such conditions that could reasonably have been prevented through the application of evidence-based guidelines.

The Secretary may from time to time revise (through addition or deletion of codes) the diagnosis codes selected under this clause so long as there are diagnosis codes associated with at least two conditions selected for discharges occurring during any fiscal year.

''(v) In selecting and revising diagnosis codes under clause (iv), the Secretary shall consult with the Centers for Disease Control and Prevention and other appropriate entities.

''(vi) Any change resulting from the application of this subparagraph shall not be taken into account in adjusting the weighting factors under subparagraph (C)(i) or in applying budget neutrality under subparagraph (C)(iii).''.

(2) NO JUDICIAL REVIEW.—Section 1886(d)(7)(B) of such Act (42 U.S.C. 1395ww(d)(7)(B)) is amended by inserting before the period the following: '', including the selection and revision of codes under paragraph (4)(D)''.

SEC. 5002. CLARIFICATION OF DETERMINATION OF MEDICAID PATIENT DAYS FOR DSH COMPUTATION.

(a) IN GENERAL.—Section 1886(d)(5)(F)(vi) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)(vi)) is amended by adding after and below subclause (II) the following:

''In determining under subclause (II) the number of the hospital's patient days for such period which consist of patients who (for such days) were eligible for medical assistance under a State plan approved under title XIX, the Secretary may, to the extent and for the period the Secretary determines appropriate, include patient days of patients not so eligible but who are regarded as such because they receive benefits under a demonstration project approved under title XI.''.

(b) RATIFICATION AND PROSPECTIVE APPLICATION OF PREVIOUS REGULATIONS.—

(1) IN GENERAL.—Subject to paragraph (2), regulations described in paragraph (3), insofar as such regulations provide for the treatment of individuals eligible for medical assistance under a demonstration project approved under title XI of the Social Security Act under section 1886(d)(5)(F)(vi) of such Act, are hereby ratified, effective as of the date of their respective promulgations.

(2) NO APPLICATION TO CLOSED COST REPORTS.—Paragraph (1) shall not be applied in a manner that requires the reopening of any cost reports which are closed as of the date of the enactment of this Act.

(3) REGULATIONS DESCRIBED.—For purposes of paragraph (1), the regulations described in this paragraph are as follows:

(A) 2000 REGULATION.—Regulations promulgated on January 20, 2000, at 65 Federal Register 3136 et seq., including the policy in such regulations regarding discharges occurring prior to January 20, 2000.

(B) 2003 REGULATION.—Regulations promulgated on August 1, 2003, at 68 Federal Register 45345 et seq.

SEC. 5003. IMPROVEMENTS TO THE MEDICARE-DEPENDENT HOSPITAL (MDH) PROGRAM.

(a) 5-YEAR EXTENSION.—

(1) EXTENSION OF PAYMENT METHODOLOGY.—Section 1886(d)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)) is amended—

(A) in clause (i), by striking ''October 1, 2006'' and inserting ''October 1, 2011''; and

(B) in clause (ii)(II)—

(i) by striking ''October 1, 2006'' and inserting ''October 1, 2011''; and

(ii) by inserting ''or for discharges in the fiscal year'' after ''for the cost reporting period''.

(2) CONFORMING AMENDMENTS.—

(A) EXTENSION OF TARGET AMOUNT.—Section 1886(b)(3)(D) of such Act (42 U.S.C. 1395ww(b)(3)(D)) is amended—

(i) in the matter preceding clause (i)—

(I) by striking ''beginning'' and inserting ''occurring''; and

(II) by striking ''October 1, 2006'' and inserting ''October 1, 2011''; and

(ii) in clause (iv), by striking ''through fiscal year 2005'' and inserting ''through fiscal year 2011''.

(B) PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION.—Section 13501(e)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 1395ww note) is amended by striking ''through fiscal year 2005'' and inserting ''through fiscal year 2011''.

(b) OPTION TO USE 2002 AS BASE YEAR.—Section 1886(b)(3) of such Act (42 U.S.C. 1395ww(b)(3)) is amended—

(1) in subparagraph (D), by inserting ''subject to subparagraph (K),'' after ''(d)(5)(G)),''; and

(2) by adding at the end the following new subparagraph:

''(K)(i) With respect to discharges occurring on or after October 1, 2006, in the case of a medicare-dependent, small rural hospital, for purposes of applying subparagraph (D)—

''(I) there shall be substituted for the base cost reporting period described in subparagraph (D)(i) the 12-month cost reporting period beginning during fiscal year 2002; and

''(II) any reference in such subparagraph to the 'first cost reporting period' described in such subparagraph is deemed a reference to the first cost reporting period beginning on or after October 1, 2006.

''(ii) This subparagraph shall only apply to a hospital if the substitution described in clause (i)(I) results in an increase in the target amount under subparagraph (D) for the hospital.''.

(c) ENHANCED PAYMENT FOR AMOUNT BY WHICH THE TARGET EXCEEDS THE PPS RATE.—Section 1886(d)(5)(G)(ii)(II) of such Act (42 U.S.C. 1395ww(d)(5)(G)(iv)(II)) is amended by inserting ''(or 75 percent in the case of discharges occurring on or after October 1, 2006)'' after ''50 percent''.

(d) ENHANCED DISPROPORTIONATE SHARE HOSPITAL (DSH) TREATMENT FOR MEDICARE DEPENDENT HOSPITALS.—Section 1886(d)(5)(F)(xiv)(II) of such Act (42 U.S.C. 1395ww(d)(5)(F)(xiv)(II)) is amended by inserting ''or, in the case of discharges occurring on or after October 1, 2006, as a medicare-dependent, small rural hospital under subparagraph (G)(iv)'' before the period at the end.

SEC. 5004. REDUCTION IN PAYMENTS TO SKILLED NURSING FACILITIES FOR BAD DEBT.

(a) IN GENERAL.—Section 1861(v)(1) of the Social Security Act (42 U.S.C. 1395x(v)(1)) is amended by adding at the end the following new subparagraph:

''(V) In determining such reasonable costs for skilled nursing facilities with respect to cost reporting periods beginning on or after October 1, 2005, the amount of bad debts otherwise treated as allowed costs which are attributable to the coinsurance amounts under this title for individuals who are entitled to benefits under part A and—

''(i) are not described in section 1935(c)(6)(A)(ii) shall be reduced by 30 percent of such amount otherwise allowable; and

''(ii) are described in such section shall not be reduced.''.

(b) TECHNICAL AMENDMENT.—Section 1861(v)(1)(T) of such Act (42 U.S.C. 1395x(v)(1)(T)) is amended by striking ''section 1833(t)(5)(B)'' and inserting ''section 1833(t)(8)(B)''.

SEC. 5005. EXTENDED PHASE-IN OF THE INPATIENT REHABILITATION FACILITY CLASSIFICATION CRITERIA.

(a) IN GENERAL.—Notwithstanding section 412.23(b)(2) of title 42, Code of Federal Regulations, the Secretary of Health and Human Services shall apply the applicable percent specified in subsection (b) in the classification criterion used under the IRF regulation (as defined in subsection (c)) to determine whether a hospital or unit of a hospital is an inpatient rehabilitation facility under the Medicare program under title XVIII of the Social Security Act.

(b) APPLICABLE PERCENT.—For purposes of subsection (a), the applicable percent specified in this subsection for cost reporting periods—

(1) beginning during the 12-month period beginning on July 1, 2006, is 60 percent;

(2) beginning during the 12-month period beginning on July 1, 2007, is 65 percent; and

(3) beginning on or after July 1, 2008, is 75 percent.

(c) IRF REGULATION.—For purposes of subsection (a), the term ''IRF regulation'' means the rule published in the Federal Register on May 7, 2004, entitled ''Medicare Program; Final Rule; Changes to the Criteria for Being Classified as an Inpatient Rehabilitation Facility'' (69 Fed. Reg. 25752).

SEC. 5006. DEVELOPMENT OF A STRATEGIC PLAN REGARDING PHYSICIAN INVESTMENT IN SPECIALTY HOSPITALS.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall develop a strategic and implementing plan to address issues described in paragraph (2) regarding physician investment in specialty hospitals (as defined in section 1877(h)(7)(A) of the Social Security Act (42 U.S.C. 1395nn(h)(7)(A)).

(2) ISSUES DESCRIBED.—The issues described in this paragraph are the following:

(A) Proportionality of investment return.

(B) Bona fide investment.

(C) Annual disclosure of investment information.

(D) The provision by specialty hospitals of—

(i) care to patients who are eligible for medical assistance under a State plan approved under title XIX of the Social Security Act, including patients not so eligible but who are regarded as such because they receive benefits under a demonstration project approved under title XI of such Act; and

(ii) charity care.

(E) Appropriate enforcement.

(b) REPORTS.—

(1) INTERIM REPORT.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall submit an interim report to the appropriate committees of jurisdiction of Congress on the status of the development of the plan under subsection (a).

(2) FINAL REPORT.—Not later than six months after the date of the enactment of this Act, the Secretary shall submit a final report to the appropriate committees of jurisdiction of Congress on the plan developed under subsection (a) together with recommendations for such legislation and administrative actions as the Secretary considers appropriate.

(c) CONTINUATION OF SUSPENSION ON ENROLLMENT.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall continue the suspension on enrollment of new specialty hospitals (as so defined) under title XVIII of the Social Security Act until the earlier of—

(A) the date that the Secretary submits the final report under subsection (b)(2); or

(B) the date that is six months after the date of the enactment of this Act.

(2) EXTENSION OF SUSPENSION.—If the Secretary fails to submit the final report described in subsection (b)(2) by the date required under such subsection, the Secretary shall—

(A) extend the suspension on enrollment under paragraph (1) for an additional two months; and

(B) provide a certification to the appropriate committees of jurisdiction of Congress of such failure.

(d) WAIVER.—In developing the plan and report required under this section, the Secretary may waive such requirements of section 553 of title 5, United States Code, as the Secretary determines necessary.

(e) FUNDING.—Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Secretary for fiscal year 2006, $2,000,000 to carry out this section.

SEC. 5007. MEDICARE DEMONSTRATION PROJECTS TO PERMIT GAINSHARING ARRANGEMENTS.

(a) ESTABLISHMENT.—The Secretary shall establish under this section a qualified gainsharing demonstration program under

which the Secretary shall approve demonstration projects by not later than November 1, 2006, to test and evaluate methodologies and arrangements between hospitals and physicians designed to govern the utilization of inpatient hospital resources and physician work to improve the quality and efficiency of care provided to Medicare beneficiaries and to develop improved operational and financial hospital performance with sharing of remuneration as specified in the project. Such projects shall be operational by not later than January 1, 2007.

(b) REQUIREMENTS DESCRIBED.—A demonstration project under this section shall meet the following requirements for purposes of maintaining or improving quality while achieving cost savings:

(1) ARRANGEMENT FOR REMUNERATION AS SHARE OF SAVINGS.—The demonstration project shall involve an arrangement between a hospital and a physician under which the hospital provides remuneration to the physician that represents solely a share of the savings incurred directly as a result of collaborative efforts between the hospital and the physician.

(2) WRITTEN PLAN AGREEMENT.—The demonstration project shall be conducted pursuant to a written agreement that—

(A) is submitted to the Secretary prior to implementation of the project; and

(B) includes a plan outlining how the project will achieve improvements in quality and efficiency.

(3) PATIENT NOTIFICATION.—The demonstration project shall include a notification process to inform patients who are treated in a hospital participating in the project of the participation of the hospital in such project.

(4) MONITORING QUALITY AND EFFICIENCY OF CARE.—The demonstration project shall provide measures to ensure that the quality and efficiency of care provided to patients who are treated in a hospital participating in the demonstration project is continuously monitored to ensure that such quality and efficiency is maintained or improved.

(5) INDEPENDENT REVIEW.—The demonstration project shall certify, prior to implementation, that the elements of the demonstration project are reviewed by an organization that is not affiliated with the hospital or the physician participating in the project.

(6) REFERRAL LIMITATIONS.—The demonstration project shall not be structured in such a manner as to reward any physician participating in the project on the basis of the volume or value of referrals to the hospital by the physician.

(c) WAIVER OF CERTAIN RESTRICTIONS.—

(1) IN GENERAL.—An incentive payment made by a hospital to a physician under and in accordance with a demonstration project shall not constitute—

(A) remuneration for purposes of section 1128B of the Social Security Act (42 U.S.C. 1320a–7b);

(B) a payment intended to induce a physician to reduce or limit services to a patient entitled to benefits under Medicare or a State plan approved under title XIX of such Act in violation of section 1128A of such Act (42 U.S.C. 1320a–7a); or

(C) a financial relationship for purposes of section 1877 of such Act (42 U.S.C. 1395nn).

(2) PROTECTION FOR EXISTING ARRANGEMENTS.—In no case shall the failure to comply with the requirements described in paragraph (1) affect a finding made by the Inspector General of the Department of Health and Human Services prior to the date of the enactment of this Act that an arrangement between a hospital and a physician does not violate paragraph (1) or (2) of section 1128A(a) of the Social Security Act (42 U.S.C. 1320a–7(a)).

(d) PROGRAM ADMINISTRATION.—

(1) SOLICITATION OF APPLICATIONS.—By not later than 90 days after the date of the enactment of this Act, the Secretary shall solicit applications for approval of a demonstration project, in such form and manner, and at such time specified by the Secretary.

(2) NUMBER OF PROJECTS APPROVED.—The Secretary shall approve not more than 6 demonstration projects, at least 2 of which shall be located in a rural area.

(3) DURATION.—The qualified gainsharing demonstration program under this section shall be conducted for the period beginning on January 1, 2007, and ending on December 31, 2009.

(e) REPORTS.—

(1) INITIAL REPORT.—By not later than December 1, 2006, the Secretary shall submit to Congress a report on the number of demonstration projects that will be conducted under this section.

(2) PROJECT UPDATE.—By not later than December 1, 2007, the Secretary shall submit to Congress a report on the details of such projects (including the project improvements towards quality and efficiency described in subsection (b)(2)(B)).

(3) QUALITY IMPROVEMENT AND SAVINGS.—By not later than December 1, 2008, the Secretary shall submit to Congress a report on quality improvement and savings achieved as a result of the qualified gainsharing demonstration program established under subsection (a).

(4) FINAL REPORT.—By not later than May 1, 2010, the Secretary shall submit to Congress a final report on the information described in paragraph (3).

(f) FUNDING.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Secretary for fiscal year 2006 $6,000,000, to carry out this section.

(2) AVAILABILITY.—Funds appropriated under paragraph (1) shall remain available for expenditure through fiscal year 2010.

(g) DEFINITIONS.—For purposes of this section:

(1) DEMONSTRATION PROJECT.—The term ''demonstration project'' means a project implemented under the qualified gainsharing demonstration program established under subsection (a).

(2) HOSPITAL.—The term ''hospital'' means a hospital that receives payment under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)), and does not include a critical access hospital (as defined in section 1861(mm) of such Act (42 U.S.C. 1395x(mm))).

(3) MEDICARE.—The term ''Medicare'' means the programs under title XVIII of the Social Security Act.

(4) PHYSICIAN.—The term ''physician'' means, with respect to a demonstration project, a physician described in paragraph (1) or (3) of section 1861(r) of the Social Security Act (42 U.S.C. 1395x(r)) who is licensed as such a physician in the area in which the project is located and meets requirements to provide services for which benefits are provided under Medicare. Such term shall be deemed to include a practitioner described in section 1842(e)(18)(C) of such Act (42 U.S.C. 1395u(e)(18)(C)).

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

SEC. 5008. POST-ACUTE CARE PAYMENT REFORM DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—By not later than January 1, 2008, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a demonstration program for purposes of understanding costs and outcomes across different post-acute care sites. Under such program, with respect to diagnoses specified by the Secretary, an individual who receives treatment from a provider for such a diagnosis shall receive a single comprehensive assessment on the date of discharge from a subsection (d) hospital (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B))) of the needs of the patient and the clinical characteristics of the diagnosis to determine the appropriate placement of such patient in a post-acute care site. The Secretary shall use a standardized patient assessment instrument across all post-acute care sites to measure functional status and other factors during the treatment and at discharge from each provider. Participants in the program shall provide information on the fixed and variable costs for each individual. An additional comprehensive assessment shall be provided at the end of the episode of care.

(2) NUMBER OF SITES.—The Secretary shall conduct the demonstration program under this section with sufficient numbers to determine statistically reliable results.

(3) DURATION.—The Secretary shall conduct the demonstration program under this section for a 3-year period.

(b) WAIVER AUTHORITY.—The Secretary may waive such requirements of titles XI and XVIII of the Social Security Act (42 U.S.C. 1301 et seq.; 42 U.S.C. 1395 et seq.) as may be necessary for the purpose of carrying out the demonstration program under this section.

(c) REPORT.—Not later than 6 months after the completion of the demonstration program under this section, the Secretary shall submit to Congress a report on such program, that includes the results of the program and recommendations for such legislation and administrative action as the Secretary determines to be appropriate.

(d) FUNDING.—The Secretary shall provide for the transfer from the Federal Hospital Insurance Trust Fund established under section 1817 of the Social Security Act (42 U.S.C. 1395i), $6,000,000 for the costs of carrying out the demonstration program under this section.

Subtitle B—Provisions Relating to Part B

CHAPTER 1—PAYMENT PROVISIONS

SEC. 5101. BENEFICIARY OWNERSHIP OF CERTAIN DURABLE MEDICAL EQUIPMENT (DME).

(a) DME.—

(1) IN GENERAL.—Section 1834(a)(7)(A) of the Social Security Act (42 U.S.C. 1395m(a)(7)(A)) is amended to read as follows:

''(A) PAYMENT.—In the case of an item of durable medical equipment not described in paragraphs (2) through (6), the following rules shall apply:

''(i) RENTAL.—

''(I) IN GENERAL.—Except as provided in clause (iii), payment for the item shall be made on a monthly basis for the rental of the item during the period of medical need (but payments under this clause may not extend over a period of continuous use (as determined by the Secretary) of longer than 13 months).

''(II) PAYMENT AMOUNT.—Subject to subparagraph (B), the amount recognized for the item, for each of the first 3 months of such period, is 10 percent of the purchase price recognized under paragraph (8) with respect to the item, and, for each of the remaining months of such period, is 7.5 percent of such purchase price.

''(ii) OWNERSHIP AFTER RENTAL.—On the first day that begins after the 13th continuous month during which payment is made for the rental of an item under clause (i), the supplier of the item shall transfer title to the item to the individual.

''(iii) PURCHASE AGREEMENT OPTION FOR POWER-DRIVEN WHEELCHAIRS.—In the case of a power-driven wheelchair, at the time the supplier furnishes the item, the supplier shall offer the individual the option to purchase the item, and payment for such item shall be made on a lump-sum basis if the individual exercises such option.

''(iv) MAINTENANCE AND SERVICING.—After the supplier transfers title to the item under clause (ii) or in the case of a power-driven wheelchair for which a purchase agreement has been entered into under clause (iii), maintenance and servicing payments shall, if the Secretary determines such payments are reasonable and necessary, be made (for parts and labor not covered by the supplier's or manufacturer's warranty,

as determined by the Secretary to be appropriate for the particular type of durable medical equipment), and such payments shall be in an amount determined to be appropriate by the Secretary.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to items furnished for which the first rental month occurs on or after January 1, 2006.

(b) OXYGEN EQUIPMENT.—

(1) IN GENERAL.—Section 1834(a)(5) of such Act (42 U.S.C. 1395m(a)(5)) is amended—

(A) in subparagraph (A), by striking ''and (E)'' and inserting ''(E), and (F)''; and

(B) by adding at the end the following new subparagraph:

''(F) OWNERSHIP OF EQUIPMENT.—

''(i) IN GENERAL.—Payment for oxygen equipment (including portable oxygen equipment) under this paragraph may not extend over a period of continuous use (as determined by the Secretary) of longer than 36 months.

''(ii) OWNERSHIP.—

''(I) TRANSFER OF TITLE.—On the first day that begins after the 36th continuous month during which payment is made for the equipment under this paragraph, the supplier of the equipment shall transfer title to the equipment to the individual.

''(II) PAYMENTS FOR OXYGEN AND MAINTENANCE AND SERVICING.—After the supplier transfers title to the equipment under subclause (I)—

''(aa) payments for oxygen shall continue to be made in the amount recognized for oxygen under paragraph (9) for the period of medical need; and

''(bb) maintenance and servicing payments shall, if the Secretary determines such payments are reasonable and necessary, be made (for parts and labor not covered by the supplier's or manufacturer's warranty, as determined by the Secretary to be appropriate for the equipment), and such payments shall be in an amount determined to be appropriate by the Secretary.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by paragraph (1) shall take effect on January 1, 2006.

(B) APPLICATION TO CERTAIN INDIVIDUALS.—In the case of an individual receiving oxygen equipment on December 31, 2005, for which payment is made under section 1834(a) of the Social Security Act (42 U.S.C. 1395m(a)), the 36-month period described in paragraph (5)(F)(i) of such section, as added by paragraph (1), shall begin on January 1, 2006.

SEC. 5102. ADJUSTMENTS IN PAYMENT FOR IMAGING SERVICES.

(a) MULTIPLE PROCEDURE PAYMENT REDUCTION FOR IMAGING EXEMPTED FROM BUDGET NEUTRALITY.—Section 1848(c)(2)(B) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)(B)) is amended—

(1) in clause (ii)(II), by striking ''clause (iv)'' and inserting ''clauses (iv) and (v)'';

(2) in clause (iv) in the heading, by inserting ''OF CERTAIN ADDITIONAL EXPENDITURES'' after ''EXEMPTION''; and

(3) by adding at the end the following new clause:

''(v) EXEMPTION OF CERTAIN REDUCED EXPENDITURES FROM BUDGET-NEUTRALITY CALCULATION.—The following reduced expenditures, as estimated by the Secretary, shall not be taken into account in applying clause (ii)(II):

''(I) REDUCED PAYMENT FOR MULTIPLE IMAGING PROCEDURES.—Effective for fee schedules established beginning with 2007, reduced expenditures attributable to the multiple procedure payment reduction for imaging under the final rule published by the Secretary in the Federal Register on November 21, 2005 (42 CFR 405, et al.) insofar as it relates to the physician fee schedules for 2006 and 2007.''.

(b) REDUCTION IN PHYSICIAN FEE SCHEDULE TO OPD PAYMENT AMOUNT FOR IMAGING SERVICES.—Section 1848 of such Act (42 U.S.C. 1395w–4) is amended—

(1) in subsection (b), by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR IMAGING SERVICES.—

''(A) IN GENERAL.—In the case of imaging services described in subparagraph (B) furnished on or after January 1, 2007, if—

''(i) the technical component (including the technical component portion of a global fee) of the service established for a year under the fee schedule described in paragraph (1) without application of the geographic adjustment factor described in paragraph (1)(C), exceeds

''(ii) the medicare OPD fee schedule amount established under the prospective payment system for hospital outpatient department services under paragraph (3)(D) of section 1833(t) for such service for such year, determined without regard to geographic adjustment under paragraph (2)(D) of such section,

the Secretary shall substitute the amount described in clause (ii), adjusted by the geographic adjustment factor described in paragraph (1)(C), for the fee schedule amount for such technical component for such year.

''(B) IMAGING SERVICES DESCRIBED.—For purposes of subparagraph (A), imaging services described in this subparagraph are imaging and computer-assisted imaging services, including X-ray, ultrasound (including echocardiography), nuclear medicine (including positron emission tomography), magnetic resonance imaging, computed tomography, and fluoroscopy, but excluding diagnostic and screening mammography.''; and

(2) in subsection (c)(2)(B)(v), as added by subsection (a)(3), by adding at the end the following new subclause:

''(II) OPD PAYMENT CAP FOR IMAGING SERVICES.—Effective for fee schedules established beginning with 2007, reduced expenditures attributable to subsection (b)(4).''.

SEC. 5103. LIMITATION ON PAYMENTS FOR PROCEDURES IN AMBULATORY SURGICAL CENTERS.

Section 1833(i)(2) of the Social Security Act (42 U.S.C. 1395l(i)(2)) is amended—

(1) in subparagraph (A), by inserting ''subject to subparagraph (E),'' after ''subparagraph (D),'';

(2) in subparagraph (D)(ii), by inserting before the period at the end the following: ''and taking into account reduced expenditures that would apply if subparagraph (E) were to continue to apply, as estimated by the Secretary''; and

(3) by adding at the end the following new subparagraph:

''(E) With respect to surgical procedures furnished on or after January 1, 2007, and before the effective date of the implementation of a revised payment system under subparagraph (D), if—

''(i) the standard overhead amount under subparagraph (A) for a facility service for such procedure, without the application of any geographic adjustment, exceeds

''(ii) the medicare OPD fee schedule amount established under the prospective payment system for hospital outpatient department services under paragraph (3)(D) of section 1833(t) for such service for such year, determined without regard to geographic adjustment under paragraph (2)(D) of such section,

the Secretary shall substitute under subparagraph (A) the amount described in clause (ii) for the standard overhead amount for such service referred to in clause (i).''.

SEC. 5104. UPDATE FOR PHYSICIANS' SERVICES FOR 2006.

(a) UPDATE FOR 2006.—Section 1848(d) of the Social Security Act (42 U.S.C. 1395w–4(d)) is amended—

(1) in paragraph (4)(B), in the matter preceding clause (i), by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (6)''; and

(2) by adding at the end the following new paragraph:

''(6) UPDATE FOR 2006.—The update to the single conversion factor established in paragraph (1)(C) for 2006 shall be 0 percent.''.

(b) NOT TREATED AS CHANGE IN LAW AND REGULATION IN SUSTAINABLE GROWTH RATE DETERMINATION.—The amendments made by subsection (a) shall not be treated as a change in law for purposes of applying section 1848(f)(2)(D) of the Social Security Act (42 U.S.C. 1395w–4(f)(2)(D)).

(c) MEDPAC REPORT.—

(1) IN GENERAL.—By not later than March 1, 2007, the Medicare Payment Advisory Commission shall submit a report to Congress on mechanisms that could be used to replace the sustainable growth rate system under section 1848(f) of the Social Security Act (42 U.S.C. 1395w–4(f)).

(2) REQUIREMENTS.—The report required under paragraph (1) shall—

(A) identify and examine alternative methods for assessing volume growth;

(B) review options to control the volume of physicians' services under the Medicare program while maintaining access to such services by Medicare beneficiaries;

(C) examine the application of volume controls under the Medicare physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w–4);

(D) identify levels of application of volume controls, such as group practice, hospital medical staff, type of service, geographic area, and outliers;

(E) examine the administrative feasibility of implementing the options reviewed under subparagraph (B), including the availability of data and time lags;

(F) examine the extent to which the alternative methods identified and examined under subparagraph (A) should be specified in such section 1848; and

(G) identify the appropriate level of discretion for the Secretary of Health and Human Services to change payment rates under the Medicare physician fee schedule or otherwise take steps that affect physician behavior.

Such report shall include such recommendations on alternative mechanisms to replace the sustainable growth rate system as the Medicare Payment Advisory Commission determines appropriate.

(3) FUNDING.—Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Medicare Payment Advisory Commission $550,000, to carry out this subsection.

SEC. 5105. THREE-YEAR TRANSITION OF HOLD HARMLESS PAYMENTS FOR SMALL RURAL HOSPITALS UNDER THE PROSPECTIVE PAYMENT SYSTEM FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES.

Section 1833(t)(7)(D)(i) of the Social Security Act (42 U.S.C. 1395l(t)(7)(D)(i)) is amended—

(1) by inserting ''(I)'' before ''In the case''; and

(2) by adding at the end the following new subclause:

''(II) In the case of a hospital located in a rural area and that has not more than 100 beds and that is not a sole community hospital (as defined in section 1886(d)(5)(D)(iii)), for covered OPD services furnished on or after January 1, 2006, and before January 1, 2009, for which the PPS amount is less than the pre-BBA amount, the amount of payment under this subsection shall be increased by the applicable percentage of the amount of such difference. For purposes of the previous sentence, with respect to covered OPD services furnished during 2006, 2007, or 2008, the applicable percentage shall be 95 percent, 90 percent, and 85 percent, respectively.''.

SEC. 5106. UPDATE TO THE COMPOSITE RATE COMPONENT OF THE BASIC CASE-MIX ADJUSTED PROSPECTIVE PAYMENT SYSTEM FOR DIALYSIS SERVICES.

Section 1881(b)(12) of the Social Security Act (42 U.S.C. 1395rr(b)(12)) is amended—

(1) in subparagraph (F), in the flush matter at the end, by striking ''Nothing'' and inserting ''Except as provided in subparagraph (G), nothing'';

(2) by redesignating subparagraph (G) as subparagraph (H); and

(3) by inserting after subparagraph (F) the following new subparagraph:

''(G) The Secretary shall increase the amount of the composite rate component of the basic case-mix adjusted system under subparagraph (B) for dialysis services furnished on or after January 1, 2006, by 1.6 percent above the amount of such composite rate component for such services furnished on December 31, 2005.''.

SEC. 5107. REVISIONS TO PAYMENTS FOR THERAPY SERVICES.

(a) EXCEPTION TO CAPS FOR 2006.—

(1) IN GENERAL.—Section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) is amended—

(A) in each of paragraphs (1) and (3), by striking ''paragraph (4)'' and inserting ''paragraphs (4) and (5)''; and

(B) by adding at the end the following new paragraph:

''(5) With respect to expenses incurred during 2006 for services, the Secretary shall implement a process under which an individual enrolled under this part may, upon request of the individual or a person on behalf of the individual, obtain an exception from the uniform dollar limitation specified in paragraph (2), for services described in paragraphs (1) and (3) if the provision of such services is determined to be medically necessary. Under such process, if the Secretary does not make a decision on such a request for an exception within 10 business days of the date of the Secretary's receipt of the request, the Secretary shall be deemed to have found the services to be medically necessary.''.

(2) TIMELY IMPLEMENTATION.—The Secretary of Health and Human Services shall waive such provisions of law and regulation (including those described in section 110(c) of Public Law 108–173) as are necessary to implement the amendments made by paragraph (1) on a timely basis and, notwithstanding any other provision of law, may implement such amendments by program instruction or otherwise. There shall be no administrative or judicial review under section 1869 or section 1878 of the Social Security Act (42 U.S.C. 1395ff and 1395oo), or otherwise of the process (including the establishment of the process) under section 1833(g)(5) of such Act, as added by paragraph (1).

(b) IMPLEMENTATION OF CLINICALLY APPROPRIATE CODE EDITS IN ORDER TO IDENTIFY AND ELIMINATE IMPROPER PAYMENTS FOR THERAPY SERVICES.—By not later than July 1, 2006, the Secretary of Health and Human Services shall implement clinically appropriate code edits with respect to payments under part B of title XVIII of the Social Security Act for physical therapy services, occupational therapy services, and speech-language pathology services in order to identify and eliminate improper payments for such services, including edits of clinically illogical combinations of procedure codes and other edits to control inappropriate billings.

CHAPTER 2—MISCELLANEOUS

SEC. 5111. ACCELERATED IMPLEMENTATION OF INCOME-RELATED REDUCTION IN PART B PREMIUM SUBSIDY.

Section 1839(i)(3)(B) of the Social Security Act (42 U.S.C. 1395r(i)(3)(B)) is amended—

(1) in the heading, by striking ''5-YEAR'' and inserting ''3-YEAR'';

(2) in the matter preceding clause (i), by striking ''2011'' and inserting ''2009'';

(3) in clause (i), by striking ''20 percent'' and inserting ''33 percent'';

(4) in clause (ii), by striking ''40 percent'' and inserting ''67 percent''; and

(5) by striking clauses (iii) and (iv).

SEC. 5112. MEDICARE COVERAGE OF ULTRASOUND SCREENING FOR ABDOMINAL AORTIC ANEURYSMS.

(a) IN GENERAL.—Section 1861 of the Social Security Act (42 U.S.C. 1395x) is amended—

(1) in subsection (s)(2)—

(A) by striking ''and'' at the end of subparagraph (Y);

(B) by adding ''and'' at the end of subparagraph (Z) and moving such subparagraph 2 ems to the left; and

(C) by adding at the end the following new subparagraph:

''(AA) ultrasound screening for abdominal aortic aneurysm (as defined in subsection (bbb)) for an individual—

''(i) who receives a referral for such an ultrasound screening as a result of an initial preventive physical examination (as defined in section 1861(ww)(1));

''(ii) who has not been previously furnished such an ultrasound screening under this title; and

''(iii) who—

''(I) has a family history of abdominal aortic aneurysm; or

''(II) manifests risk factors included in a beneficiary category recommended for screening by the United States Preventive Services Task Force regarding abdominal aortic aneurysms;''; and

(2) by adding at the end the following new subsection:

''Ultrasound Screening for Abdominal Aortic Aneurysm

''(bbb) The term 'ultrasound screening for abdominal aortic aneurysm' means—

''(1) a procedure using sound waves (or such other procedures using alternative technologies, of commensurate accuracy and cost, that the Secretary may specify) provided for the early detection of abdominal aortic aneurysm; and

''(2) includes a physician's interpretation of the results of the procedure.''.

(b) INCLUSION OF ULTRASOUND SCREENING FOR ABDOMINAL AORTIC ANEURYSM IN INITIAL PREVENTIVE PHYSICAL EXAMINATION.—Section 1861(ww)(2) of such Act (42 U.S.C. 1395x(ww)(2)) is amended by adding at the end the following new subparagraph:

''(L) Ultrasound screening for abdominal aortic aneurysm as defined in section 1861(bbb).''.

(c) PAYMENT FOR ULTRASOUND SCREENING FOR ABDOMINAL AORTIC ANEURYSM.—Section 1848(j)(3) of such Act (42 U.S.C. 1395w–4(j)(3)) is amended by inserting ''(2)(AA),'' after ''(2)(W),''.

(d) FREQUENCY.—Section 1862(a)(1) of such Act (42 U.S.C. 1395y(a)(1)) is amended—

(1) by striking ''and'' at the end of subparagraph (L);

(2) by striking the semicolon at the end of subparagraph (M) and inserting '', and''; and

(3) by adding at the end the following new subparagraph:

''(N) in the case of ultrasound screening for abdominal aortic aneurysm which is performed more frequently than is provided for under section 1861(s)(2)(AA);''.

(e) NON-APPLICATION OF PART B DEDUCTIBLE.—Section 1833(b) of such Act (42 U.S.C. 1395l(b)) is amended in the first sentence—

(1) by striking ''and'' before ''(6)''; and

(2) by inserting '', and (7) such deductible shall not apply with respect to ultrasound screening for abdominal aortic aneurysm (as defined in section 1861(bbb))'' before the period at the end.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after January 1, 2007.

SEC. 5113. IMPROVING PATIENT ACCESS TO, AND UTILIZATION OF, COLORECTAL CANCER SCREENING.

(a) NON-APPLICATION OF DEDUCTIBLE FOR COLORECTAL CANCER SCREENING TESTS.—Section 1833(b) of the Social Security Act (42 U.S.C. 1395l(b)), as amended by section 5112(e), is amended in the first sentence—

(1) by striking ''and'' before ''(7)''; and

(2) by inserting '', and (8) such deductible shall not apply with respect to colorectal cancer screening tests (as described in section 1861(pp)(1))'' before the period at the end.

(b) CONFORMING AMENDMENTS.—Paragraphs (2)(C)(ii) and (3)(C)(ii) of section 1834(d) of such Act (42 U.S.C. 1395m(d)) are each amended—

(1) by striking ''DEDUCTIBLE AND'' in the heading; and

(2) in subclause (I), by striking ''deductible or'' each place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after January 1, 2007.

SEC. 5114. DELIVERY OF SERVICES AT FEDERALLY QUALIFIED HEALTH CENTERS.

(a) COVERAGE.—

(1) IN GENERAL.—Section 1861(aa)(3) of the Social Security Act (42 U.S.C. 1395x(aa)(3)) is amended—

(A) in subparagraph (A), by striking '', and'' and inserting ''and services described in subsections (qq) and (vv); and'';

(B) in subparagraph (B), by striking ''sections 329, 330, and 340'' and inserting ''section 330''; and

(C) in the flush matter at the end, by inserting ''by the center or by a health care professional under contract with the center'' after ''outpatient of a Federally qualified health center''.

(2) CONSOLIDATED BILLING.—The first sentence of section 1842(b)(6)(F) of such Act (42 U.S.C. 1395u(b)(6)(F)) is amended—

(A) by striking ''and (G)'' and inserting ''(G)''; and

(B) by inserting before the period at the end the following: '', and (H) in the case of services described in section 1861(aa)(3) that are furnished by a health care professional under contract with a Federally qualified health center, payment shall be made to the center''.

(b) TECHNICAL CORRECTIONS.—Clauses (i) and (ii)(II) of section 1861(aa)(4)(A) of such Act (42 U.S.C. 1395x(aa)(4)(A)) are each amended by striking ''(other than subsection (h))''.

(c) EFFECTIVE DATES.—The amendments made by this section shall apply to services furnished on or after January 1, 2006.

SEC. 5115. WAIVER OF PART B LATE ENROLLMENT PENALTY FOR CERTAIN INTERNATIONAL VOLUNTEERS.

(a) IN GENERAL.—

(1) WAIVER OF PENALTY.—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended in the second sentence by inserting the following before the period at the end: ''or months for which the individual can demonstrate that the individual was an individual described in section 1837(k)(3)''.

(2) SPECIAL ENROLLMENT PERIOD.—

(A) IN GENERAL.—Section 1837 of such Act (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

''(k)(1) In the case of an individual who—

''(A) at the time the individual first satisfies paragraph (1) or (2) of section 1836, is described in paragraph (3), and has elected not to enroll (or to be deemed enrolled) under this section during the individual's initial enrollment period; or

''(B) has terminated enrollment under this section during a month in which the individual is described in paragraph (3),

there shall be a special enrollment period described in paragraph (2).

''(2) The special enrollment period described in this paragraph is the 6-month period beginning on the first day of the month which includes the date that the individual is no longer described in paragraph (3).

''(3) For purposes of paragraph (1), an individual described in this paragraph is an individual who—

''(A) is serving as a volunteer outside of the United States through a program—

''(i) that covers at least a 12-month period; and

''(ii) that is sponsored by an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; and

''(B) demonstrates health insurance coverage while serving in the program.''.

(B) COVERAGE PERIOD.—Section 1838 of such Act (42 U.S.C. 1395q) is amended by adding at the end the following new subsection:

''(f) Notwithstanding subsection (a), in the case of an individual who enrolls during a special enrollment period pursuant to section 1837(k), the coverage period shall begin on the first day of the month following the month in which the individual so enrolls.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1) shall apply to months beginning with January 2007 and the amendments made by subsection (a)(2) shall take effect on January 1, 2007.

Subtitle C—Provisions Relating to Parts A and B

SEC. 5201. HOME HEALTH PAYMENTS.

(a) 2006 UPDATE.—Section 1895(b)(3)(B)(ii) of the Social Security Act (42 U.S.C. 1395fff(b)(3)(B)(ii)) is amended—

(1) in subclause (III), by striking ''each of 2005 and 2006'' and inserting ''all of 2005'';

(2) by striking ''or'' at the end of subclause (III);

(3) in subclause (IV), by striking ''2007 and'' and by redesignating such subclause as subclause (V); and

(4) by inserting after subclause (III) the following new subclause:

''(IV) 2006, 0 percent; and''.

(b) APPLYING RURAL ADD-ON POLICY FOR 2006.—Section 421(a) of Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173; 117 Stat. 2283) is amended by inserting ''and episodes and visits beginning on or after January 1, 2006, and before January 1, 2007,'' after ''April 1, 2005,''.

(c) HOME HEALTH CARE QUALITY IMPROVEMENT.—Section 1895(b)(3)(B) of the Social Security Act (42 U.S.C. 1395fff(b)(3)(B)) is amended—

(1) in clause (ii)(V), as redesignated by subsection (a)(3), by inserting ''subject to clause (v),'' after ''subsequent year,''; and

(2) by adding at the end the following new clause:

''(v) ADJUSTMENT IF QUALITY DATA NOT SUBMITTED.—

''(I) ADJUSTMENT.—For purposes of clause (ii)(V), for 2007 and each subsequent year, in the case of a home health agency that does not submit data to the Secretary in accordance with subclause (II) with respect to such a year, the home health market basket percentage increase applicable under such clause for such year shall be reduced by 2 percentage points. Such reduction shall apply only with respect to the year involved, and the Secretary shall not take into account such reduction in computing the prospective payment amount under this section for a subsequent year, and the Medicare Payment Advisory Commission shall carry out the requirements under section 5201(d) of the Deficit Reduction Act of 2005.

''(II) SUBMISSION OF QUALITY DATA.—For 2007 and each subsequent year, each home health agency shall submit to the Secretary such data that the Secretary determines are appropriate for the measurement of health care quality. Such data shall be submitted in a form and manner, and at a time, specified by the Secretary for purposes of this clause.

''(III) PUBLIC AVAILABILITY OF DATA SUBMITTED.—The Secretary shall establish procedures for making data submitted under subclause (II) available to the public. Such procedures shall ensure that a home health agency has the opportunity to review the data that is to be made public with respect to the agency prior to such data being made public.''.

(d) MEDPAC REPORT ON VALUE BASED PURCHASING.—

(1) IN GENERAL.—Not later than June 1, 2007, the Medicare Payment Advisory Commission shall submit to Congress a report that includes recommendations on a detailed structure of value based payment adjustments for home health services under the Medicare program under title XVIII of the Social Security Act. Such report shall include recommendations concerning the determination of thresholds, the size of such payments, sources of funds, and the relationship of payments for improvement and attainment of quality.

(2) FUNDING.—Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Medicare Payment Advisory Commission $550,000, to carry out this subsection.

SEC. 5202. REVISION OF PERIOD FOR PROVIDING PAYMENT FOR CLAIMS THAT ARE NOT SUBMITTED ELECTRONICALLY.

(a) REVISION.—

(1) PART A.—Section 1816(c)(3)(B)(ii) of the Social Security Act (42 U.S.C. 1395h(c)(3)(B)(ii)) is amended by striking ''26 days'' and inserting ''28 days''.

(2) PART B.—Section 1842(c)(3)(B)(ii) of such Act (42 U.S.C. 1395u(c)(3)(B)(ii)) is amended by striking ''26 days'' and inserting ''28 days''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to claims submitted on or after January 1, 2006.

SEC. 5203. TIMEFRAME FOR PART A AND B PAYMENTS.

Notwithstanding sections 1816(c) and 1842(c)(2) of the Social Security Act or any other provision of law—

(1) any payment from the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) or from the Federal Supplementary Medical Insurance Trust Fund under section 1841 of such Act (42 U.S.C. 1395t) for claims submitted under part A or B of title XVIII of such Act for items and services furnished under such part A or B, respectively, that would otherwise be payable during the period beginning on September 22, 2006, and ending on September 30, 2006, shall be paid on the first business day of October 2006; and

(2) no interest or late penalty shall be paid to an entity or individual for any delay in a payment by reason of the application of paragraph (1).

SEC. 5204. MEDICARE INTEGRITY PROGRAM FUNDING.

Section 1817(k)(4) of the Social Security Act (42 U.S.C. 1395i(k)(4)) is amended—

(1) in subparagraph (B), by striking ''The amount'' and inserting ''Subject to subparagraph (C), the amount''; and

(2) by adding at the end the following new subparagraph:

''(C) ADJUSTMENTS.—The amount appropriated under subparagraph (A) for a fiscal year is increased as follows:

''(i) For fiscal year 2006, $100,000,000.''.

Subtitle D—Provisions Relating to Part C

SEC. 5301. PHASE-OUT OF RISK ADJUSTMENT BUDGET NEUTRALITY IN DETERMINING THE AMOUNT OF PAYMENTS TO MEDICARE ADVANTAGE ORGANIZATIONS.

(a) IN GENERAL.—Section 1853 of the Social Security Act (42 U.S.C. 1395w–23) is amended—

(1) in subsection (j)(1)—

(A) in subparagraph (A)—

(i) by inserting ''(or, beginning with 2007, 1/12 of the applicable amount determined under subsection (k)(1))'' after ''1853(c)(1)''; and

(ii) by inserting ''(for years before 2007)'' after ''adjusted as appropriate'';

(B) in subparagraph (B), by inserting ''(for years before 2007)'' after ''adjusted as appropriate''; and

(2) by adding at the end the following new subsection:

''(k) DETERMINATION OF APPLICABLE AMOUNT FOR PURPOSES OF CALCULATING THE BENCHMARK AMOUNTS.—

''(1) APPLICABLE AMOUNT DEFINED.—For purposes of subsection (j), subject to paragraph (2), the term 'applicable amount' means for an area—

''(A) for 2007—

''(i) if such year is not specified under subsection (c)(1)(D)(ii), an amount equal to the amount specified in subsection (c)(1)(C) for the area for 2006—

''(I) first adjusted by the rescaling factor for 2006 for the area (as made available by the Secretary in the announcement of the rates on April 4, 2005, under subsection (b)(1), but excluding any national adjustment factors for coding intensity and risk adjustment budget neutrality that were included in such factor); and

''(II) then increased by the national per capita MA growth percentage, described in subsection (c)(6) for 2007, but not taking into account any adjustment under subparagraph (C) of such subsection for a year before 2004;

''(ii) if such year is specified under subsection (c)(1)(D)(ii), an amount equal to the greater of—

''(I) the amount determined under clause (i) for the area for the year; or

''(II) the amount specified in subsection (c)(1)(D) for the area for the year; and

''(B) for a subsequent year—

''(i) if such year is not specified under subsection (c)(1)(D)(ii), an amount equal to the amount determined under this paragraph for the area for the previous year (determined without regard to paragraph (2)), increased by the national per capita MA growth percentage, described in subsection (c)(6) for that succeeding year, but not taking into account any adjustment under subparagraph (C) of such subsection for a year before 2004; and

''(ii) if such year is specified under subsection (c)(1)(D)(ii), an amount equal to the greater of—

''(I) the amount determined under clause (i) for the area for the year; or

''(II) the amount specified in subsection (c)(1)(D) for the area for the year.

''(2) PHASE-OUT OF BUDGET NEUTRALITY FACTOR.—

''(A) IN GENERAL.—Except as provided in subparagraph (D), in the case of 2007 through 2010, the applicable amount determined under paragraph (1) shall be multiplied by a factor equal to 1 plus the product of—

''(i) the percent determined under subparagraph (B) for the year; and

''(ii) the applicable phase-out factor for the year under subparagraph (C).

''(B) PERCENT DETERMINED.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(i), subject to clause (iv), the percent determined under this subparagraph for a year is a percent equal to a fraction the numerator of which is described in clause (ii) and the denominator of which is described in clause (iii).

''(ii) NUMERATOR BASED ON DIFFERENCE BETWEEN DEMOGRAPHIC RATE AND RISK RATE.—

''(I) IN GENERAL.—The numerator described in this clause is an amount equal to the amount by which the demographic rate described in subclause (II) exceeds the risk rate described in subclause (III).

''(II) DEMOGRAPHIC RATE.—The demographic rate described in this subclause is the Secretary's estimate of the total payments that would have been made under this part in the year if all the monthly payment amounts for all MA plans were equal to 1/12 of the annual MA capitation rate under subsection (c)(1) for the area and year, adjusted pursuant to subsection (a)(1)(C).

''(III) RISK RATE.—The risk rate described in this subclause is the Secretary's estimate of the total payments that would have been made under this part in the year if all the monthly payment amounts for all MA plans were equal to the amount described in subsection (j)(1)(A) (determined as if this paragraph had not applied) under subsection (j) for the area and year, adjusted pursuant to subsection (a)(1)(C).

''(iii) DENOMINATOR BASED ON RISK RATE.—The denominator described in this clause is equal to the total amount estimated for the year under clause (ii)(III).

''(iv) REQUIREMENTS.—In estimating the amounts under the previous clauses, the Secretary shall—

''(I) use a complete set of the most recent and representative Medicare Advantage risk scores under subsection (a)(3) that are available from the risk adjustment model announced for the year;

''(II) adjust the risk scores to reflect changes in treatment and coding practices in the fee-for-service sector;

''(III) adjust the risk scores for differences in coding patterns between Medicare Advantage plans and providers under the original medicare fee-for-service program under parts A and B to the extent that the Secretary has identified such differences, as required in subsection (a)(1)(C);

''(IV) as necessary, adjust the risk scores for late data submitted by Medicare Advantage organizations;

''(V) as necessary, adjust the risk scores for lagged cohorts; and

''(VI) as necessary, adjust the risk scores for changes in enrollment in Medicare Advantage plans during the year.

''(v) AUTHORITY.—In computing such amounts the Secretary may take into account the estimated health risk of enrollees in preferred provider organization plans (including MA regional plans) for the year.

''(C) APPLICABLE PHASE-OUT FACTOR.—For purposes of subparagraph (A)(ii), the term 'applicable phase-out factor' means—

''(i) for 2007, 0.55;

''(ii) for 2008, 0.40;

''(iii) for 2009, 0.25; and

''(iv) for 2010, 0.05.

''(D) TERMINATION OF APPLICATION.—Subparagraph (A) shall not apply in a year if the amount estimated under subparagraph (B)(ii)(III) for the year is equal to or greater than the amount estimated under subparagraph (B)(ii)(II) for the year.

''(3) NO REVISION IN PERCENT.—

''(A) IN GENERAL.—The Secretary may not make any adjustment to the percent determined under paragraph (2)(B) for any year.

''(B) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to limit the authority of the Secretary to make adjustments to the applicable amounts determined under paragraph (1) as appropriate for purposes of updating data or for purposes of adopting an improved risk adjustment methodology.''.

(b) REFINEMENTS TO HEALTH STATUS ADJUSTMENT.—Section 1853(a)(1)(C) of such Act (42 U.S.C. 1395w–23) is amended—

(1) by designating the matter after the heading as a clause (i) with the following heading: ''IN GENERAL.—'' and indenting appropriately; and

(2) by adding at the end the following:

''(ii) APPLICATION DURING PHASE-OUT OF BUDGET NEUTRALITY FACTOR.—For 2006 through 2010:

''(I) In applying the adjustment under clause (i) for health status to payment amounts, the Secretary shall ensure that such adjustment reflects changes in treatment and coding practices in the fee-for-service sector and reflects differences in coding patterns between Medicare Advantage plans and providers under part A and B to the extent that the Secretary has identified such differences.

''(II) In order to ensure payment accuracy, the Secretary shall conduct an analysis of the differences described in subclause (I). The Secretary shall complete such analysis by a date necessary to ensure that the results of such analysis are incorporated into the risk scores only for 2008, 2009, and 2010. In conducting such analysis, the Secretary shall use data submitted with respect to 2004 and subsequent years, as available.''.

SEC. 5302. RURAL PACE PROVIDER GRANT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) CMS.—The term ''CMS'' means the Centers for Medicare & Medicaid Services.

(2) PACE PROGRAM.—The term ''PACE program'' has the meaning given that term in sections 1894(a)(2) and 1934(a)(2) of the Social Security Act (42 U.S.C. 1395eee(a)(2); 1396u–4(a)(2)).

(3) PACE PROVIDER.—The term ''PACE provider'' has the meaning given that term in section 1894(a)(3) or 1934(a)(3) of the Social Security Act (42 U.S.C. 1395eee(a)(3); 1396u–4(a)(3)).

(4) RURAL AREA.—The term ''rural area'' has the meaning given that term in section 1886(d)(2)(D) of the Social Security Act (42 U.S.C. 1395ww(d)(2)(D)).

(5) RURAL PACE PILOT SITE.—The term ''rural PACE pilot site'' means a PACE provider that has been approved to provide services in a geographic service area that is, in whole or in part, a rural area, and that has received a site development grant under this section.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(b) SITE DEVELOPMENT GRANTS AND TECHNICAL ASSISTANCE PROGRAM.—

(1) SITE DEVELOPMENT GRANTS.—

(A) IN GENERAL.—The Secretary shall establish a process and criteria to award site development grants to qualified PACE providers that have been approved to serve a rural area.

(B) AMOUNT PER AWARD.—A site development grant awarded under subparagraph (A) to any individual rural PACE pilot site shall not exceed $750,000.

(C) NUMBER OF AWARDS.—Not more than 15 rural PACE pilot sites shall be awarded a site development grant under subparagraph (A).

(D) USE OF FUNDS.—Funds made available under a site development grant awarded under subparagraph (A) may be used for the following expenses only to the extent such expenses are incurred in relation to establishing or delivering PACE program services in a rural area:

(i) Feasibility analysis and planning.

(ii) Interdisciplinary team development.

(iii) Development of a provider network, including contract development.

(iv) Development or adaptation of claims processing systems.

(v) Preparation of special education and outreach efforts required for the PACE program.

(vi) Development of expense reporting required for calculation of outlier payments or reconciliation processes.

(vii) Development of any special quality of care or patient satisfaction data collection efforts.

(viii) Establishment of a working capital fund to sustain fixed administrative, facility, or other fixed costs until the provider reaches sufficient enrollment size.

(ix) Startup and development costs incurred prior to the approval of the rural PACE pilot site's PACE provider application by CMS.

(x) Any other efforts determined by the rural PACE pilot site to be critical to its successful startup, as approved by the Secretary.

(E) APPROPRIATION.—

(i) IN GENERAL.—Out of funds in the Treasury not otherwise appropriated, there are appropriated to the Secretary to carry out this subsection for fiscal year 2006, $7,500,000.

(ii) AVAILABILITY.—Funds appropriated under clause (i) shall remain available for expenditure through fiscal year 2008.

(2) TECHNICAL ASSISTANCE PROGRAM.—The Secretary shall establish a technical assistance program to provide—

(A) outreach and education to State agencies and provider organizations interested in establishing PACE programs in rural areas; and

(B) technical assistance necessary to support rural PACE pilot sites.

(c) COST OUTLIER PROTECTION FOR RURAL PACE PILOT SITES.—

(1) ESTABLISHMENT OF FUND FOR REIMBURSEMENT OF OUTLIER COSTS.—Notwithstanding any other provision of law, the Secretary shall establish an outlier fund to reimburse rural PACE pilot sites for recognized outlier costs (as defined in paragraph (3)) incurred for eligible outlier participants (as defined in paragraph (2)) in an amount, subject to paragraph (4), equal to 80 percent of the amount by which the recognized outlier costs exceeds $50,000.

(2) ELIGIBLE OUTLIER PARTICIPANT.—For purposes of this subsection, the term ''eligible outlier participant'' means a PACE program eligible individual (as defined in sections 1894(a)(5) and 1934(a)(5) of the Social Security Act (42 U.S.C. 1395eee(a)(5); 1396u–4(a)(5) who resides in a rural area and with respect to whom the rural PACE pilot site incurs more than $50,000 in recognized costs in a 12-month period.

(3) RECOGNIZED OUTLIER COSTS DEFINED.—

(A) IN GENERAL.—For purposes of this subsection, the term ''recognized outlier costs'' means, with respect to services furnished to an eligible outlier participant by a rural PACE pilot site, the least of the following (as documented by the site to the satisfaction of the Secretary) for the provision of inpatient and related physician and ancillary services for the eligible outlier participant in a given 12-month period:

(i) If the services are provided under a contract between the pilot site and the provider, the payment rate specified under the contract.

(ii) The payment rate established under the original medicare fee-for-service program for such service.

(iii) The amount actually paid for the services by the pilot site.

(B) INCLUSION IN ONLY ONE PERIOD.—Recognized outlier costs may not be included in more than one 12-month period.

(3) OUTLIER EXPENSE PAYMENT.—

(A) PAYMENT FOR OUTLIER COSTS.—Subject to subparagraph (B), in the case of a rural PACE pilot site that has incurred outlier costs for an eligible outlier participant, the rural PACE pilot site shall receive an outlier expense payment equal to 80 percent of such costs that exceed $50,000.

(4) LIMITATIONS.—

(A) COSTS INCURRED PER ELIGIBLE OUTLIER PARTICIPANT.—The total amount of outlier expense payments made under this subsection to a rural PACE pilot site with respect to an eligible outlier participant for any 12-month period shall not exceed $100,000 for the 12-month period used to calculate the payment.

(B) COSTS INCURRED PER PROVIDER.—No rural PACE pilot site may receive more than $500,000 in total outlier expense payments in a 12-month period.

(C) LIMITATION OF OUTLIER COST REIMBURSEMENT PERIOD.—A rural PACE pilot site shall only receive outlier expense payments under this subsection with respect to costs incurred during the first 3 years of the site's operation.

(5) REQUIREMENT TO ACCESS RISK RESERVES PRIOR TO PAYMENT.—A rural PACE pilot site shall access and exhaust any risk reserves held or arranged for the provider (other than revenue or reserves maintained to satisfy the requirements of section 460.80(c) of title 42, Code of Federal Regulations) and any working capital established through a site development grant awarded under subsection (b)(1), prior to receiving any payment from the outlier fund.

(6) APPLICATION.—In order to receive an outlier expense payment under this subsection with respect to an eligible outlier participant, a rural PACE pilot site shall submit an application containing—

(A) documentation of the costs incurred with respect to the participant;

(B) a certification that the site has complied with the requirements under paragraph (4); and

(C) such additional information as the Secretary may require.

(7) APPROPRIATION.—

(A) IN GENERAL.—Out of funds in the Treasury not otherwise appropriated, there are appropriated to the Secretary to carry out this subsection for fiscal year 2006, $10,000,000.

(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available for expenditure through fiscal year 2010.

(d) EVALUATION OF PACE PROVIDERS SERVING RURAL SERVICE AREAS.—Not later than 60 months after the date of enactment of this Act, the Secretary shall submit a report to Congress containing an evaluation of the experience of rural PACE pilot sites.

(e) AMOUNTS IN ADDITION TO PAYMENTS UNDER SOCIAL SECURITY ACT.—Any amounts paid under the authority of this section to a PACE provider shall be in addition to payments made to the provider under section 1894 or 1934 of the Social Security Act (42 U.S.C. 1395eee; 1396u–4).

TITLE VI—MEDICAID AND SCHIP

Subtitle A—Medicaid

CHAPTER 1—PAYMENT FOR PRESCRIPTION DRUGS

SEC. 6001. FEDERAL UPPER PAYMENT LIMIT FOR MULTIPLE SOURCE DRUGS AND OTHER DRUG PAYMENT PROVISIONS.

(a) MODIFICATION OF FEDERAL UPPER PAYMENT LIMIT FOR MULTIPLE SOURCE DRUGS; DEFINITION OF MULTIPLE SOURCE DRUGS.—Section 1927 of the Social Security Act (42 U.S.C. 1396r–8) is amended—

(1) in subsection (e)(4)—

(A) by striking ''The Secretary'' and inserting ''Subject to paragraph (5), the Secretary''; and

(B) by inserting ''(or, effective January 1, 2007, two or more)'' after ''three or more'';

(2) by adding at the end of subsection (e) the following new paragraph:

''(5) USE OF AMP IN UPPER PAYMENT LIMITS.—Effective January 1, 2007, in applying the Federal upper reimbursement limit under paragraph (4) and section 447.332(b) of title 42 of the Code of Federal Regulations, the Secretary shall substitute 250 percent of the average manufacturer price (as computed without regard to customary prompt pay discounts extended to wholesalers) for 150 percent of the published price.'';

(3) in subsection (k)(7)(A)(i), in the matter preceding subclause (I), by striking ''are 2 or more drug products'' and inserting ''at least 1 other drug product''; and

(4) in subclauses (I), (II), and (III) of subsection (k)(7)(A)(i), by striking ''are'' and inserting ''is'' each place it appears.

(b) DISCLOSURE OF PRICE INFORMATION TO STATES AND THE PUBLIC.—Subsection (b)(3) of such section is amended—

(1) in subparagraph (A)—

(A) in clause (i), by inserting ''month of a'' after ''last day of each''; and

(B) by adding at the end the following: ''Beginning July 1, 2006, the Secretary shall provide on a monthly basis to States under subparagraph (D)(iv) the most recently reported average manufacturer prices for single source drugs and for multiple source drugs and shall, on at least a quarterly basis, update the information posted on the website under subparagraph (D)(v).''; and

(2) in subparagraph (D)—

(A) by striking ''and'' at the end of clause (ii);

(B) by striking the period at the end of clause (iii) and inserting a comma; and

(C) by inserting after clause (iii) the following new clauses:

''(iv) to States to carry out this title, and

''(v) to the Secretary to disclose (through a website accessible to the public) average manufacturer prices.''.

(c) DEFINITION OF AVERAGE MANUFACTURER PRICE.—

(1) EXCLUSION OF CUSTOMARY PROMPT PAY DISCOUNTS EXTENDED TO WHOLESALERS.—Subsection (k)(1) of such section is amended—

(A) by striking ''The term'' and inserting the following:

''(A) IN GENERAL.—Subject to subparagraph (B), the term'';

(B) by striking '', after deducting customary prompt pay discounts''; and

(C) by adding at the end the following:

''(B) EXCLUSION OF CUSTOMARY PROMPT PAY DISCOUNTS EXTENDED TO WHOLESALERS.—The average manufacturer price for a covered outpatient drug shall be determined without regard to customary prompt pay discounts extended to wholesalers.''.

(2) MANUFACTURER REPORTING OF PROMPT PAY DISCOUNTS.—Subsection (b)(3)(A)(i) of such section is amended by inserting '', customary prompt pay discounts extended to wholesalers,'' after ''(k)(1))''.

(3) REQUIREMENT TO PROMULGATE REGULATION.—

(A) INSPECTOR GENERAL RECOMMENDATIONS.—Not later than June 1, 2006, the Inspector General of the Department of Health and Human Services shall—

(i) review the requirements for, and manner in which, average manufacturer prices are determined under section 1927 of the Social Security Act, as amended by this section; and

(ii) shall submit to the Secretary of Health and Human Services and Congress such recommendations for changes in such requirements or manner as the Inspector General determines to be appropriate.

(B) DEADLINE FOR PROMULGATION.—Not later than July 1, 2007, the Secretary of Health and Human Services shall promulgate a regulation that clarifies the requirements for, and manner in which, average manufacturer prices are determined under section 1927 of the Social Security Act, taking into consideration the recommendations submitted to the Secretary in accordance with subparagraph (A)(ii).

(d) EXCLUSION OF SALES AT A NOMINAL PRICE FROM DETERMINATION OF BEST PRICE.—

(1) MANUFACTURER REPORTING OF SALES.—Subsection (b)(3)(A)(iii) of such section is amended by inserting before the period at the end the following: '', and, for calendar quarters beginning on or after January 1, 2007 and only with respect to the information described in subclause (III), for covered outpatient drugs''.

(2) LIMITATION ON SALES AT A NOMINAL PRICE.—Subsection (c)(1) of such section is amended by adding at the end the following new subparagraph:

''(D) LIMITATION ON SALES AT A NOMINAL PRICE.—

''(i) IN GENERAL.—For purposes of subparagraph (C)(ii)(III) and subsection (b)(3)(A)(iii)(III), only sales by a manufacturer of covered outpatient drugs at nominal prices to the following shall be considered to be sales at a nominal price or merely nominal in amount:

''(I) A covered entity described in section 340B(a)(4) of the Public Health Service Act.

''(II) An intermediate care facility for the mentally retarded.

''(III) A State-owned or operated nursing facility.

''(IV) Any other facility or entity that the Secretary determines is a safety net provider to which sales of such drugs at a nominal price would be appropriate based on the factors described in clause (ii).

''(ii) FACTORS.—The factors described in this clause with respect to a facility or entity are the following:

''(I) The type of facility or entity.

''(II) The services provided by the facility or entity.

''(III) The patient population served by the facility or entity.

''(IV) The number of other facilities or entities eligible to purchase at nominal prices in the same service area.

''(iii) NONAPPLICATION.—Clause (i) shall not apply with respect to sales by a manufacturer at a nominal price of covered outpatient drugs pursuant to a master agreement under section 8126 of title 38, United States Code.''.

(e) RETAIL SURVEY PRICES; STATE PAYMENT AND UTILIZATION RATES; AND PERFORMANCE RANKINGS.—Such section is further amended by inserting after subsection (e) the following new subsection:

''(f) SURVEY OF RETAIL PRICES; STATE PAYMENT AND UTILIZATION RATES; AND PERFORMANCE RANKINGS.—

''(1) SURVEY OF RETAIL PRICES.—

''(A) USE OF VENDOR.—The Secretary may contract services for—

''(i) the determination on a monthly basis of retail survey prices for covered outpatient drugs that represent a nationwide average of consumer purchase prices for such drugs, net of all discounts and rebates (to the extent any information with respect to such discounts and rebates is available); and

''(ii) the notification of the Secretary when a drug product that is therapeutically and pharmaceutically equivalent and bioequivalent becomes generally available.

''(B) SECRETARY RESPONSE TO NOTIFICATION OF AVAILABILITY OF MULTIPLE SOURCE PRODUCTS.—If contractor notifies the Secretary under subparagraph (A)(ii) that a drug product described in such subparagraph has become generally available, the Secretary shall make a determination, within 7 days after receiving such notification, as to whether the product is now described in subsection (e)(4).

''(C) USE OF COMPETITIVE BIDDING.—In contracting for such services, the Secretary shall competitively bid for an outside vendor that has a demonstrated history in—

''(i) surveying and determining, on a representative nationwide basis, retail prices for ingredient costs of prescription drugs;

''(ii) working with retail pharmacies, commercial payers, and States in obtaining and disseminating such price information; and

''(iii) collecting and reporting such price information on at least a monthly basis.

In contracting for such services, the Secretary may waive such provisions of the Federal Acquisition Regulation as are necessary for the efficient implementation of this subsection, other than provisions relating to confidentiality of information and such other provisions as the Secretary determines appropriate.

''(D) ADDITIONAL PROVISIONS.—A contract with a vendor under this paragraph shall include such terms and conditions as the Secretary shall specify, including the following:

''(i) The vendor must monitor the marketplace and report to the Secretary each time there is a new covered outpatient drug generally available.

''(ii) The vendor must update the Secretary no less often than monthly on the retail survey prices for covered outpatient drugs.

''(iii) The contract shall be effective for a term of 2 years.

''(E) AVAILABILITY OF INFORMATION TO STATES.—Information on retail survey prices obtained under this paragraph, including applicable information on single source drugs, shall be provided to States on at least a monthly basis. The Secretary shall devise and implement a means for providing access to each State agency designated under section 1902(a)(5) with responsibility for the administration or supervision of the administration of the State plan under this title of the retail survey price determined under this paragraph.

''(2) ANNUAL STATE REPORT.—Each State shall annually report to the Secretary information on—

''(A) the payment rates under the State plan under this title for covered outpatient drugs;

''(B) the dispensing fees paid under such plan for such drugs; and

''(C) utilization rates for noninnovator multiple source drugs under such plan.

''(3) ANNUAL STATE PERFORMANCE RANKINGS.—

''(A) COMPARATIVE ANALYSIS.—The Secretary annually shall compare, for the 50 most widely prescribed drugs identified by the Secretary, the national retail sales price data (collected under paragraph (1)) for such drugs with data on prices under this title for each such drug for each State.

''(B) AVAILABILITY OF INFORMATION.—The Secretary shall submit to Congress and the States full information regarding the annual rankings made under subparagraph (A).

''(4) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to the Secretary of Health and Human Services $5,000,000 for each of fiscal years 2006 through 2010 to carry out this subsection.''.

(f) MISCELLANEOUS AMENDMENTS.—

(1) IN GENERAL.—Sections 1927(g)(1)(B)(i)(II) and 1861(t)(2)(B)(ii)(I) of such Act are each amended by inserting ''(or its successor publications)'' after ''United States Pharmacopoeia-Drug Information''.

(2) PAPERWORK REDUCTION.—The last sentence of section 1927(g)(2)(A)(ii) of such Act (42 U.S.C. 1396r–8(g)(2)(A)(ii)) is amended by inserting before the period at the end the following: '', or to require verification of the offer to provide consultation or a refusal of such offer''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(g) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall take effect on January 1, 2007, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

SEC. 6002. COLLECTION AND SUBMISSION OF UTILIZATION DATA FOR CERTAIN PHYSICIAN ADMINISTERED DRUGS.

(a) IN GENERAL.—Section 1927(a) of the Social Security Act (42 U.S.C. 1396r–8(a)) is amended by adding at the end the following new paragraph:

''(7) REQUIREMENT FOR SUBMISSION OF UTILIZATION DATA FOR CERTAIN PHYSICIAN ADMINISTERED DRUGS.—

''(A) SINGLE SOURCE DRUGS.—In order for payment to be available under section 1903(a) for a covered outpatient drug that is a single source drug that is physician administered under this title (as determined by the Secretary), and that is administered on or after January 1, 2006, the State shall provide for the collection and submission of such utilization data and coding (such as J-codes and National Drug Code numbers) for each such drug as the Secretary may specify as necessary to identify the manufacturer of the drug in order to secure rebates under this section for drugs administered for which payment is made under this title.

''(B) MULTIPLE SOURCE DRUGS.—

''(i) IDENTIFICATION OF MOST FREQUENTLY PHYSICIAN ADMINISTERED MULTIPLE SOURCE DRUGS.—Not later than January 1, 2007, the Secretary shall publish a list of the 20 physician administered multiple source drugs that the Secretary determines have the highest dollar volume of physician administered drugs dispensed under this title. The Secretary may modify such list from year to year to reflect changes in such volume.

''(ii) REQUIREMENT.—In order for payment to be available under section 1903(a) for a covered outpatient drug that is a multiple source drug that is physician administered (as determined by the Secretary), that is on the list published under clause (i), and that is administered on or after January 1, 2008, the State shall provide for the submission of such utilization data and coding (such as J-codes and National Drug Code numbers) for each such drug as the Secretary may specify as necessary to identify the manufacturer of the drug in order to secure rebates under this section.

''(C) USE OF NDC CODES.—Not later than January 1, 2007, the information shall be submitted under subparagraphs (A) and (B)(ii) using National Drug Code codes unless the Secretary specifies that an alternative coding system should be used.

''(D) HARDSHIP WAIVER.—The Secretary may delay the application of subparagraph (A) or (B)(ii), or both, in the case of a State to prevent hardship to States which require additional time to implement the reporting system required under the respective subparagraph.''.

(b) LIMITATION ON PAYMENT.—Section 1903(i)(10) of such Act (42 U.S.C. 1396b(i)(10)), is amended—

(1) by striking ''and'' at the end of subparagraph (A);

(2) by striking ''or'' at the end of subparagraph (B) and inserting ''and''; and

(3) by adding at the end the following new subparagraph:

''(C) with respect to covered outpatient drugs described in section 1927(a)(7), unless information respecting utilization data and coding on such drugs that is required to be submitted under such section is submitted in accordance with such section; or''.

SEC. 6003. IMPROVED REGULATION OF DRUGS SOLD UNDER A NEW DRUG APPLICATION APPROVED UNDER SECTION 505(c) OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

(a) INCLUSION WITH OTHER REPORTED AVERAGE MANUFACTURER AND BEST PRICES.—Section 1927(b)(3)(A) of the Social Security Act (42 U.S.C. 1396r–8(b)(3)(A)) is amended—

(1) by striking clause (i) and inserting the following:

''(i) not later than 30 days after the last day of each rebate period under the agreement—

''(I) on the average manufacturer price (as defined in subsection (k)(1)) for covered outpatient drugs for the rebate period under the agreement (including for all such drugs that are sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act); and

''(II) for single source drugs and innovator multiple source drugs (including all such drugs that are sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act), on the manufacturer's best price (as defined in subsection (c)(1)(C)) for such drugs for the rebate period under the agreement;''; and

(2) in clause (ii), by inserting ''(including for such drugs that are sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act)'' after ''drugs''.

(b) CONFORMING AMENDMENTS.—Section 1927 of such Act (42 U.S.C. 1396r–8) is amended—

(1) in subsection (c)(1)(C)—

(A) in clause (i), in the matter preceding subclause (I), by inserting after ''or innovator multiple source drug of a manufacturer'' the following: ''(including the lowest price available to any entity for any such drug of a manufacturer that is sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act)''; and

(B) in clause (ii)—

(i) in subclause (II), by striking ''and'' at the end;

(ii) in subclause (III), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(IV) in the case of a manufacturer that approves, allows, or otherwise permits any other drug of the manufacturer to be sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act, shall be inclusive of the lowest price for such authorized drug available from the manufacturer during the rebate period to any manufacturer, wholesaler, retailer, provider, health maintenance organization, nonprofit entity, or governmental entity within the United States, excluding those prices described in subclauses (I) through (IV) of clause (i).''; and

(2) in subsection (k), as amended by section 6001(c)(1), by adding at the end the following:

''(C) INCLUSION OF SECTION 505(c) DRUGS.—In the case of a manufacturer that approves, allows, or otherwise permits any drug of the manufacturer to be sold under a new drug application approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act, such term shall be inclusive of the average price paid for such drug by wholesalers for drugs distributed to the retail pharmacy class of trade.''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on January 1, 2007.

SEC. 6004. CHILDREN'S HOSPITAL PARTICIPATION IN SECTION 340B DRUG DISCOUNT PROGRAM.

(a) IN GENERAL.—Section 1927(a)(5)(B) of the Social Security Act (42 U.S.C. 1396r–8(a)(5)(B)) is amended by inserting before the period at the end the following: ''and a children's hospital described in section 1886(d)(1)(B)(iii) which meets the requirements of clauses (i) and (iii) of section 340B(b)(4)(L) of the Public Health Service Act and which would meet the requirements of clause (ii) of such section if that clause were applied by taking into account the percentage of care provided by the hospital to patients eligible for medical assistance under a State plan under this title''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to drugs purchased on or after the date of the enactment of this Act.

CHAPTER 2—LONG-TERM CARE UNDER MEDICAID

Subchapter A—Reform of Asset Transfer Rules

SEC. 6011. LENGTHENING LOOK-BACK PERIOD; CHANGE IN BEGINNING DATE FOR PERIOD OF INELIGIBILITY.

(a) LENGTHENING LOOK-BACK PERIOD FOR ALL DISPOSALS TO 5 YEARS.—Section 1917(c)(1)(B)(i) of the Social Security Act (42 U.S.C. 1396p(c)(1)(B)(i)) is amended by inserting ''or in the case of any other disposal of assets made on or after the date of the enactment of the Deficit Reduction Act of 2005'' before '', 60 months''.

(b) CHANGE IN BEGINNING DATE FOR PERIOD OF INELIGIBILITY.—Section 1917(c)(1)(D) of such Act (42 U.S.C. 1396p(c)(1)(D)) is amended—

(1) by striking ''(D) The date'' and inserting ''(D)(i) In the case of a transfer of asset made before the date of the enactment of the Deficit Reduction Act of 2005, the date''; and

(2) by adding at the end the following new clause:

''(ii) In the case of a transfer of asset made on or after the date of the enactment of the Deficit Reduction Act of 2005, the date specified in this subparagraph is the first day of a month during or after which assets have been transferred for less than fair market value, or the date on which the individual is eligible for medical assistance under the State plan and would otherwise be receiving institutional level care described in subparagraph (C) based on an approved application for such care but for the application of the penalty period, whichever is later, and which does not occur during any other period of ineligibility under this subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made on or after the date of the enactment of this Act.

(d) AVAILABILITY OF HARDSHIP WAIVERS.—Each State shall provide for a hardship waiver process in accordance with section 1917(c)(2)(D) of the Social Security Act (42 U.S.C. 1396p(c)(2)(D))—

(1) under which an undue hardship exists when application of the transfer of assets provision would deprive the individual—

(A) of medical care such that the individual's health or life would be endangered; or

(B) of food, clothing, shelter, or other necessities of life; and

(2) which provides for—

(A) notice to recipients that an undue hardship exception exists;

(B) a timely process for determining whether an undue hardship waiver will be granted; and

(C) a process under which an adverse determination can be appealed.

(e) ADDITIONAL PROVISIONS ON HARDSHIP WAIVERS.—

(1) APPLICATION BY FACILITY.—Section 1917(c)(2) of the Social Security Act (42 U.S.C. 1396p(c)(2)) is amended—

(A) by striking the semicolon at the end of subparagraph (D) and inserting a period; and

(B) by adding after and below such subparagraph the following:

''The procedures established under subparagraph (D) shall permit the facility in which the institutionalized individual is residing to file an undue hardship waiver application on behalf of the individual with the consent of the individual or the personal representative of the individual.''.

(2) AUTHORITY TO MAKE BED HOLD PAYMENTS FOR HARDSHIP APPLICANTS.—Such section is further amended by adding at the end the following: ''While an application for an undue hardship waiver is pending under subparagraph (D) in the case of an individual who is a resident of a nursing facility, if the application meets such criteria as the Secretary specifies, the State may provide for payments for nursing facility services in order to hold the bed for the individual at the facility, but not in excess of payments for 30 days.''.

SEC. 6012. DISCLOSURE AND TREATMENT OF ANNUITIES.

(a) IN GENERAL.—Section 1917 of the Social Security Act (42 U.S.C. 1396p) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e)(1) In order to meet the requirements of this section for purposes of section 1902(a)(18), a State shall require, as a condition for the provision of medical assistance for services described in subsection (c)(1)(C)(i) (relating to long-term care services) for an individual, the application of the individual for such assistance (including any recertification of eligibility for such assistance) shall disclose a description of any interest the individual or community spouse has in an annuity (or similar financial instrument, as may be specified by the Secretary), regardless of whether the annuity is irrevocable or is treated as an asset. Such application or recertification form shall include a statement that under paragraph (2) the State becomes a remainder beneficiary under such an annuity or similar financial instrument by virtue of the provision of such medical assistance.

''(2)(A) In the case of disclosure concerning an annuity under subsection (c)(1)(F), the State shall notify the issuer of the annuity of the right of the State under such subsection as a preferred remainder beneficiary in the annuity for medical assistance furnished to the individual. Nothing in this paragraph shall be construed as preventing such an issuer from notifying persons with any other remainder interest of the State's remainder interest under such subsection.

''(B) In the case of such an issuer receiving notice under subparagraph (A), the State may require the issuer to notify the State when there is a change in the amount of income or principal being withdrawn from the amount that was being withdrawn at the time of the most recent disclosure described in paragraph (1). A State shall take such information into account in determining the amount of the State's obligations for medical assistance or in the individual's eligibility for such assistance.

''(3) The Secretary may provide guidance to States on categories of transactions that may be treated as a transfer of asset for less than fair market value.

''(4) Nothing in this subsection shall be construed as preventing a State from denying eligibility for medical assistance for an individual based on the income or resources derived from an annuity described in paragraph (1).''.

(b) REQUIREMENT FOR STATE TO BE NAMED AS A REMAINDER BENEFICIARY.—Section 1917(c)(1) of such Act (42 U.S.C. 1396p(c)(1)), is amended by adding at the end the following:

''(F) For purposes of this paragraph, the purchase of an annuity shall be treated as the disposal of an asset for less than fair market value unless—

''(i) the State is named as the remainder beneficiary in the first position for at least the total amount of medical assistance paid on behalf of the annuitant under this title; or

''(ii) the State is named as such a beneficiary in the second position after the community spouse or minor or disabled child and is named in the first position if such spouse or a representative of such child disposes of any such remainder for less than fair market value.''.

(c) INCLUSION OF TRANSFERS TO PURCHASE BALLOON ANNUITIES.—Section 1917(c)(1) of such Act (42 U.S.C. 1396p(c)(1)), as amended by subsection (b), is amended by adding at the end the following:

''(G) For purposes of this paragraph with respect to a transfer of assets, the term 'assets' includes an annuity purchased by or on behalf of an annuitant who has applied for medical assistance with respect to nursing facility services or other long-term care services under this title unless—

''(i) the annuity is—

''(I) an annuity described in subsection (b) or (q) of section 408 of the Internal Revenue Code of 1986; or

''(II) purchased with proceeds from—

''(aa) an account or trust described in subsection (a), (c), (p) of section 408 of such Code;

''(bb) a simplified employee pension (within the meaning of section 408(k) of such Code); or

''(cc) a Roth IRA described in section 408A of such Code; or

''(ii) the annuity—

''(I) is irrevocable and nonassignable;

''(II) is actuarially sound (as determined in accordance with actuarial publications of the Office of the Chief Actuary of the Social Security Administration); and

''(III) provides for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments made.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions (including the purchase of an annuity) occurring on or after the date of the enactment of this Act.

SEC. 6013. APPLICATION OF "INCOME-FIRST" RULE IN APPLYING COMMUNITY SPOUSE'S INCOME BEFORE ASSETS IN PROVIDING SUPPORT OF COMMUNITY SPOUSE.

(a) IN GENERAL.—Section 1924(d) of the Social Security Act (42 U.S.C. 1396r–5(d)) is amended by adding at the end the following new subparagraph:

''(6) APPLICATION OF 'INCOME FIRST' RULE TO REVISION OF COMMUNITY SPOUSE RESOURCE ALLOWANCE.—For purposes of this subsection and subsections (c) and (e), a State must consider that all income of the institutionalized spouse that could be made available to a community spouse, in accordance with the calculation of the community spouse monthly income allowance under this subsection, has been made available before the State allocates to the community spouse an amount of resources adequate to provide the difference between the minimum monthly maintenance needs allowance and all income available to the community spouse.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers and allocations made on or after the date of the enactment of this Act by individuals who become institutionalized spouses on or after such date.

SEC. 6014. DISQUALIFICATION FOR LONG-TERM CARE ASSISTANCE FOR INDIVIDUALS WITH SUBSTANTIAL HOME EQUITY.

(a) IN GENERAL.—Section 1917 of the Social Security Act, as amended by section 6012(a), is further amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f)(1)(A) Notwithstanding any other provision of this title, subject to subparagraphs (B) and (C) of this paragraph and paragraph (2), in determining eligibility of an individual for medical assistance with respect to nursing facility services or other long-term care services, the individual shall not be eligible for such assistance if the individual's equity interest in the individual's home exceeds $500,000.

''(B) A State may elect, without regard to the requirements of section 1902(a)(1) (relating to statewideness) and section 1902(a)(10)(B) (relating to comparability), to apply subparagraph (A) by substituting for '$500,000', an amount that exceeds such amount, but does not exceed $750,000.

''(C) The dollar amounts specified in this paragraph shall be increased, beginning with 2011, from year to year based on the percentage increase in the consumer price index for all urban consumers (all items; United States city average), rounded to the nearest $1,000.

''(2) Paragraph (1) shall not apply with respect to an individual if—

''(A) the spouse of such individual, or

''(B) such individual's child who is under age 21, or (with respect to States eligible to participate in the State program established under title XVI) is blind or permanently and totally disabled, or (with respect to States which are not eligible to participate in such program) is blind or disabled as defined in section 1614,

is lawfully residing in the individual's home.

''(3) Nothing in this subsection shall be construed as preventing an individual from using a reverse mortgage or home equity loan to reduce the individual's total equity interest in the home.

''(4) The Secretary shall establish a process whereby paragraph (1) is waived in the case of a demonstrated hardship.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who are determined eligible for medical assistance with respect to nursing facility services or other long-term care services based on an application filed on or after January 1, 2006.

SEC. 6015. ENFORCEABILITY OF CONTINUING CARE RETIREMENT COMMUNITIES (CCRC) AND LIFE CARE COMMUNITY ADMISSION CONTRACTS.

(a) ADMISSION POLICIES OF NURSING FACILITIES.—Section 1919(c)(5) of the Social Security Act (42 U.S.C. 1396r(c)(5)) is amended—

(1) in subparagraph (A)(i)(II), by inserting ''subject to clause (v),'' after ''(II)''; and

(2) by adding at the end of subparagraph (B) the following new clause:

''(v) TREATMENT OF CONTINUING CARE RETIREMENT COMMUNITIES ADMISSION CONTRACTS.—Notwithstanding subclause (II) of subparagraph (A)(i), subject to subsections (c) and (d) of section 1924, contracts for admission to a State licensed, registered, certified, or equivalent continuing care retirement community or life care community, including services in a nursing facility that is part of such community, may require residents to spend on their care resources declared for the purposes of admission before applying for medical assistance.''.

(b) TREATMENT OF ENTRANCE FEES.—Section 1917 of such Act (42 U.S.C. 1396p), as amended by sections 6012(a) and 6014(a), is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) TREATMENT OF ENTRANCE FEES OF INDIVIDUALS RESIDING IN CONTINUING CARE RETIREMENT COMMUNITIES.—

''(1) IN GENERAL.—For purposes of determining an individual's eligibility for, or amount of, benefits under a State plan under this title, the rules specified in paragraph (2) shall apply to individuals residing in continuing care retirement communities or life care communities that collect an entrance fee on admission from such individuals.

''(2) TREATMENT OF ENTRANCE FEE.—For purposes of this subsection, an individual's entrance fee in a continuing care retirement community or life care community shall be considered a resource available to the individual to the extent that—

''(A) the individual has the ability to use the entrance fee, or the contract provides that the entrance fee may be used, to pay for care should other resources or income of the individual be insufficient to pay for such care;

''(B) the individual is eligible for a refund of any remaining entrance fee when the individual dies or terminates the continuing care retirement community or life care community contract and leaves the community; and

''(C) the entrance fee does not confer an ownership interest in the continuing care retirement community or life care community.''.

SEC. 6016. ADDITIONAL REFORMS OF MEDICAID ASSET TRANSFER RULES.

(a) REQUIREMENT TO IMPOSE PARTIAL MONTHS OF INELIGIBILITY.—Section 1917(c)(1)(E) of the Social Security Act (42 U.S.C. 1396p(c)(1)(E)) is amended by adding at the end the following:

''(iv) A State shall not round down, or otherwise disregard any fractional period of ineligibility determined under clause (i) or (ii) with respect to the disposal of assets.''.

(b) AUTHORITY FOR STATES TO ACCUMULATE MULTIPLE TRANSFERS INTO ONE PENALTY PERIOD.—Section 1917(c)(1) of such Act (42 U.S.C. 1396p(c)(1)), as amended by subsections (b) and (c) of section 6012, is amended by adding at the end the following:

''(H) Notwithstanding the preceding provisions of this paragraph, in the case of an individual (or individual's spouse) who makes multiple fractional transfers of assets in more than 1 month for less than fair market value on or after the applicable look-back date specified in subparagraph (B), a State may determine the period of ineligibility applicable to such individual under this paragraph by—

''(i) treating the total, cumulative uncompensated value of all assets transferred by the individual (or individual's spouse) during all months on or after the look-back date specified in subparagraph (B) as 1 transfer for purposes of clause (i) or (ii) (as the case may be) of subparagraph (E); and

''(ii) beginning such period on the earliest date which would apply under subparagraph (D) to any of such transfers.''.

(c) INCLUSION OF TRANSFER OF CERTAIN NOTES AND LOANS ASSETS.—Section 1917(c)(1) of such Act (42 U.S.C. 1396 p(c)(1)), as amended by subsection (b), is amended by adding at the end the following:

''(I) For purposes of this paragraph with respect to a transfer of assets, the term 'assets' includes funds used to purchase a promissory note, loan, or mortgage unless such note, loan, or mortgage—

''(i) has a repayment term that is actuarially sound (as determined in accordance with actuarial publications of the Office of the Chief Actuary of the Social Security Administration);

''(ii) provides for payments to be made in equal amounts during the term of the loan, with no deferral and no balloon payments made; and

''(iii) prohibits the cancellation of the balance upon the death of the lender.

In the case of a promissory note, loan, or mortgage that does not satisfy the requirements of clauses (i) through (iii), the value of such note, loan, or mortgage shall be the outstanding balance due as of the date of the individual's application for medical assistance for services described in subparagraph (C).''.

(d) INCLUSION OF TRANSFERS TO PURCHASE LIFE ESTATES.—Section 1917(c)(1) of such Act (42 U.S.C. 1396p(c)(1)), as amended by subsection (c), is amended by adding at the end the following:

''(J) For purposes of this paragraph with respect to a transfer of assets, the term 'assets' includes the purchase of a life estate interest in another individual's home unless the purchaser resides in the home for a period of at least 1 year after the date of the purchase.''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to payments under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) for calendar quarters beginning on or after the date of enactment of this Act, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

(2) EXCEPTIONS.—The amendments made by this section shall not apply—

(A) to medical assistance provided for services furnished before the date of enactment;

(B) with respect to assets disposed of on or before the date of enactment of this Act; or

(C) with respect to trusts established on or before the date of enactment of this Act.

(3) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by a provision of this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.

Subchapter B—Expanded Access to Certain Benefits

SEC. 6021. EXPANSION OF STATE LONG-TERM CARE PARTNERSHIP PROGRAM.

(a) EXPANSION AUTHORITY.—

(1) IN GENERAL.—Section 1917(b) of the Social Security Act (42 U.S.C. 1396p(b)) is amended—

(A) in paragraph (1)(C)—

(i) in clause (ii), by inserting ''and which satisfies clause (iv), or which has a State plan amendment that provides for a qualified State long-term care insurance partnership (as defined in clause (iii))'' after ''1993,''; and

(ii) by adding at the end the following new clauses:

''(iii) For purposes of this paragraph, the term 'qualified State long-term care insurance partnership' means an approved State plan amendment under this title that provides for the disregard of any assets or resources in an amount equal to the insurance benefit payments that are made to or on behalf of an individual who is a beneficiary under a long-term care insurance policy if the following requirements are met:

''(I) The policy covers an insured who was a resident of such State when coverage first became effective under the policy.

''(II) The policy is a qualified long-term care insurance policy (as defined in section 7702B(b) of the Internal Revenue Code of 1986) issued not earlier than the effective date of the State plan amendment.

''(III) The policy meets the model regulations and the requirements of the model Act specified in paragraph (5).

''(IV) If the policy is sold to an individual who—

''(aa) has not attained age 61 as of the date of purchase, the policy provides compound annual inflation protection;

''(bb) has attained age 61 but has not attained age 76 as of such date, the policy provides some level of inflation protection; and

''(cc) has attained age 76 as of such date, the policy may (but is not required to) provide some level of inflation protection.

''(V) The State Medicaid agency under section 1902(a)(5) provides information and technical assistance to the State insurance department on the insurance department's role of assuring that any individual who sells a long-term care insurance policy under the partnership receives training and demonstrates evidence of an understanding of such policies and how they relate to other public and private coverage of long-term care.

''(VI) The issuer of the policy provides regular reports to the Secretary, in accordance with regulations of the Secretary, that include notification regarding when benefits provided under the policy have been paid and the amount of such benefits paid, notification regarding when the policy otherwise terminates, and such other information as the Secretary determines may be appropriate to the administration of such partnerships.

''(VII) The State does not impose any requirement affecting the terms or benefits of such a policy unless the State imposes such requirement on long-term care insurance policies without regard to whether the policy is covered under the partnership or is offered in connection with such a partnership.

In the case of a long-term care insurance policy which is exchanged for another such policy, subclause (I) shall be applied based on the coverage of the first such policy that was exchanged. For purposes of this clause and paragraph (5), the term 'long-term care insurance policy' includes a certificate issued under a group insurance contract

''(iv) With respect to a State which had a State plan amendment approved as of May 14, 1993, such a State satisfies this clause for purposes of clause (ii) if the Secretary determines that the State plan amendment provides for consumer protection standards which are no less stringent than the consumer protection standards which applied under such State plan amendment as of December 31, 2005.

''(v) The regulations of the Secretary required under clause (iii)(VI) shall be promulgated after consultation with the National Association of Insurance Commissioners, issuers of long-term care insurance policies, States with experience with long-term care insurance partnership plans, other States, and representatives of consumers of long-term care insurance policies, and shall specify the type and format of the data and information to be reported and the frequency with which such reports are to be made. The Secretary, as appropriate, shall provide copies of the reports provided in accordance with that clause to the State involved.

''(vi) The Secretary, in consultation with other appropriate Federal agencies, issuers of long-term care insurance, the National Association of Insurance Commissioners, State insurance commissioners, States with experience with long-term care insurance partnership plans, other States, and representatives of consumers of long-term care insurance policies, shall develop recommendations for Congress to authorize and fund a uniform minimum data set to be reported electronically by all issuers of long-term care insurance policies under qualified State long-term care insurance partnerships to a secure, centralized electronic query and report-generating mechanism that the State, the Secretary, and other Federal agencies can access.''; and

(B) by adding at the end the following:

''(5)(A) For purposes of clause (iii)(III), the model regulations and the requirements of the model Act specified in this paragraph are:

''(i) In the case of the model regulation, the following requirements:

''(I) Section 6A (relating to guaranteed renewal or noncancellability), other than paragraph (5) thereof, and the requirements of section 6B of the model Act relating to such section 6A.

''(II) Section 6B (relating to prohibitions on limitations and exclusions) other than paragraph (7) thereof.

''(III) Section 6C (relating to extension of benefits).

''(IV) Section 6D (relating to continuation or conversion of coverage).

''(V) Section 6E (relating to discontinuance and replacement of policies).

''(VI) Section 7 (relating to unintentional lapse).

''(VII) Section 8 (relating to disclosure), other than sections 8F, 8G, 8H, and 8I thereof.

''(VIII) Section 9 (relating to required disclosure of rating practices to consumer).

''(IX) Section 11 (relating to prohibitions against post-claims underwriting).

''(X) Section 12 (relating to minimum standards).

''(XI) Section 14 (relating to application forms and replacement coverage).

''(XII) Section 15 (relating to reporting requirements).

''(XIII) Section 22 (relating to filing requirements for marketing).

''(XIV) Section 23 (relating to standards for marketing), including inaccurate completion of medical histories, other than paragraphs (1), (6), and (9) of section 23C.

''(XV) Section 24 (relating to suitability).

''(XVI) Section 25 (relating to prohibition against preexisting conditions and probationary periods in replacement policies or certificates).

''(XVII) The provisions of section 26 relating to contingent nonforfeiture benefits, if the policyholder declines the offer of a nonforfeiture provision described in paragraph (4).

''(XVIII) Section 29 (relating to standard format outline of coverage).

''(XIX) Section 30 (relating to requirement to deliver shopper's guide).

''(ii) In the case of the model Act, the following:

''(I) Section 6C (relating to preexisting conditions).

''(II) Section 6D (relating to prior hospitalization).

''(III) The provisions of section 8 relating to contingent nonforfeiture benefits.

''(IV) Section 6F (relating to right to return).

''(V) Section 6G (relating to outline of coverage).

''(VI) Section 6H (relating to requirements for certificates under group plans).

''(VII) Section 6J (relating to policy summary).

''(VIII) Section 6K (relating to monthly reports on accelerated death benefits).

''(IX) Section 7 (relating to incontestability period).

''(B) For purposes of this paragraph and paragraph (1)(C)—

''(i) the terms 'model regulation' and 'model Act' mean the long-term care insurance model regulation, and the long-term care insurance model Act, respectively, promulgated by the National Association of Insurance Commissioners (as adopted as of October 2000);

''(ii) any provision of the model regulation or model Act listed under subparagraph (A) shall be treated as including any other provision of such regulation or Act necessary to implement the provision; and

''(iii) with respect to a long-term care insurance policy issued in a State, the policy shall be deemed to meet applicable requirements of the model regulation or the model Act if the State plan amendment under paragraph (1)(C)(iii) provides that the State insurance commissioner for the State certifies (in a manner satisfactory to the Secretary) that the policy meets such requirements.

''(C) Not later than 12 months after the National Association of Insurance Commissioners issues a revision, update, or other modification of a model regulation or model Act provision specified in subparagraph (A), or of any provision of such regulation or Act that is substantively related to a provision specified in such subparagraph, the Secretary shall review the changes made to the provision, determine whether incorporating such changes into the corresponding provision specified in such subparagraph would improve qualified State long-term care insurance partnerships, and if so, shall incorporate the changes into such provision.''.

(2) STATE REPORTING REQUIREMENTS.—Nothing in clauses (iii)(VI) and (v) of section 1917(b)(1)(C) of the Social Security Act (as added by paragraph (1)) shall be construed as prohibiting a State from requiring an issuer of a long-term care insurance policy sold in the State (regardless of whether the policy is issued under a qualified State long-term care insurance partnership under section 1917(b)(1)(C)(iii) of such Act) to require the issuer to report information or data to the State that is in addition to the information or data required under such clauses.

(3) EFFECTIVE DATE.—A State plan amendment that provides for a qualified State long-term care insurance partnership under the amendments made by paragraph (1) may provide that such amendment is effective for long-term care insurance policies issued on or after a date, specified in the amendment, that is not earlier than the first day of the first calendar quarter in which the plan amendment was submitted to the Secretary of Health and Human Services.

(b) STANDARDS FOR RECIPROCAL RECOGNITION AMONG PARTNERSHIP STATES.—In order to permit portability in long-term care insurance policies purchased under State long-term care insurance partnerships, the Secretary of Health and Human Services shall develop, not later than January 1, 2007, and in consultation with the National Association of Insurance Commissioners, issuers of long-term care insurance policies, States with experience with long-term care insurance partnership plans, other States, and representatives of consumers of long-term care insurance policies, standards for uniform reciprocal recognition of such policies among States with qualified State long-term care insurance partnerships under which—

(1) benefits paid under such policies will be treated the same by all such States; and

(2) States with such partnerships shall be subject to such standards unless the State notifies the Secretary in writing of the State's election to be exempt from such standards.

(c) ANNUAL REPORTS TO CONGRESS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall annually report to Congress on the long-term care insurance partnerships established in accordance with section 1917(b)(1)(C)(ii) of the Social Security Act (42 U.S.C. 1396p(b)(1)(C)(ii)) (as amended by subsection (a)(1)). Such reports shall include analyses of the extent to which such partnerships expand or limit access of individuals to long-term care and the impact of such partnerships on Federal and State expenditures under the Medicare and Medicaid programs. Nothing in this section shall be construed as requiring the Secretary to conduct an independent review of each long-term care insurance policy offered under or in connection with such a partnership.

(2) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to the Secretary of Health and Human Services, $1,000,000 for the period of fiscal years 2006 through 2010 to carry out paragraph (1).

(d) NATIONAL CLEARINGHOUSE FOR LONG-TERM CARE INFORMATION.—

(1) ESTABLISHMENT.—The Secretary of Health and Human Services shall establish a National Clearinghouse for Long-Term Care Information. The Clearinghouse may be established through a contract or interagency agreement.

(2) DUTIES.—

(A) IN GENERAL.—The National Clearinghouse for Long-Term Care Information shall—

(i) educate consumers with respect to the availability and limitations of coverage for long-term care under the Medicaid program and provide contact information for obtaining State-specific information on long-term care coverage, including eligibility and estate recovery requirements under State Medicaid programs;

(ii) provide objective information to assist consumers with the decisionmaking process for determining whether to purchase long-term care insurance or to pursue other private market alternatives for purchasing long-term care and provide contact information for additional objective resources on planning for long-term care needs; and

(iii) maintain a list of States with State long-term care insurance partnerships under the Medicaid program that provide reciprocal recognition of long-term care insurance policies issued under such partnerships.

(B) REQUIREMENT.—In providing information to consumers on long-term care in accordance with this subsection, the National Clearinghouse for Long-Term Care Information shall not advocate in favor of a specific long-term care insurance provider or a specific long-term care insurance policy.

(3) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this subsection, $3,000,000 for each of fiscal years 2006 through 2010.

CHAPTER 3—ELIMINATING FRAUD, WASTE, AND ABUSE IN MEDICAID

SEC. 6032. ENCOURAGING THE ENACTMENT OF STATE FALSE CLAIMS ACTS.

(a) IN GENERAL.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended by inserting after section 1908A the following:

''STATE FALSE CLAIMS ACT REQUIREMENTS FOR INCREASED STATE SHARE OF RECOVERIES

''SEC. 1909. (a) IN GENERAL.—Notwithstanding section 1905(b), if a State has in effect a law relating to false or fraudulent claims that meets the requirements of subsection (b), the Federal medical assistance percentage with respect to any amounts recovered under a State action brought under such law, shall be decreased by 10 percentage points.

''(b) REQUIREMENTS.—For purposes of subsection (a), the requirements of this subsection are that the Inspector General of the Department of Health and Human Services, in consultation with the Attorney General, determines that the State has in effect a law that meets the following requirements:

''(1) The law establishes liability to the State for false or fraudulent claims described in section 3729 of title 31, United States Code, with respect to any expenditure described in section 1903(a).

''(2) The law contains provisions that are at least as effective in rewarding and facilitating qui tam actions for false or fraudulent claims as those described in sections 3730 through 3732 of title 31, United States Code.

''(3) The law contains a requirement for filing an action under seal for 60 days with review by the State Attorney General.

''(4) The law contains a civil penalty that is not less than the amount of the civil penalty authorized under section 3729 of title 31, United States Code.

''(c) DEEMED COMPLIANCE.—A State that, as of January 1, 2007, has a law in effect that meets the requirements of subsection (b) shall be deemed to be in compliance with such requirements for so long as the law continues to meet such requirements.

''(d) NO PRECLUSION OF BROADER LAWS.—Nothing in this section shall be construed as prohibiting a State that has in effect a law that establishes liability to the State for false or fraudulent claims described in section 3729 of title 31, United States Code, with respect to programs in addition to the State program under this title, or with respect to expenditures in addition to expenditures described in section 1903(a), from being considered to be in compliance with the requirements of subsection (a) so long as the law meets such requirements.''.

(b) EFFECTIVE DATE.—Except as provided in section 6035(e), the amendments made by this section take effect on January 1, 2007.

SEC. 6033. EMPLOYEE EDUCATION ABOUT FALSE CLAIMS RECOVERY.

(a) IN GENERAL.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(1) in paragraph (66), by striking ''and'' at the end;

(2) in paragraph (67) by striking the period at the end and inserting ''; and''; and

(3) by inserting after paragraph (67) the following:

''(68) provide that any entity that receives or makes annual payments under the State plan of at least $5,000,000, as a condition of receiving such payments, shall—

''(A) establish written policies for all employees of the entity (including management), and of any contractor or agent of the entity, that provide detailed information about the False Claims Act established under sections 3729 through 3733 of title 31, United States Code, administrative remedies for false claims and statements established under chapter 38 of title 31, United States Code, any State laws pertaining to civil or criminal penalties for false claims and statements, and whistleblower protections under such laws, with respect to the role of such laws in preventing and detecting fraud, waste, and abuse in Federal health care programs (as defined in section 1128B(f));

''(B) include as part of such written policies, detailed provisions regarding the entity's policies and procedures for detecting and preventing fraud, waste, and abuse; and

''(C) include in any employee handbook for the entity, a specific discussion of the laws described in subparagraph (A), the rights of employees to be protected as whistleblowers, and the entity's policies and procedures for detecting and preventing fraud, waste, and abuse.''.

(b) EFFECTIVE DATE.—Except as provided in section 6035(e), the amendments made by subsection (a) take effect on January 1, 2007.

SEC. 6034. PROHIBITION ON RESTOCKING AND DOUBLE BILLING OF PRESCRIPTION DRUGS.

(a) IN GENERAL.—Section 1903(i)(10) of the Social Security Act (42 U.S.C. 1396b(i)), as amended by section 6002(b), is amended—

(1) in subparagraph (B), by striking ''and'' at the end;

(2) in subparagraph (C), by striking ''; or'' at the end and inserting '', and''; and

(3) by adding at the end the following:

''(D) with respect to any amount expended for reimbursement to a pharmacy under this title for the ingredient cost of a covered outpatient drug for which the pharmacy has already received payment under this title (other than with respect to a reasonable restocking fee for such drug); or''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the first day of the first fiscal year quarter that begins after the date of enactment of this Act.

SEC. 6035. MEDICAID INTEGRITY PROGRAM.

(a) ESTABLISHMENT OF MEDICAID INTEGRITY PROGRAM.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(1) by redesignating section 1936 as section 1937; and

(2) by inserting after section 1935 the following:

''MEDICAID INTEGRITY PROGRAM

''SEC. 1936. (a) IN GENERAL.—There is hereby established the Medicaid Integrity Program (in this section referred to as the 'Program') under which the Secretary shall promote the integrity of the program under this title by entering into contracts in accordance with this section with eligible entities to carry out the activities described in subsection (b).

''(b) ACTIVITIES DESCRIBED—Activities described in this subsection are as follows:

''(1) Review of the actions of individuals or entities furnishing items or services (whether on a fee-for-service, risk, or other basis) for which payment may be made under a State plan approved under this title (or under any waiver of such plan approved under section 1115) to determine whether fraud, waste, or abuse has occurred, is likely to occur, or whether such actions have any potential for resulting in an expenditure of funds under this title in a manner which is not intended under the provisions of this title.

''(2) Audit of claims for payment for items or services furnished, or administrative services rendered, under a State plan under this title, including—

''(A) cost reports;

''(B) consulting contracts; and

''(C) risk contracts under section 1903(m).

''(3) Identification of overpayments to individuals or entities receiving Federal funds under this title.

''(4) Education of providers of services, managed care entities, beneficiaries, and other individuals with respect to payment integrity and quality of care.

''(c) ELIGIBLE ENTITY AND CONTRACTING REQUIREMENTS.—

''(1) IN GENERAL.—An entity is eligible to enter into a contract under the Program to carry out any of the activities described in subsection (b) if the entity satisfies the requirements of paragraphs (2) and (3).

''(2) ELIGIBILITY REQUIREMENTS.—The requirements of this paragraph are the following:

''(A) The entity has demonstrated capability to carry out the activities described in subsection (b).

''(B) In carrying out such activities, the entity agrees to cooperate with the Inspector General of the Department of Health and Human Services, the Attorney General, and other law enforcement agencies, as appropriate, in the investigation and deterrence of fraud and abuse in relation to this title and in other cases arising out of such activities.

''(C) The entity complies with such conflict of interest standards as are generally applicable to Federal acquisition and procurement.

''(D) The entity meets such other requirements as the Secretary may impose.

''(3) CONTRACTING REQUIREMENTS.—The entity has contracted with the Secretary in accordance with such procedures as the Secretary shall by regulation establish, except that such procedures shall include the following:

''(A) Procedures for identifying, evaluating, and resolving organizational conflicts of interest that are generally applicable to Federal acquisition and procurement.

''(B) Competitive procedures to be used—

''(i) when entering into new contracts under this section;

''(ii) when entering into contracts that may result in the elimination of responsibilities under section 202(b) of the Health Insurance Portability and Accountability Act of 1996; and

''(iii) at any other time considered appropriate by the Secretary.

''(C) Procedures under which a contract under this section may be renewed without regard to any provision of law requiring competition if the contractor has met or exceeded the performance requirements established in the current contract.

The Secretary may enter into such contracts without regard to final rules having been promulgated.

''(4) LIMITATION ON CONTRACTOR LIABILITY.—The Secretary shall by regulation provide for the limitation of a contractor's liability for actions taken to carry out a contract under the Program, and such regulation shall, to the extent the Secretary finds appropriate, employ the same or comparable standards and other substantive and procedural provisions as are contained in section 1157.

''(d) COMPREHENSIVE PLAN FOR PROGRAM INTEGRITY.—

''(1) 5-YEAR PLAN.—With respect to the 5 fiscal year period beginning with fiscal year 2006, and each such 5-fiscal year period that begins thereafter, the Secretary shall establish a comprehensive plan for ensuring the integrity of the program established under this title by combatting fraud, waste, and abuse.

''(2) CONSULTATION.—Each 5-fiscal year plan established under paragraph (1) shall be developed by the Secretary in consultation with the Attorney General, the Director of the Federal Bureau of Investigation, the Comptroller General of the United States, the Inspector General of the Department of Health and Human Services, and State officials with responsibility for controlling provider fraud and abuse under State plans under this title.

''(e) APPROPRIATION.—

''(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to carry out the Medicaid Integrity Program under this section, without further appropriation—

''(A) for fiscal year 2006, $5,000,000;

''(B) for each of fiscal years 2007 and 2008, $50,000,000; and

''(C) for each fiscal year thereafter, $75,000,000.

''(2) AVAILABILITY.—Amounts appropriated pursuant to paragraph (1) shall remain available until expended.

''(3) INCREASE IN CMS STAFFING DEVOTED TO PROTECTING MEDICAID PROGRAM INTEGRITY.—From the amounts appropriated under paragraph (1), the Secretary shall increase by 100 the number of full-time equivalent employees whose duties consist solely of protecting the integrity of the Medicaid program established under this section by providing effective support and assistance to States to combat provider fraud and abuse.

''(4) ANNUAL REPORT.—Not later than 180 days after the end of each fiscal year (beginning with fiscal year 2006), the Secretary shall submit a report to Congress which identifies—

''(A) the use of funds appropriated pursuant to paragraph (1); and

''(B) the effectiveness of the use of such funds.''.

(b) STATE REQUIREMENT TO COOPERATE WITH INTEGRITY PROGRAM EFFORTS.—Section 1902(a) of such Act (42 U.S.C. 1396a(a)), as amended by section 6033(a), is amended—

(1) in paragraph (67), by striking ''and'' at the end;

(2) in paragraph (68), by striking the period at the end and inserting ''; and''; and

(3) by inserting after paragraph (68), the following:

''(69) provide that the State must comply with any requirements determined by the Secretary to be necessary for carrying out the Medicaid Integrity Program established under section 1936.''.

(c) INCREASED FUNDING FOR MEDICAID FRAUD AND ABUSE CONTROL ACTIVITIES.—

(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Office of the Inspector General of the Department of Health and Human Services, without further appropriation, $25,000,000 for each of fiscal years 2006 through 2010, for activities of such Office with respect to the Medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(2) AVAILABILITY; AMOUNTS IN ADDITION TO OTHER AMOUNTS APPROPRIATED FOR SUCH ACTIVITIES.—Amounts appropriated pursuant to paragraph (1) shall—

(A) remain available until expended; and

(B) be in addition to any other amounts appropriated or made available to the Office of the Inspector General of the Department of Health and Human Services for activities of such Office with respect to the Medicaid program.

(3) ANNUAL REPORT.—Not later than 180 days after the end of each fiscal year (beginning with fiscal year 2006), the Inspector General of the Department of Health and Human Services shall submit a report to Congress which identifies—

(A) the use of funds appropriated pursuant to paragraph (1); and

(B) the effectiveness of the use of such funds.

(d) NATIONAL EXPANSION OF THE MEDICARE-MEDICAID (MEDI-MEDI) DATA MATCH PILOT PROGRAM.—

(1) REQUIREMENT OF THE MEDICARE INTEGRITY PROGRAM.—Section 1893 of the Social Security Act (42 U.S.C. 1395ddd) is amended—

(A) in subsection (b), by adding at the end the following:

''(6) The Medicare-Medicaid Data Match Program in accordance with subsection (g).''; and

(B) by adding at the end the following:

''(g) MEDICARE-MEDICAID DATA MATCH PROGRAM.—

''(1) EXPANSION OF PROGRAM.—

''(A) IN GENERAL.—The Secretary shall enter into contracts with eligible entities for the purpose of ensuring that, beginning with 2006, the Medicare-Medicaid Data Match Program (commonly referred to as the 'Medi-Medi Program') is conducted with respect to the program established under this title and State Medicaid programs under title XIX for the purpose of—

''(i) identifying program vulnerabilities in the program established under this title and the Medicaid program established under title XIX through the use of computer algorithms to look for payment anomalies (including billing or billing patterns identified with respect to service, time, or patient that appear to be suspect or otherwise implausible);

''(ii) working with States, the Attorney General, and the Inspector General of the Department of Health and Human Services to coordinate appropriate actions to protect the Federal and State share of expenditures under the Medicaid program under title XIX, as well as the program established under this title; and

''(iii) increasing the effectiveness and efficiency of both such programs through cost avoidance, savings, and recoupments of fraudulent, wasteful, or abusive expenditures.

''(B) REPORTING REQUIREMENTS.—The Secretary shall make available in a timely manner any data and statistical information collected by the Medi-Medi Program to the Attorney General, the Director of the Federal Bureau of Investigation, the Inspector General of the Department of Health and Human Services, and the States (including a medicaid fraud and abuse control unit described in section 1903(q)). Such information shall be disseminated no less frequently than quarterly.

''(2) LIMITED WAIVER AUTHORITY.—The Secretary shall waive only such requirements of this section and of titles XI and XIX as are necessary to carry out paragraph (1).''.

(2) FUNDING.—Section 1817(k)(4) of such Act (42 U.S.C. 1395i(k)(4)), as amended by section 5204 of this Act, is amended—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B), (C), and (D)''; and

(B) by adding at the end the following:

''(D) EXPANSION OF THE MEDICARE-MEDICAID DATA MATCH PROGRAM.—The amount appropriated under subparagraph (A) for a fiscal year is further increased as follows for purposes of carrying out section 1893(b)(6) for the respective fiscal year:

''(i) $12,000,000 for fiscal year 2006.

''(ii) $24,000,000 for fiscal year 2007.

''(iii) $36,000,000 for fiscal year 2008.

''(iv) $48,000,000 for fiscal year 2009.

''(v) $60,000,000 for fiscal year 2010 and each fiscal year thereafter.''.

(e) DELAYED EFFECTIVE DATE FOR CHAPTER.—Except as otherwise provided in this chapter, in the case of a State plan under title XIX of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by a provision of this chapter, the State plan shall not be regarded as failing to comply with the requirements of such Act solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

SEC. 6036. ENHANCING THIRD PARTY IDENTIFICATION AND PAYMENT.

(a) CLARIFICATION OF THIRD PARTIES LEGALLY RESPONSIBLE FOR PAYMENT OF A CLAIM FOR A HEALTH CARE ITEM OR SERVICE.—Section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by inserting '', self-insured plans'' after ''health insurers''; and

(B) by striking ''and health maintenance organizations'' and inserting ''managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service''; and

(2) in subparagraph (G)—

(A) by inserting ''a self-insured plan,'' after ''1974,''; and

(B) by striking ''and a health maintenance organization'' and inserting ''a managed care organization, a pharmacy benefit manager, or other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service''.

(b) REQUIREMENT FOR THIRD PARTIES TO PROVIDE THE STATE WITH COVERAGE ELIGIBILITY AND CLAIMS DATA.—Section 1902(a)(25) of such Act (42 U.S.C. 1396a(a)(25)) is amended—

(1) in subparagraph (G), by striking ''and'' at the end;

(2) in subparagraph (H), by adding ''and'' after the semicolon at the end; and

(3) by inserting after subparagraph (H), the following:

''(I) that the State shall provide assurances satisfactory to the Secretary that the State has in effect laws requiring health insurers, including self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service, as a condition of doing business in the State, to—

''(i) provide, with respect to individuals who are eligible for, or are provided, medical assistance under the State plan, upon the request of the State, information to determine during what period the individual or their spouses or their dependents may be (or may have been) covered by a health insurer and the nature of the coverage that is or was provided by the health insurer (including the name, address, and identifying number of the plan) in a manner prescribed by the Secretary;

''(ii) accept the State's right of recovery and the assignment to the State of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under the State plan;

''(iii) respond to any inquiry by the State regarding a claim for payment for any health care item or service that is submitted not later than 3 years after the date of the provision of such health care item or service; and

''(iv) agree not to deny a claim submitted by the State solely on the basis of the date of submission of the claim, the type or format of the claim form, or a failure to present proper documentation at the point-of-sale that is the basis of the claim, if—

''(I) the claim is submitted by the State within the 3-year period beginning on the date on which the item or service was furnished; and

''(II) any action by the State to enforce its rights with respect to such claim is commenced within 6 years of the State's submission of such claim;''.

(c) EFFECTIVE DATE.—Except as provided in section 6035(e), the amendments made by this section take effect on January 1, 2006.

SEC. 6037. IMPROVED ENFORCEMENT OF DOCUMENTATION REQUIREMENTS.

(a) IN GENERAL.—Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended—

(1) in subsection (i), as amended by section 104 of Public Law 109–91

(A) by striking ''or'' at the end of paragraph (20);

(B) by striking the period at the end of paragraph (21) and inserting ''; or''; and

(C) by inserting after paragraph (21) the following new paragraph:

''(22) with respect to amounts expended for medical assistance for an individual who declares under section 1137(d)(1)(A) to be a citizen or national of the United States for purposes of establishing eligibility for benefits under this title, unless the requirement of subsection (x) is met.''; and

(2) by adding at the end the following new subsection:

''(x)(1) For purposes of subsection (i)(23), the requirement of this subsection is, with respect to an individual declaring to be a citizen or national of the United States, that, subject to paragraph (2), there is presented satisfactory documentary evidence of citizenship or nationality (as defined in paragraph (3)) of the individual.

''(2) The requirement of paragraph (1) shall not apply to an alien who is eligible for medical assistance under this title—

''(A) and is entitled to or enrolled for benefits under any part of title XVIII;

''(B) on the basis of receiving supplemental security income benefits under title XVI; or

''(C) on such other basis as the Secretary may specify under which satisfactory documentary evidence of citizenship or nationality had been previously presented.

''(3)(A) For purposes of this subsection, the term 'satisfactory documentary evidence of citizenship or nationality' means—

''(i) any document described in subparagraph (B); or

''(ii) a document described in subparagraph (C) and a document described in subparagraph (D).

''(B) The following are documents described in this subparagraph:

''(i) A United States passport.

''(ii) Form N–550 or N–570 (Certificate of Naturalization).

''(iii) Form N–560 or N–561 (Certificate of United States Citizenship).

''(iv) A valid State-issued driver's license or other identity document described in section 274A(b)(1)(D) of the Immigration and Nationality Act, but only if the State issuing the license or such document requires proof of United States citizenship before issuance of such license or document or obtains a social security number from the applicant and verifies before certification that such number is valid and assigned to the applicant who is a citizen.

''(v) Such other document as the Secretary may specify, by regulation, that provides proof of United States citizenship or nationality and that provides a reliable means of documentation of personal identity.

''(C) The following are documents described in this subparagraph:

''(i) A certificate of birth in the United States.

''(ii) Form FS–545 or Form DS–1350 (Certification of Birth Abroad).

''(iii) Form I–97 (United States Citizen Identification Card).

''(iv) Form FS–240 (Report of Birth Abroad of a Citizen of the United States).

''(v) Such other document (not described in subparagraph (B)(iv)) as the Secretary may specify that provides proof of United States citizenship or nationality.

''(D) The following are documents described in this subparagraph:

''(i) Any identity document described in section 274A(b)(1)(D) of the Immigration and Nationality Act.

''(ii) Any other documentation of personal identity of such other type as the Secretary finds, by regulation, provides a reliable means of identification.

''(E) A reference in this paragraph to a form includes a reference to any successor form.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to determinations of initial eligibility for medical assistance made on or after July 1, 2006, and to redeterminations of eligibility made on or after such date in the case of individuals for whom the requirement of section 1903(z) of the Social Security Act, as added by such amendments, was not previously met.

(c) IMPLEMENTATION REQUIREMENT.—As soon as practicable after the date of enactment of this Act, the Secretary of Health and Human Services shall establish an outreach program that is designed to educate individuals who are likely to be affected by the requirements of subsections (i)(23) and (x) of section 1903 of the Social Security Act (as added by subsection (a)) about such requirements and how they may be satisfied.

CHAPTER 4—FLEXIBILITY IN COST SHARING AND BENEFITS

SEC. 6041. STATE OPTION FOR ALTERNATIVE MEDICAID PREMIUMS AND COST SHARING.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended by inserting after section 1916 the following new section:

''STATE OPTION FOR ALTERNATIVE PREMIUMS AND COST SHARING

''SEC. 1916A. (a) STATE FLEXIBILITY.—

''(1) IN GENERAL.—Notwithstanding sections 1916 and 1902(a)(10)(B), a State, at its option and through a State plan amendment, may impose premiums and cost sharing for any group of individuals (as specified by the State) and for any type of services (other than drugs for which cost sharing may be imposed under subsection (c)), and may vary such premiums and cost sharing among such groups or types, consistent with the limitations established under this section. Nothing in this section shall be construed as superseding (or preventing the application of) section 1916(g).

''(2) DEFINITIONS.—In this section:

''(A) PREMIUM.—The term 'premium' includes any enrollment fee or similar charge.

''(B) COST SHARING.—The term 'cost sharing' includes any deduction, copayment, or similar charge.

''(b) LIMITATIONS ON EXERCISE OF AUTHORITY.—

''(1) INDIVIDUALS WITH FAMILY INCOME BETWEEN 100 AND 150 PERCENT OF THE POVERTY LINE.—In the case of an individual whose family income exceeds 100 percent, but does not exceed 150 percent, of the poverty line applicable to a family of the size involved, subject to subsections (c)(2) and (e)(2)(A)—

''(A) no premium may be imposed under the plan; and

''(B) with respect to cost sharing—

''(i) the cost sharing imposed under subsection (a) with respect to any item or service may not exceed 10 percent of the cost of such item or service; and

''(ii) the total aggregate amount of cost sharing imposed under this section (including any cost sharing imposed under subsection (c) or (e)) for all individuals in the family may not exceed 5 percent of the family income of the family involved, as applied on a quarterly or monthly basis (as specified by the State).

''(2) INDIVIDUALS WITH FAMILY INCOME ABOVE 150 PERCENT OF THE POVERTY LINE.—In the case of an individual whose family income exceeds 150 percent of the poverty line applicable to a family of the size involved, subject to subsections (c)(2) and (e)(2)(A)—

''(A) the total aggregate amount of premiums and cost sharing imposed under this section (including any cost sharing imposed under subsection (c) or (e)) for all individuals in the family may not exceed 5 percent of the family income of the family involved, as applied on a quarterly or monthly basis (as specified by the State); and

''(B) with respect to cost sharing, the cost sharing imposed with respect to any item or service under subsection (a) may not exceed 20 percent of the cost of such item or service.

''(3) ADDITIONAL LIMITATIONS.—

''(A) PREMIUMS.—No premiums shall be imposed under this section with respect to the following:

''(i) Individuals under 18 years of age that are required to be provided medical assistance under section 1902(a)(10)(A)(i), and including individuals with respect to whom aid or assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age.

''(ii) Pregnant women.

''(iii) Any terminally ill individual who is receiving hospice care (as defined in section 1905(o)).

''(iv) Any individual who is an inpatient in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs.

''(v) Women who are receiving medical assistance by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa).

''(B) COST SHARING.—Subject to the succeeding provisions of this section, no cost sharing shall be imposed under subsection (a) with respect to the following:

''(i) Services furnished to individuals under 18 years of age that are required to be provided medical assistance under section 1902(a)(10)(A)(i), and including services furnished to individuals with respect to whom aid or assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age.

''(ii) Preventive services (such as well baby and well child care and immunizations) provided to children under 18 years of age regardless of family income.

''(iii) Services furnished to pregnant women, if such services relate to the pregnancy or to any other medical condition which may complicate the pregnancy.

''(iv) Services furnished to a terminally ill individual who is receiving hospice care (as defined in section 1905(o)).

''(v) Services furnished to any individual who is an inpatient in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs.

''(vi) Emergency services (as defined by the Secretary for purposes of section 1916(a)(2)(D)).

''(vii) Family planning services and supplies described in section 1905(a)(4)(C).

''(viii) Services furnished to women who are receiving medical assistance by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa).

''(C) CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing a State from exempting additional classes of individuals from premiums under this section or from exempting additional individuals or services from cost sharing under subsection (a).

''(4) DETERMINATIONS OF FAMILY INCOME.—In applying this subsection, family income shall be determined in a manner specified by the State for purposes of this subsection, including the use of such disregards as the State may provide. Family income shall be determined for such period and at such periodicity as the State may provide under this title.

''(5) POVERTY LINE DEFINED.—For purposes of this section, the term 'poverty line' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section.

''(6) CONSTRUCTION.—Nothing in this section shall be construed—

''(A) as preventing a State from further limiting the premiums and cost sharing imposed under this section beyond the limitations provided under this section;

''(B) as affecting the authority of the Secretary through waiver to modify limitations on premiums and cost sharing under this section; or

''(C) as affecting any such waiver of requirements in effect under this title before the date of the enactment of this section with regard to the imposition of premiums and cost sharing.

''(d) ENFORCEABILITY OF PREMIUMS AND OTHER COST SHARING.—

''(1) PREMIUMS.—Notwithstanding section 1916(c)(3) and section 1902(a)(10)(B), a State may, at its option, condition the provision of medical assistance for an individual upon prepayment of a premium authorized to be imposed under this section, or may terminate eligibility for such medical assistance on the basis of failure to pay such a premium but shall not terminate eligibility of an individual for medical assistance under this title on the basis of failure to pay any such premium until such failure continues for a period of not less than 60 days. A State may apply the previous sentence for some or all groups of beneficiaries as specified by the State and may waive payment of any such premium in any case where the State determines that requiring such payment would create an undue hardship.

''(2) COST SHARING.—Notwithstanding section 1916(e) or any other provision of law, a State may permit a provider participating under the State plan to require, as a condition for the provision of care, items, or services to an individual entitled to medical assistance under this title for such care, items, or services, the payment of any cost sharing authorized to be imposed under this section with respect to such care, items, or services. Nothing in this paragraph shall be construed as preventing a provider from reducing or waiving the application of such cost sharing on a case-by-case basis.''.

(b) INDEXING NOMINAL COST SHARING AND CONFORMING AMENDMENT.—Section 1916 of such Act (42 U.S.C. 1396o) is amended—

(1) in subsection (f), by inserting ''and section 1916A'' after ''(b)(3)''; and

(2) by adding at the end the following new subsection:

''(h) In applying this section and subsections (c) and (e) of section 1916A, with respect to cost sharing that is 'nominal' in amount, the Secretary shall increase such 'nominal' amounts for each year (beginning with 2006) by the annual percentage increase in the medical care component of the consumer price index for all urban consumers (U.S. city average) as rounded up in an appropriate manner.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to cost sharing imposed for items and services furnished on or after March 31, 2006.

SEC. 6042. SPECIAL RULES FOR COST SHARING FOR PRESCRIPTION DRUGS.

(a) IN GENERAL.—Section 1916A of the Social Security Act, as inserted by section 6041(a), is amended by inserting after subsection (b) the following new subsection:

''(c) SPECIAL RULES FOR COST SHARING FOR PRESCRIPTION DRUGS.—

''(1) IN GENERAL.—In order to encourage beneficiaries to use drugs (in this subsection referred to as 'preferred drugs') identified by the State as the least (or less) costly effective prescription drugs within a class of drugs (as defined by the State), with respect to one or more groups of beneficiaries specified by the State, subject to paragraph (2), the State may—

''(A) provide cost sharing (instead of the level of cost sharing otherwise permitted under section 1916, but subject to paragraphs (2) and (3)) with respect to drugs that are not preferred drugs within a class; and

''(B) waive or reduce the cost sharing otherwise applicable for preferred drugs within such class and shall not apply any such cost sharing for such preferred drugs for individuals for whom cost sharing may not otherwise be imposed under subsection (b)(3)(B).

''(2) LIMITATIONS.—

''(A) BY INCOME GROUP.—In no case may the cost sharing under paragraph (1)(A) with respect to a non-preferred drug exceed—

''(i) in the case of an individual whose family income does not exceed 150 percent of the poverty line applicable to a family of the size involved, the amount of nominal cost sharing (as otherwise determined under section 1916); or

''(ii) in the case of an individual whose family income exceeds 150 percent of the poverty line applicable to a family of the size involved, 20 percent of the cost of the drug.

''(B) LIMITATION TO NOMINAL FOR EXEMPT POPULATIONS.—In the case of an individual who is otherwise not subject to cost sharing due to the application of subsection (b)(3)(B), any cost sharing under paragraph (1)(A) with respect to a non-preferred drug may not exceed a nominal amount (as otherwise determined under section 1916).

''(C) CONTINUED APPLICATION OF AGGREGATE CAP.—In addition to the limitations imposed under subparagraphs (A) and (B), any cost sharing under paragraph (1)(A) continues to be subject to the aggregate cap on cost sharing applied under paragraph (1) or (2) of subsection (b), as the case may be.

''(3) WAIVER.—In carrying out paragraph (1), a State shall provide for the application of cost sharing levels applicable to a preferred drug in the case of a drug that is not a preferred drug if the prescribing physician determines that the preferred drug for treatment of the same condition either would not be as effective for the individual or would have adverse effects for the individual or both.

''(4) EXCLUSION AUTHORITY.—Nothing in this subsection shall be construed as preventing a State from excluding specified drugs or classes of drugs from the application of paragraph (1).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to cost sharing imposed for items and services furnished on or after March 31, 2006.

SEC. 6043. EMERGENCY ROOM COPAYMENTS FOR NON-EMERGENCY CARE.

(a) IN GENERAL.—Section 1916A of the Social Security Act, as inserted by section 6041 and as amended by section 6042, is further amended by adding at the end the following new subsection:

''(e) STATE OPTION FOR PERMITTING HOSPITALS TO IMPOSE COST SHARING FOR NON-EMERGENCY CARE FURNISHED IN AN EMERGENCY DEPARTMENT.—

''(1) IN GENERAL.—Notwithstanding section 1916 and section 1902(a)(1) or the previous provisions of this section, but subject to the limitations of paragraph (2), a State may, by amendment to its State plan under this title, permit a hospital to impose cost sharing for non-emergency services furnished to an individual (within one or more groups of individuals specified by the State) in the hospital emergency department under this subsection if the following conditions are met:

''(A) ACCESS TO NON-EMERGENCY ROOM PROVIDER.—The individual has actually available and accessible (as such terms are applied by the Secretary under section 1916(b)(3)) an alternate non-emergency services provider with respect to such services.

''(B) NOTICE.—The hospital must inform the beneficiary after receiving an appropriate medical screening examination under section 1867 and after a determination has been made that the individual does not have an emergency medical condition, but before providing the non-emergency services, of the following:

''(i) The hospital may require the payment of the State specified cost sharing before the service can be provided.

''(ii) The name and location of an alternate non-emergency services provider (described in subparagraph (A)) that is actually available and accessible (as described in such subparagraph).

''(iii) The fact that such alternate provider can provide the services without the imposition of cost sharing described in clause (i).

''(iv) The hospital provides a referral to coordinate scheduling of this treatment.

Nothing in this subsection shall be construed as preventing a State from applying (or waiving) cost sharing otherwise permissible under this section to services described in clause (iii).

''(2) LIMITATIONS.—

''(A) FOR POOREST BENEFICIARIES.—In the case of an individual described in subsection (b)(1), the cost sharing imposed under this subsection may not exceed twice the amount determined to be nominal under section 1916, subject to the percent of income limitation otherwise applicable under subsection (b)(1).

''(B) APPLICATION TO EXEMPT POPULATIONS.—In the case of an individual who is otherwise not subject to cost sharing under subsection (b)(3), a State may impose cost sharing under paragraph (1) for care in an amount that does not exceed a nominal amount (as otherwise determined under section 1916) so long as no cost sharing is imposed to receive such care through an outpatient department or other alternative health care provider in the geographic area of the hospital emergency department involved.

''(C) CONTINUED APPLICATION OF AGGREGATE CAP; RELATION TO OTHER COST SHARING.—In addition to the limitations imposed under subparagraphs (A) and (B), any cost sharing under paragraph (1) is subject to the aggregate cap on cost sharing applied under paragraph (1) or (2) of subsection (b), as the case may be. Cost sharing imposed for services under this subsection shall be instead of any cost sharing that may be imposed for such services under subsection (a).

''(3) CONSTRUCTION.—Nothing in this section shall be construed—

''(A) to limit a hospital's obligations with respect to screening and stabilizing treatment of an emergency medical condition under section 1867; or

''(B) to modify any obligations under either State or Federal standards relating to the application of a prudent-layperson standard with respect to payment or coverage of emergency services by any managed care organization.

''(4) STANDARD REGARDING IMPOSITION OF COST SHARING.—No hospital or physician shall be liable in any civil action or proceeding for the imposition of cost-sharing under this section, absent a finding by clear and convincing evidence of gross negligence by the hospital or physician. The previous sentence shall not affect any liability under section 1867 or otherwise applicable under State law based upon the provision of (or failure to provide) care.

''(5) DEFINITIONS.—For purposes of this subsection:

''(A) NON-EMERGENCY SERVICES.—The term 'non-emergency services' means any care or services furnished in an emergency department of a hospital that the physician determines do not constitute an appropriate medical screening examination or stabilizing examination and treatment required to be provided by the hospital under section 1867.

''(B) ALTERNATE NON-EMERGENCY SERVICES PROVIDER.—The term 'alternative non-emergency services provider' means, with respect to non-emergency services for the diagnosis or treatment of a condition, a health care provider, such as a physician's office, health care clinic, community health center, hospital outpatient department, or similar health care provider, that can provide clinically appropriate services for the diagnosis or treatment of a condition contemporaneously with the provision of the non-emergency services that would be provided in an emergency department of a hospital for the diagnosis or treatment of a condition, and that is participating in the program under this title.''.

(b) GRANT FUNDS FOR ESTABLISHMENT OF ALTERNATE NON-EMERGENCY SERVICES PROVIDERS.—Section 1903 of the Social Security Act (42 U.S.C. 1396b), as amended by section 6037(a)(2), is amended by adding at the end the following new subsection:

''(y) PAYMENTS FOR ESTABLISHMENT OF ALTERNATE NON-EMERGENCY SERVICES PROVIDERS.—

''(1) PAYMENTS.—In addition to the payments otherwise provided under subsection (a), subject to paragraph (2), the Secretary shall provide for payments to States under such subsection for the establishment of alternate non-emergency service providers (as defined in section 1916A(e)(5)(B)), or networks of such providers.

''(2) LIMITATION.—The total amount of payments under this subsection shall not exceed $50,000,000 during the 4-year period beginning with 2006. This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Secretary to provide for the payment of amounts provided under this subsection.

''(3) PREFERENCE.—In providing for payments to States under this subsection, the Secretary shall provide preference to States that establish, or provide for, alternate non-emergency services providers or networks of such providers that—

''(A) serve rural or underserved areas where beneficiaries under this title may not have regular access to providers of primary care services; or

''(B) are in partnership with local community hospitals.

''(4) FORM AND MANNER OF PAYMENT.—Payment to a State under this subsection shall be made only upon the filing of such application in such form and in such manner as the Secretary shall specify. Payment to a State under this subsection shall be made in the same manner as other payments under section 1903(a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to non-emergency services furnished on or after January 1, 2007.

SEC. 6044. USE OF BENCHMARK BENEFIT PACKAGES.

(a) IN GENERAL.—Title XIX of the Social Security Act, as amended by section 6035, is amended by redesignating section 1937 as section 1938 and by inserting after section 1936 the following new section:

''STATE FLEXIBILITY IN BENEFIT PACKAGES

''SEC. 1937. (a) STATE OPTION OF PROVIDING BENCHMARK BENEFITS.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, a State, at its option as a State plan amendment, may provide for medical assistance under this title to individuals within one or more groups of individuals specified by the State through enrollment in coverage that provides—

''(i) benchmark coverage described in subsection (b)(1) or benchmark equivalent coverage described in subsection (b)(2); and

''(ii) for any child under 19 years of age who is covered under the State plan under section 1902(a)(10)(A), wrap-around benefits to the benchmark coverage or benchmark equivalent coverage consisting of early and periodic screening, diagnostic, and treatment services defined in section 1905(r).

''(B) LIMITATION.—The State may only exercise the option under subparagraph (A) for an individual eligible under an eligibility category that had been established under the State plan on or before the date of the enactment of this section.

''(C) OPTION OF WRAP-AROUND BENEFITS.—In the case of coverage described in subparagraph

(A), a State, at its option, may provide such wrap-around or additional benefits as the State may specify.

''(D) TREATMENT AS MEDICAL ASSISTANCE.—Payment of premiums for such coverage under this subsection shall be treated as payment of other insurance premiums described in the third sentence of section 1905(a).

''(2) APPLICATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a State may require that a full-benefit eligible individual (as defined in subparagraph (C)) within a group obtain benefits under this title through enrollment in coverage described in paragraph (1)(A). A State may apply the previous sentence to individuals within 1 or more groups of such individuals.

''(B) LIMITATION ON APPLICATION.—A State may not require under subparagraph (A) an individual to obtain benefits through enrollment described in paragraph (1)(A) if the individual is within one of the following categories of individuals:

''(i) MANDATORY PREGNANT WOMEN.—The individual is a pregnant woman who is required to be covered under the State plan under section 1902(a)(10)(A)(i).

''(ii) BLIND OR DISABLED INDIVIDUALS.—The individual qualifies for medical assistance under the State plan on the basis of being blind or disabled (or being treated as being blind or disabled) without regard to whether the individual is eligible for supplemental security income benefits under title XVI on the basis of being blind or disabled and including an individual who is eligible for medical assistance on the basis of section 1902(e)(3).

''(iii) DUAL ELIGIBLES.—The individual is entitled to benefits under any part of title XVIII.

''(iv) TERMINALLY ILL HOSPICE PATIENTS.—The individual is terminally ill and is receiving benefits for hospice care under this title.

''(v) ELIGIBLE ON BASIS OF INSTITUTIONALIZATION.—The individual is an inpatient in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, and is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs.

''(vi) MEDICALLY FRAIL AND SPECIAL MEDICAL NEEDS INDIVIDUALS.—The individual is medically frail or otherwise an individual with special medical needs (as identified in accordance with regulations of the Secretary).

''(vii) BENEFICIARIES QUALIFYING FOR LONG-TERM CARE SERVICES.—The individual qualifies based on medical condition for medical assistance for long-term care services described in section 1917(c)(1)(C).

''(viii) CHILDREN IN FOSTER CARE RECEIVING CHILD WELFARE SERVICES AND CHILDREN RECEIVING FOSTER CARE OR ADOPTION ASSISTANCE.—The individual is an individual with respect to whom aid or assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under part E of such title, without regard to age.

''(ix) TANF AND SECTION 1931 PARENTS.—The individual qualifies for medical assistance on the basis of eligibility to receive assistance under a State plan funded under part A of title IV (as in effect on or after the welfare reform effective date defined in section 1931(i)).

''(x) WOMEN IN THE BREAST OR CERVICAL CANCER PROGRAM.—The individual is a woman who is receiving medical assistance by virtue of the application of sections 1902(a)(10)(A)(ii)(XVIII) and 1902(aa).

''(xii) LIMITED SERVICES BENEFICIARIES.—The individual—

''(I) qualifies for medical assistance on the basis of section 1902(a)(10)(A)(ii)(XII); or

''(II) is not a qualified alien (as defined in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and receives care and services necessary for the treatment of an emergency medical condition in accordance with section 1903(v).

''(C) FULL-BENEFIT ELIGIBLE INDIVIDUALS.—

''(i) IN GENERAL.—For purposes of this paragraph, subject to clause (ii), the term 'full-benefit eligible individual' means for a State for a month an individual who is determined eligible by the State for medical assistance for all services defined in section 1905(a) which are covered under the State plan under this title for such month under section 1902(a)(10)(A) or under any other category of eligibility for medical assistance for all such services under this title, as determined by the Secretary.

''(ii) EXCLUSION OF MEDICALLY NEEDY AND SPEND-DOWN POPULATIONS.—Such term shall not include an individual determined to be eligible by the State for medical assistance under section 1902(a)(10)(C) or by reason of section 1902(f) or otherwise eligible based on a reduction of income based on costs incurred for medical or other remedial care.

''(b) BENCHMARK BENEFIT PACKAGES.—

''(1) IN GENERAL.—For purposes of subsection (a)(1), each of the following coverage shall be considered to be benchmark coverage:

''(A) FEHBP-EQUIVALENT HEALTH INSURANCE COVERAGE.—The standard Blue Cross/Blue Shield preferred provider option service benefit plan, described in and offered under section 8903(1) of title 5, United States Code.

''(B) STATE EMPLOYEE COVERAGE.—A health benefits coverage plan that is offered and generally available to State employees in the State involved.

''(C) COVERAGE OFFERED THROUGH HMO.—The health insurance coverage plan that—

''(i) is offered by a health maintenance organization (as defined in section 2791(b)(3) of the Public Health Service Act), and

''(ii) has the largest insured commercial, non-medicaid enrollment of covered lives of such coverage plans offered by such a health maintenance organization in the State involved.

''(D) SECRETARY-APPROVED COVERAGE.—Any other health benefits coverage that the Secretary determines, upon application by a State, provides appropriate coverage for the population proposed to be provided such coverage.

''(2) BENCHMARK-EQUIVALENT COVERAGE.—For purposes of subsection (a)(1), coverage that meets the following requirement shall be considered to be benchmark-equivalent coverage:

''(A) INCLUSION OF BASIC SERVICES.—The coverage includes benefits for items and services within each of the following categories of basic services:

''(i) Inpatient and outpatient hospital services.

''(ii) Physicians' surgical and medical services.

''(iii) Laboratory and x-ray services.

''(iv) Well-baby and well-child care, including age-appropriate immunizations.

''(v) Other appropriate preventive services, as designated by the Secretary.

''(B) AGGREGATE ACTUARIAL VALUE EQUIVALENT TO BENCHMARK PACKAGE.—The coverage has an aggregate actuarial value that is at least actuarially equivalent to one of the benchmark benefit packages described in paragraph (1).

''(C) SUBSTANTIAL ACTUARIAL VALUE FOR ADDITIONAL SERVICES INCLUDED IN BENCHMARK PACKAGE.—With respect to each of the following categories of additional services for which coverage is provided under the benchmark benefit package used under subparagraph (B), the coverage has an actuarial value that is equal to at least 75 percent of the actuarial value of the coverage of that category of services in such package:

''(i) Coverage of prescription drugs.

''(ii) Mental health services.

''(iii) Vision services.

''(iv) Hearing services.

''(3) DETERMINATION OF ACTUARIAL VALUE.—The actuarial value of coverage of benchmark benefit packages shall be set forth in an actuarial opinion in an actuarial report that has been prepared—

''(A) by an individual who is a member of the American Academy of Actuaries;

''(B) using generally accepted actuarial principles and methodologies;

''(C) using a standardized set of utilization and price factors;

''(D) using a standardized population that is representative of the population involved;

''(E) applying the same principles and factors in comparing the value of different coverage (or categories of services);

''(F) without taking into account any differences in coverage based on the method of delivery or means of cost control or utilization used; and

''(G) taking into account the ability of a State to reduce benefits by taking into account the increase in actuarial value of benefits coverage offered under this title that results from the limitations on cost sharing under such coverage.

The actuary preparing the opinion shall select and specify in the memorandum the standardized set and population to be used under subparagraphs (C) and (D).

''(4) COVERAGE OF RURAL HEALTH CLINIC AND FQHC SERVICES.—Notwithstanding the previous provisions of this section, a State may not provide for medical assistance through enrollment of an individual with benchmark coverage or benchmark equivalent coverage under this section unless—

''(A) the individual has access, through such coverage or otherwise, to services described in subparagraphs (B) and (C) of section 1905(a)(2); and

''(B) payment for such services is made in accordance with the requirements of section 1902(bb).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on March 31, 2006.

CHAPTER 5—STATE FINANCING UNDER MEDICAID

SEC. 6051. MANAGED CARE ORGANIZATION PROVIDER TAX REFORM.

(a) IN GENERAL.—Section 1903(w)(7)(A)(viii) of the Social Security Act (42 U.S.C. 1396b(w)(7)(A)(viii)) is amended to read as follows:

''(viii) Services of managed care organizations (including health maintenance organizations, preferred provider organizations, and such other similar organizations as the Secretary may specify by regulation).''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraph (2), the amendment made by subsection (a) shall be effective as of the date of the enactment of this Act.

(2) DELAY IN EFFECTIVE DATE.—

(A) IN GENERAL.—Subject to subparagraph (B), in the case of a State specified in subparagraph (B), the amendment made by subsection (a) shall be effective as of October 1, 2009.

(B) SPECIFIED STATES.—For purposes of subparagraph (A), the States specified in this subparagraph are States that have enacted a law providing for a tax on the services of a medicaid managed care organization with a contract under section 1903(m) of the Social Security Act as of December 8, 2005.

(c) CLARIFICATION REGARDING NON-REGULATION OF TRANSFERS.—

(1) IN GENERAL.—Nothing in section 1903(w) of the Social Security Act (42 U.S.C. 1396b(w)) shall be construed by the Secretary of Health and Human Services as prohibiting a State's use of funds as the non-Federal share of expenditures under title XIX of such Act where such funds are transferred from or certified by a publicly-owned regional medical center located in another State and described in paragraph (2), so long as the Secretary determines that such use of funds is proper and in the interest of the program under title XIX.

(2) CENTER DESCRIBED.—A center described in this paragraph is a publicly-owned regional medical center that—

(A) provides level 1 trauma and burn care services;

(B) provides level 3 neonatal care services;

(C) is obligated to serve all patients, regardless of State of origin;

(D) is located within a Standard Metropolitan Statistical Area (SMSA) that includes at least 3 States, including the States described in paragraph (1);

(E) serves as a tertiary care provider for patients residing within a 125 mile radius; and

(F) meets the criteria for a disproportionate share hospital under section 1923 of such Act in at least one State other than the one in which the center is located.

(3) EFFECTIVE PERIOD.—This subsection shall apply through December 31, 2006.

SEC. 6052. REFORMS OF CASE MANAGEMENT AND TARGETED CASE MANAGEMENT.

(a) IN GENERAL.—Section 1915(g) of the Social Security Act (42 U.S.C. 1396n(g)(2)) is amended by striking paragraph (2) and inserting the following:

''(2) For purposes of this subsection:

''(A)(i) The term 'case management services' means services which will assist individuals eligible under the plan in gaining access to needed medical, social, educational, and other services.

''(ii) Such term includes the following:

''(I) Assessment of an eligible individual to determine service needs, including activities that focus on needs identification, to determine the need for any medical, educational, social, or other services. Such assessment activities include the following:

''(aa) Taking client history.

''(bb) Identifying the needs of the individual, and completing related documentation.

''(cc) Gathering information from other sources such as family members, medical providers, social workers, and educators, if necessary, to form a complete assessment of the eligible individual.

''(II) Development of a specific care plan based on the information collected through an assessment, that specifies the goals and actions to address the medical, social, educational, and other services needed by the eligible individual, including activities such as ensuring the active participation of the eligible individual and working with the individual (or the individual's authorized health care decision maker) and others to develop such goals and identify a course of action to respond to the assessed needs of the eligible individual.

''(III) Referral and related activities to help an individual obtain needed services, including activities that help link eligible individuals with medical, social, educational providers or other programs and services that are capable of providing needed services, such as making referrals to providers for needed services and scheduling appointments for the individual.

''(IV) Monitoring and followup activities, including activities and contacts that are necessary to ensure the care plan is effectively implemented and adequately addressing the needs of the eligible individual, and which may be with the individual, family members, providers, or other entities and conducted as frequently as necessary to help determine such matters as—

''(aa) whether services are being furnished in accordance with an individual's care plan;

''(bb) whether the services in the care plan are adequate; and

''(cc) whether there are changes in the needs or status of the eligible individual, and if so, making necessary adjustments in the care plan and service arrangements with providers.

''(iii) Such term does not include the direct delivery of an underlying medical, educational, social, or other service to which an eligible individual has been referred, including, with respect to the direct delivery of foster care services, services such as (but not limited to) the following:

''(I) Research gathering and completion of documentation required by the foster care program.

''(II) Assessing adoption placements.

''(III) Recruiting or interviewing potential foster care parents.

''(IV) Serving legal papers.

''(V) Home investigations.

''(VI) Providing transportation.

''(VII) Administering foster care subsidies.

''(VIII) Making placement arrangements.

''(B) The term 'targeted case management services' are case management services that are furnished without regard to the requirements of section 1902(a)(1) and section 1902(a)(10)(B) to specific classes of individuals or to individuals who reside in specified areas.

''(3) With respect to contacts with individuals who are not eligible for medical assistance under the State plan or, in the case of targeted case management services, individuals who are eligible for such assistance but are not part of the target population specified in the State plan, such contacts—

''(A) are considered an allowable case management activity, when the purpose of the contact is directly related to the management of the eligible individual's care; and

''(B) are not considered an allowable case management activity if such contacts relate directly to the identification and management of the noneligible or nontargeted individual's needs and care.

''(4)(A) In accordance with section 1902(a)(25), Federal financial participation only is available under this title for case management services or targeted case management services if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program.

''(B) A State shall allocate the costs of any part of such services which are reimbursable under another federally funded program in accordance with OMB Circular A–87 (or any related or successor guidance or regulations regarding allocation of costs among federally funded programs) under an approved cost allocation program.

''(5) Nothing in this subsection shall be construed as affecting the application of rules with respect to third party liability under programs, or activities carried out under title XXVI of the Public Health Service Act or by the Indian Health Service.''.

(b) REGULATIONS.—The Secretary shall promulgate regulations to carry out the amendment made by subsection (a) which may be effective and final immediately on an interim basis as of the date of publication of the interim final regulation. If the Secretary provides for an interim final regulation, the Secretary shall provide for a period of public comments on such regulation after the date of publication. The Secretary may change or revise such regulation after completion of the period of public comment.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2006.

SEC. 6053. ADDITIONAL FMAP ADJUSTMENTS.

(a) HOLD HARMLESS FOR CERTAIN DECREASE.—Notwithstanding the first sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)), if, for purposes of titles XIX and XXI of the Social Security Act (42 U.S.C. 1396 et seq., 1397aa et seq.), the Federal medical assistance percentage determined for the State specified in section 4725(a) of Public Law 105–33 for fiscal year 2006 or fiscal year 2007 is less than the Federal medical assistance percentage determined for such State for fiscal year 2005, the Federal medical assistance percentage determined for such State for fiscal year 2005 shall be substituted for the Federal medical assistance percentage otherwise determined for such State for fiscal year 2006 or fiscal year 2007, as the case may be.

(b) HOLD HARMLESS FOR KATRINA IMPACT.—Notwithstanding any other provision of law, for purposes of titles XIX and XXI of the Social Security Act, the Secretary of Health and Human Services, in computing the Federal medical assistance percentage under section 1905(b) of such Act (42 U.S.C. 1396d(b)) for any year after 2006 for a State that the Secretary determines has a significant number of evacuees who were evacuated to, and live in, the State as a result of Hurricane Katrina as of October 1, 2005, shall disregard such evacuees (and income attributable to such evacuees) from such computation.

SEC. 6054. DSH ALLOTMENT FOR THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—For purposes of determining the DSH allotment for the District of Columbia under section 1923 of the Social Security Act (42 U.S.C. 1396r–4) for fiscal year 2006 and each subsequent fiscal year, the table in subsection (f)(2) of such section is amended under each of the columns for FY 00, FY 01, and FY 02, in the entry for the District of Columbia by striking ''32'' and inserting ''49''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if enacted on October 1, 2005, and shall only apply to disproportionate share hospital adjustment expenditures applicable to fiscal year 2006 and subsequent fiscal years made on or after that date.

SEC. 6055. INCREASE IN MEDICAID PAYMENTS TO INSULAR AREAS.

Section 1108(g) of the Social Security Act (42 U.S.C. 1308(g)) is amended—

(1) in paragraph (2), by inserting ''and subject to paragraph (3)'' after ''subsection (f)''; and

(2) by adding at the end the following new paragraph:

''(3) FISCAL YEARS 2006 AND 2007 FOR CERTAIN INSULAR AREAS.—The amounts otherwise determined under this subsection for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa for fiscal year 2006 and fiscal year 2007 shall be increased by the following amounts:

''(A) For Puerto Rico, $12,000,000 for fiscal year 2006 and $12,000,000 for fiscal year 2007.

''(B) For the Virgin Islands, $2,500,000 for fiscal year 2006 and $5,000,000 for fiscal year 2007.

''(C) For Guam, $2,500,000 for fiscal year 2006 and $5,000,000 for fiscal year 2007.

''(D) For the Northern Mariana Islands, $1,000,000 for fiscal year 2006 and $2,000,000 for fiscal year 2007.

''(E) For American Samoa, $2,000,000 for fiscal year 2006 and $4,000,000 for fiscal year 2007.

Such amounts shall not be taken into account in applying paragraph (2) for fiscal year 2007 but shall be taken into account in applying such paragraph for fiscal year 2008 and subsequent fiscal years.''.

CHAPTER 6—OTHER PROVISIONS

Subchapter A—Family Opportunity Act

SEC. 6061. SHORT TITLE OF SUBCHAPTER.

This subchapter may be cited as the ''Family Opportunity Act of 2005'' or the ''Dylan Lee James Act''.

SEC. 6062. OPPORTUNITY FOR FAMILIES OF DISABLED CHILDREN TO PURCHASE MEDICAID COVERAGE FOR SUCH CHILDREN.

(a) STATE OPTION TO ALLOW FAMILIES OF DISABLED CHILDREN TO PURCHASE MEDICAID COVERAGE FOR SUCH CHILDREN.—

(1) IN GENERAL.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended—

(A) in subsection (a)(10)(A)(ii)—

(i) by striking ''or'' at the end of subclause (XVII);

(ii) by adding ''or'' at the end of subclause (XVIII); and

(iii) by adding at the end the following new subclause:

''(XIX) who are disabled children described in subsection (cc)(1);''; and

(B) by adding at the end the following new subsection:

''(cc)(1) Individuals described in this paragraph are individuals—

''(A) who are children who have not attained 19 years of age and are born—

''(i) on or after January 1, 2001 (or, at the option of a State, on or after an earlier date), in the case of the second, third, and fourth quarters of fiscal year 2007;

''(ii) on or after October 1, 1995 (or, at the option of a State, on or after an earlier date), in the case of each quarter of fiscal year 2008; and

''(iii) after October 1, 1989, in the case of each quarter of fiscal year 2009 and each quarter of any fiscal year thereafter;

''(B) who would be considered disabled under section 1614(a)(3)(C) (as determined under title XVI for children but without regard to any income or asset eligibility requirements that apply under such title with respect to children); and

''(C) whose family income does not exceed such income level as the State establishes and does not exceed—

''(i) 300 percent of the poverty line (as defined in section 2110(c)(5)) applicable to a family of the size involved; or

''(ii) such higher percent of such poverty line as a State may establish, except that—

''(I) any medical assistance provided to an individual whose family income exceeds 300 percent of such poverty line may only be provided with State funds; and

''(II) no Federal financial participation shall be provided under section 1903(a) for any medical assistance provided to such an individual.''.

(2) INTERACTION WITH EMPLOYER-SPONSORED FAMILY COVERAGE.—Section 1902(cc) of such Act (42 U.S.C. 1396a(cc)), as added by paragraph (1)(B), is amended by adding at the end the following new paragraph:

''(2)(A) If an employer of a parent of an individual described in paragraph (1) offers family coverage under a group health plan (as defined in section 2791(a) of the Public Health Service Act), the State shall—

''(i) notwithstanding section 1906, require such parent to apply for, enroll in, and pay premiums for such coverage as a condition of such parent's child being or remaining eligible for medical assistance under subsection (a)(10)(A)(ii)(XIX) if the parent is determined eligible for such coverage and the employer contributes at least 50 percent of the total cost of annual premiums for such coverage; and

''(ii) if such coverage is obtained—

''(I) subject to paragraph (2) of section 1916(h), reduce the premium imposed by the State under that section in an amount that reasonably reflects the premium contribution made by the parent for private coverage on behalf of a child with a disability; and

''(II) treat such coverage as a third party liability under subsection (a)(25).

''(B) In the case of a parent to which subparagraph (A) applies, a State, notwithstanding section 1906 but subject to paragraph (1)(C)(ii), may provide for payment of any portion of the annual premium for such family coverage that the parent is required to pay. Any payments made by the State under this subparagraph shall be considered, for purposes of section 1903(a), to be payments for medical assistance.''.

(b) STATE OPTION TO IMPOSE INCOME-RELATED PREMIUMS.—Section 1916 of such Act (42 U.S.C. 1396o) is amended—

(1) in subsection (a), by striking ''subsection (g)'' and inserting ''subsections (g) and (i)''; and

(2) by adding at the end, as amended by section 6041(b)(2), the following new subsection:

''(i)(1) With respect to disabled children provided medical assistance under section 1902(a)(10)(A)(ii)(XIX), subject to paragraph (2), a State may (in a uniform manner for such children) require the families of such children to pay monthly premiums set on a sliding scale based on family income.

''(2) A premium requirement imposed under paragraph (1) may only apply to the extent that—

''(A) in the case of a disabled child described in that paragraph whose family income—

''(i) does not exceed 200 percent of the poverty line, the aggregate amount of such premium and any premium that the parent is required to pay for family coverage under section 1902(cc)(2)(A)(i) and other cost-sharing charges do not exceed 5 percent of the family's income; and

''(ii) exceeds 200, but does not exceed 300, percent of the poverty line, the aggregate amount of such premium and any premium that the parent is required to pay for family coverage under section 1902(cc)(2)(A)(i) and other cost-sharing charges do not exceed 7.5 percent of the family's income; and

''(B) the requirement is imposed consistent with section 1902(cc)(2)(A)(ii)(I).

''(3) A State shall not require prepayment of a premium imposed pursuant to paragraph (1) and shall not terminate eligibility of a child under section 1902(a)(10)(A)(ii)(XIX) for medical assistance under this title on the basis of failure to pay any such premium until such failure continues for a period of at least 60 days from the date on which the premium became past due. The State may waive payment of any such premium in any case where the State determines that requiring such payment would create an undue hardship.''.

(c) CONFORMING AMENDMENTS.—(1) Section 1903(f)(4) of such Act (42 U.S.C. 1396b(f)(4)) is amended in the matter preceding subparagraph (A), by inserting ''1902(a)(10)(A)(ii)(XIX),'' after ''1902(a)(10)(A)(ii)(XVIII),''.

(2) Section 1905(u)(2)(B) of such Act (42 U.S.C. 1396d(u)(2)(B)) is amended by adding at the end the following sentence: ''Such term excludes any child eligible for medical assistance only by reason of section 1902(a)(10)(A)(ii)(XIX).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance for items and services furnished on or after January 1, 2007.

SEC. 6063. DEMONSTRATION PROJECTS REGARDING HOME AND COMMUNITY-BASED ALTERNATIVES TO PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES FOR CHILDREN.

(a) IN GENERAL.—The Secretary is authorized to conduct, during each of fiscal years 2007 through 2011, demonstration projects (each in the section referred to as a ''demonstration project'') in accordance with this section under which up to 10 States (as defined for purposes of title XIX of the Social Security Act) are awarded grants, on a competitive basis, to test the effectiveness in improving or maintaining a child's functional level and cost-effectiveness of providing coverage of home and community-based alternatives to psychiatric residential treatment for children enrolled in the Medicaid program under title XIX of such Act.

(b) APPLICATION OF TERMS AND CONDITIONS.—

(1) IN GENERAL.—Subject to the provisions of this section, for the purposes of the demonstration projects, and only with respect to children enrolled under such demonstration projects, a psychiatric residential treatment facility (as defined in section 483.352 of title 42 of the Code of Federal Regulations) shall be deemed to be a facility specified in section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)), and to be included in each reference in such section 1915(c) to hospitals, nursing facilities, and intermediate care facilities for the mentally retarded.

(2) STATE OPTION TO ASSURE CONTINUITY OF MEDICAID COVERAGE.—Upon the termination of a demonstration project under this section, the State that conducted the project may elect, only with respect to a child who is enrolled in such project on the termination date, to continue to provide medical assistance for coverage of home and community-based alternatives to psychiatric residential treatment for the child in accordance with section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)), as modified through the application of paragraph (1). Expenditures incurred for providing such medical assistance shall be treated as a home and community-based waiver program under section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)) for purposes of payment under section 1903 of such Act (42 U.S.C. 1396b).

(c) TERMS OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Except as otherwise provided in this section, a demonstration project shall be subject to the same terms and conditions as apply to a waiver under section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)), including the waiver of certain requirements under the first sentence of paragraph (3) of such section but not applying the second sentence of such paragraph.

(2) BUDGET NEUTRALITY.—In conducting the demonstration projects under this section, the Secretary shall ensure that the aggregate payments made by the Secretary under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) do not exceed the amount which the Secretary estimates would have been paid under that title if the demonstration projects under this section had not been implemented.

(3) EVALUATION.—The application for a demonstration project shall include an assurance to provide for such interim and final evaluations of the demonstration project by independent third parties, and for such interim and final reports to the Secretary, as the Secretary may require.

(d) PAYMENTS TO STATES; LIMITATIONS TO SCOPE AND FUNDING.—

(1) IN GENERAL.—Subject to paragraph (2), a demonstration project approved by the Secretary under this section shall be treated as a home and community-based waiver program under section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)) for purposes of payment under section 1903 of such Act (42 U.S.C. 1396b).

(2) LIMITATION.—In no case may the amount of payments made by the Secretary under this section for State demonstration projects for a fiscal year exceed the amount available under subsection (f)(2)(A) for such fiscal year.

(e) SECRETARY'S EVALUATION AND REPORT.—The Secretary shall conduct an interim and final evaluation of State demonstration projects under this section and shall report to the President and Congress the conclusions of such evaluations within 12 months of completing such evaluations.

(f) FUNDING.—

(1) IN GENERAL.—For the purpose of carrying out this section, there are appropriated, from amounts in the Treasury not otherwise appropriated, for fiscal years 2007 through 2011, a total of $218,000,000, of which—

(A) the amount specified in paragraph (2) shall be available for each of fiscal years 2007 through 2011; and

(B) a total of $1,000,000 shall be available to the Secretary for the evaluations and report under subsection (e).

(2) FISCAL YEAR LIMIT.—

(A) IN GENERAL.—For purposes of paragraph (1), the amount specified in this paragraph for a fiscal year is the amount specified in subparagraph (B) for the fiscal year plus the difference, if any, between the total amount available under this paragraph for prior fiscal years and the total amount previously expended under paragraph (1)(A) for such prior fiscal years.

(B) FISCAL YEAR AMOUNTS.—The amount specified in this subparagraph for—

(i) fiscal year 2007 is $21,000,000;

(ii) fiscal year 2008 is $37,000,000;

(iii) fiscal year 2009 is $49,000,000;

(iv) fiscal year 2010 is $53,000,000; and

(v) fiscal year 2011 is $57,000,000.

SEC. 6064. DEVELOPMENT AND SUPPORT OF FAMILY-TO-FAMILY HEALTH INFORMATION CENTERS.

Section 501 of the Social Security Act (42 U.S.C. 701) is amended by adding at the end the following new subsection:

''(c)(1)(A) For the purpose of enabling the Secretary (through grants, contracts, or otherwise) to provide for special projects of regional

and national significance for the development and support of family-to-family health information centers described in paragraph (2), there is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated—

''(i) $3,000,000 for fiscal year 2007;

''(ii) $4,000,000 for fiscal year 2008; and

''(iii) $5,000,000 for fiscal year 2009.

''(B) Funds appropriated or authorized to be appropriated under subparagraph (A) shall—

''(i) be in addition to amounts appropriated under subsection (a) and retained under section 502(a)(1) for the purpose of carrying out activities described in subsection (a)(2); and

''(ii) remain available until expended.

''(2) The family-to-family health information centers described in this paragraph are centers that—

''(A) assist families of children with disabilities or special health care needs to make informed choices about health care in order to promote good treatment decisions, cost-effectiveness, and improved health outcomes for such children;

''(B) provide information regarding the health care needs of, and resources available for, such children;

''(C) identify successful health delivery models for such children;

''(D) develop with representatives of health care providers, managed care organizations, health care purchasers, and appropriate State agencies, a model for collaboration between families of such children and health professionals;

''(E) provide training and guidance regarding caring for such children;

''(F) conduct outreach activities to the families of such children, health professionals, schools, and other appropriate entities and individuals; and

''(G) are staffed—

''(i) by such families who have expertise in Federal and State public and private health care systems; and

''(ii) by health professionals.

''(3) The Secretary shall develop family-to-family health information centers described in paragraph (2) in accordance with the following:

''(A) With respect to fiscal year 2007, such centers shall be developed in not less than 25 States.

''(B) With respect to fiscal year 2008, such centers shall be developed in not less than 40 States.

''(C) With respect to fiscal year 2009 and each fiscal year thereafter, such centers shall be developed in all States.

''(4) The provisions of this title that are applicable to the funds made available to the Secretary under section 502(a)(1) apply in the same manner to funds made available to the Secretary under paragraph (1)(A).

''(5) For purposes of this subsection, the term 'State' means each of the 50 States and the District of Columbia.''.

SEC. 6065. RESTORATION OF MEDICAID ELIGIBILITY FOR CERTAIN SSI BENEFICIARIES.

(a) IN GENERAL.—Section 1902(a)(10)(A)(i)(II) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)(II)) is amended—

(1) by inserting ''(aa)'' after ''(II)'';

(2) by striking '') and'' and inserting ''and'';

(3) by striking ''section or who are'' and inserting ''section), (bb) who are''; and

(4) by inserting before the comma at the end the following: '', or (cc) who are under 21 years of age and with respect to whom supplemental security income benefits would be paid under title XVI if subparagraphs (A) and (B) of section 1611(c)(7) were applied without regard to the phrase 'the first day of the month following' ''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to medical assistance for items and services furnished on or after the date that is 1 year after the date of enactment of this Act.

Subchapter B—Money Follows the Person Rebalancing Demonstration

SEC. 6071. MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

(a) PROGRAM PURPOSE AND AUTHORITY.—The Secretary is authorized to award, on a competitive basis, grants to States in accordance with this section for demonstration projects (each in this section referred to as an ''MFP demonstration project'') designed to achieve the following objectives with respect to institutional and home and community-based long-term care services under State Medicaid programs:

(1) REBALANCING.—Increase the use of home and community-based, rather than institutional, long-term care services.

(2) MONEY FOLLOWS THE PERSON.—Eliminate barriers or mechanisms, whether in the State law, the State Medicaid plan, the State budget, or otherwise, that prevent or restrict the flexible use of Medicaid funds to enable Medicaid-eligible individuals to receive support for appropriate and necessary long-term services in the settings of their choice.

(3) CONTINUITY OF SERVICE.—Increase the ability of the State Medicaid program to assure continued provision of home and community-based long-term care services to eligible individuals who choose to transition from an institutional to a community setting.

(4) QUALITY ASSURANCE AND QUALITY IMPROVEMENT.—Ensure that procedures are in place (at least comparable to those required under the qualified HCB program) to provide quality assurance for eligible individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.

(b) DEFINITIONS.—For purposes of this section:

(1) HOME AND COMMUNITY-BASED LONG-TERM CARE SERVICES.—The term ''home and community-based long-term care services'' means, with respect to a State Medicaid program, home and community-based services (including home health and personal care services) that are provided under the State's qualified HCB program or that could be provided under such a program but are otherwise provided under the Medicaid program.

(2) ELIGIBLE INDIVIDUAL.—The term ''eligible individual'' means, with respect to an MFP demonstration project of a State, an individual in the State—

(A) who, immediately before beginning participation in the MFP demonstration project—

(i) resides (and has resided, for a period of not less than 6 months or for such longer minimum period, not to exceed 2 years, as may be specified by the State) in an inpatient facility;

(ii) is receiving Medicaid benefits for inpatient services furnished by such inpatient facility; and

(iii) with respect to whom a determination has been made that, but for the provision of home and community-based long-term care services, the individual would continue to require the level of care provided in an inpatient facility and, in any case in which the State applies a more stringent level of care standard as a result of implementing the State plan option permitted under section 1915(i) of the Social Security Act, the individual must continue to require at least the level of care which had resulted in admission to the institution; and

(B) who resides in a qualified residence beginning on the initial date of participation in the demonstration project.

(3) INPATIENT FACILITY.—The term ''inpatient facility'' means a hospital, nursing facility, or intermediate care facility for the mentally retarded. Such term includes an institution for mental diseases, but only, with respect to a State, to the extent medical assistance is available under the State Medicaid plan for services provided by such institution.

(4) MEDICAID.—The term ''Medicaid'' means, with respect to a State, the State program under title XIX of the Social Security Act (including any waiver or demonstration under such title or under section 1115 of such Act relating to such title).

(5) QUALIFIED HCB PROGRAM.—The term ''qualified HCB program'' means a program providing home and community-based long-term care services operating under Medicaid, whether or not operating under waiver authority.

(6) QUALIFIED RESIDENCE.—The term ''qualified residence'' means, with respect to an eligible individual—

(A) a home owned or leased by the individual or the individual's family member;

(B) an apartment with an individual lease, with lockable access and egress, and which includes living, sleeping, bathing, and cooking areas over which the individual or the individual's family has domain and control; and

(C) a residence, in a community-based residential setting, in which no more than 4 unrelated individuals reside.

(7) QUALIFIED EXPENDITURES.—The term ''qualified expenditures'' means expenditures by the State under its MFP demonstration project for home and community-based long-term care services for an eligible individual participating in the MFP demonstration project, but only with respect to services furnished during the 12-month period beginning on the date the individual is discharged from an inpatient facility referred to in paragraph (2)(A)(i).

(8) SELF-DIRECTED SERVICES.—The term ''self-directed'' means, with respect to home and community-based long-term care services for an eligible individual, such services for the individual which are planned and purchased under the direction and control of such individual or the individual's authorized representative (as defined by the Secretary), including the amount, duration, scope, provider, and location of such services, under the State Medicaid program consistent with the following requirements:

(A) ASSESSMENT.—There is an assessment of the needs, capabilities, and preferences of the individual with respect to such services.

(B) SERVICE PLAN.—Based on such assessment, there is developed jointly with such individual or the individual's authorized representative a plan for such services for such individual that is approved by the State and that—

(i) specifies those services, if any, which the individual or the individual's authorized representative would be responsible for directing;

(ii) identifies the methods by which the individual or the individual's authorized representative or an agency designated by an individual or representative will select, manage, and dismiss providers of such services;

(iii) specifies the role of family members and others whose participation is sought by the individual or the individual's authorized representative with respect to such services;

(iv) is developed through a person-centered process that—

(I) is directed by the individual or the individual's authorized representative;

(II) builds upon the individual's capacity to engage in activities that promote community life and that respects the individual's preferences, choices, and abilities; and

(III) involves families, friends, and professionals as desired or required by the individual or the individual's authorized representative;

(v) includes appropriate risk management techniques that recognize the roles and sharing of responsibilities in obtaining services in a self-directed manner and assure the appropriateness of such plan based upon the resources and capabilities of the individual or the individual's authorized representative; and

(vi) may include an individualized budget which identifies the dollar value of the services and supports under the control and direction of the individual or the individual's authorized representative.

(C) BUDGET PROCESS.—With respect to individualized budgets described in subparagraph

(B)(vi), the State application under subsection (c)—

(i) describes the method for calculating the dollar values in such budgets based on reliable costs and service utilization;

(ii) defines a process for making adjustments in such dollar values to reflect changes in individual assessments and service plans; and

(iii) provides a procedure to evaluate expenditures under such budgets.

(9) STATE.—The term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act.

(c) STATE APPLICATION.—A State seeking approval of an MFP demonstration project shall submit to the Secretary, at such time and in such format as the Secretary requires, an application meeting the following requirements and containing such additional information, provisions, and assurances, as the Secretary may require:

(1) ASSURANCE OF A PUBLIC DEVELOPMENT PROCESS.—The application contains an assurance that the State has engaged, and will continue to engage, in a public process for the design, development, and evaluation of the MFP demonstration project that allows for input from eligible individuals, the families of such individuals, authorized representatives of such individuals, providers, and other interested parties.

(2) OPERATION IN CONNECTION WITH QUALIFIED HCB PROGRAM TO ASSURE CONTINUITY OF SERVICES.—The State will conduct the MFP demonstration project for eligible individuals in conjunction with the operation of a qualified HCB program that is in operation (or approved) in the State for such individuals in a manner that assures continuity of Medicaid coverage for such individuals so long as such individuals continue to be eligible for medical assistance.

(3) DEMONSTRATION PROJECT PERIOD.—The application shall specify the period of the MFP demonstration project, which shall include at least 2 consecutive fiscal years in the 5-fiscal-year period beginning with fiscal year 2007.

(4) SERVICE AREA.—The application shall specify the service area or areas of the MFP demonstration project, which may be a statewide area or 1 or more geographic areas of the State.

(5) TARGETED GROUPS AND NUMBERS OF INDIVIDUALS SERVED.—The application shall specify—

(A) the target groups of eligible individuals to be assisted to transition from an inpatient facility to a qualified residence during each fiscal year of the MFP demonstration project;

(B) the projected numbers of eligible individuals in each targeted group of eligible individuals to be so assisted during each such year; and

(C) the estimated total annual qualified expenditures for each fiscal year of the MFP demonstration project.

(6) INDIVIDUAL CHOICE, CONTINUITY OF CARE.—The application shall contain assurances that—

(A) each eligible individual or the individual's authorized representative will be provided the opportunity to make an informed choice regarding whether to participate in the MFP demonstration project;

(B) each eligible individual or the individual's authorized representative will choose the qualified residence in which the individual will reside and the setting in which the individual will receive home and community-based long-term care services;

(C) the State will continue to make available, so long as the State operates its qualified HCB program consistent with applicable requirements, home and community-based long-term care services to each individual who completes participation in the MFP demonstration project for as long as the individual remains eligible for medical assistance for such services under such qualified HCB program (including meeting a requirement relating to requiring a level of care provided in an inpatient facility and continuing to require such services, and, if the State applies a more stringent level of care standard as a result of implementing the State plan option permitted under section 1915(i) of the Social Security Act, meeting the requirement for at least the level of care which had resulted in the individual's admission to the institution).

(7) REBALANCING.—The application shall—

(A) provide such information as the Secretary may require concerning the dollar amounts of State Medicaid expenditures for the fiscal year, immediately preceding the first fiscal year of the State's MFP demonstration project, for long-term care services and the percentage of such expenditures that were for institutional long-term care services or were for home and community-based long-term care services;

(B)(i) specify the methods to be used by the State to increase, for each fiscal year during the MFP demonstration project, the dollar amount of such total expenditures for home and community-based long-term care services and the percentage of such total expenditures for long-term care services that are for home and community-based long-term care services; and

(ii) describe the extent to which the MFP demonstration project will contribute to accomplishment of objectives described in subsection (a).

(8) MONEY FOLLOWS THE PERSON.—The application shall describe the methods to be used by the State to eliminate any legal, budgetary, or other barriers to flexibility in the availability of Medicaid funds to pay for long-term care services for eligible individuals participating in the project in the appropriate settings of their choice, including costs to transition from an institutional setting to a qualified residence.

(9) MAINTENANCE OF EFFORT AND COST-EFFECTIVENESS.—The application shall contain or be accompanied by such information and assurances as may be required to satisfy the Secretary that—

(A) total expenditures under the State Medicaid program for home and community-based long-term care services will not be less for any fiscal year during the MFP demonstration project than for the greater of such expenditures for—

(i) fiscal year 2005; or

(ii) any succeeding fiscal year before the first year of the MFP demonstration project; and

(B) in the case of a qualified HCB program operating under a waiver under subsection (c) or (d) of section 1915 of the Social Security Act (42 U.S.C. 1396n), but for the amount awarded under a grant under this section, the State program would continue to meet the cost-effectiveness requirements of subsection (c)(2)(D) of such section or comparable requirements under subsection (d)(5) of such section, respectively.

(10) WAIVER REQUESTS.—The application shall contain or be accompanied by requests for any modification or adjustment of waivers of Medicaid requirements described in subsection (d)(3), including adjustments to the maximum numbers of individuals included and package of benefits, including one-time transitional services, provided.

(11) QUALITY ASSURANCE AND QUALITY IMPROVEMENT.—The application shall include—

(A) a plan satisfactory to the Secretary for quality assurance and quality improvement for home and community-based long-term care services under the State Medicaid program, including a plan to assure the health and welfare of individuals participating in the MFP demonstration project; and

(B) an assurance that the State will cooperate in carrying out activities under subsection (f) to develop and implement continuous quality assurance and quality improvement systems for home and community-based long-term care services.

(12) OPTIONAL PROGRAM FOR SELF-DIRECTED SERVICES.—If the State elects to provide for any home and community-based long-term care services as self-directed services (as defined in subsection (b)(8)) under the MFP demonstration project, the application shall provide the following:

(A) MEETING REQUIREMENTS.—A description of how the project will meet the applicable requirements of such subsection for the provision of self-directed services.

(B) VOLUNTARY ELECTION.—A description of how eligible individuals will be provided with the opportunity to make an informed election to receive self-directed services under the project and after the end of the project.

(C) STATE SUPPORT IN SERVICE PLAN DEVELOPMENT.—Satisfactory assurances that the State will provide support to eligible individuals who self-direct in developing and implementing their service plans.

(D) OVERSIGHT OF RECEIPT OF SERVICES.—Satisfactory assurances that the State will provide oversight of eligible individual's receipt of such self-directed services, including steps to assure the quality of services provided and that the provision of such services are consistent with the service plan under such subsection.

Nothing in this section shall be construed as requiring a State to make an election under the project to provide for home and community-based long-term care services as self-directed services, or as requiring an individual to elect to receive self-directed services under the project.

(13) REPORTS AND EVALUATION.—The application shall provide that—

(A) the State will furnish to the Secretary such reports concerning the MFP demonstration project, on such timetable, in such uniform format, and containing such information as the Secretary may require, as will allow for reliable comparisons of MFP demonstration projects across States; and

(B) the State will participate in and cooperate with the evaluation of the MFP demonstration project.

(d) SECRETARY'S AWARD OF COMPETITIVE GRANTS.—

(1) IN GENERAL.—The Secretary shall award grants under this section on a competitive basis to States selected from among those with applications meeting the requirements of subsection (c), in accordance with the provisions of this subsection.

(2) SELECTION AND MODIFICATION OF STATE APPLICATIONS.—In selecting State applications for the awarding of such a grant, the Secretary—

(A) shall take into consideration the manner in which, and extent to which, the State proposes to achieve the objectives specified in subsection (a);

(B) shall seek to achieve an appropriate national balance in the numbers of eligible individuals, within different target groups of eligible individuals, who are assisted to transition to qualified residences under MFP demonstration projects, and in the geographic distribution of States operating MFP demonstration projects;

(C) shall give preference to State applications proposing—

(i) to provide transition assistance to eligible individuals within multiple target groups; and

(ii) to provide eligible individuals with the opportunity to receive home and community-based long-term care services as self-directed services, as defined in subsection (b)(8); and

(D) shall take such objectives into consideration in setting the annual amounts of State grant awards under this section.

(3) WAIVER AUTHORITY.—The Secretary is authorized to waive the following provisions of title XIX of the Social Security Act, to the extent necessary to enable a State initiative to meet the requirements and accomplish the purposes of this section:

(A) STATEWIDENESS.—Section 1902(a)(1), in order to permit implementation of a State initiative in a selected area or areas of the State.

(B) COMPARABILITY.—Section 1902(a)(10)(B), in order to permit a State initiative to assist a selected category or categories of individuals described in subsection (b)(2)(A).

(C) INCOME AND RESOURCES ELIGIBILITY.—Section 1902(a)(10)(C)(i)(III), in order to permit a State to apply institutional eligibility rules to individuals transitioning to community-based care.

(D) PROVIDER AGREEMENTS.—Section 1902(a)(27), in order to permit a State to implement self-directed services in a cost-effective manner.

(4) CONDITIONAL APPROVAL OF OUTYEAR GRANT.—In awarding grants under this section, the Secretary shall condition the grant for the second and any subsequent fiscal years of the grant period on the following:

(A) NUMERICAL BENCHMARKS.—The State must demonstrate to the satisfaction of the Secretary that it is meeting numerical benchmarks specified in the grant agreement for—

(i) increasing State Medicaid support for home and community-based long-term care services under subsection (c)(5); and

(ii) numbers of eligible individuals assisted to transition to qualified residences.

(B) QUALITY OF CARE.—The State must demonstrate to the satisfaction of the Secretary that it is meeting the requirements under subsection (c)(11) to assure the health and welfare of MFP demonstration project participants.

(e) PAYMENTS TO STATES; CARRYOVER OF UNUSED GRANT AMOUNTS.—

(1) PAYMENTS.—For each calendar quarter in a fiscal year during the period a State is awarded a grant under subsection (d), the Secretary shall pay to the State from its grant award for such fiscal year an amount equal to the lesser of—

(A) the MFP-enhanced FMAP (as defined in paragraph (5)) of the amount of qualified expenditures made during such quarter; or

(B) the total amount remaining in such grant award for such fiscal year (taking into account the application of paragraph (2)).

(2) CARRYOVER OF UNUSED AMOUNTS.—Any portion of a State grant award for a fiscal year under this section remaining at the end of such fiscal year shall remain available to the State for the next 4 fiscal years, subject to paragraph (3).

(3) REAWARDING OF CERTAIN UNUSED AMOUNTS.—In the case of a State that the Secretary determines pursuant to subsection (d)(4) has failed to meet the conditions for continuation of a MFP demonstration project under this section in a succeeding year or years, the Secretary shall rescind the grant awards for such succeeding year or years, together with any unspent portion of an award for prior years, and shall add such amounts to the appropriation for the immediately succeeding fiscal year for grants under this section.

(4) PREVENTING DUPLICATION OF PAYMENT.—The payment under a MFP demonstration project with respect to qualified expenditures shall be in lieu of any payment with respect to such expenditures that could otherwise be paid under Medicaid, including under section 1903(a) of the Social Security Act. Nothing in the previous sentence shall be construed as preventing the payment under Medicaid for such expenditures in a grant year after amounts available to pay for such expenditures under the MFP demonstration project have been exhausted.

(5) MFP-ENHANCED FMAP.—For purposes of paragraph (1)(A), the ''MFP-enhanced FMAP'', for a State for a fiscal year, is equal to the Federal medical assistance percentage (as defined in the first sentence of section 1905(b)) for the State increased by a number of percentage points equal to 50 percent of the number of percentage points by which (A) such Federal medical assistance percentage for the State, is less than (B) 100 percent; but in no case shall the MFP-enhanced FMAP for a State exceed 90 percent.

(f) QUALITY ASSURANCE AND IMPROVEMENT; TECHNICAL ASSISTANCE; OVERSIGHT.—

(1) IN GENERAL.—The Secretary, either directly or by grant or contract, shall provide for technical assistance to, and oversight of, States for purposes of upgrading quality assurance and quality improvement systems under Medicaid home and community-based waivers, including—

(A) dissemination of information on promising practices;

(B) guidance on system design elements addressing the unique needs of participating beneficiaries;

(C) ongoing consultation on quality, including assistance in developing necessary tools, resources, and monitoring systems; and

(D) guidance on remedying programmatic and systemic problems.

(2) FUNDING.—From the amounts appropriated under subsection (h)(1) for the portion of fiscal year 2007 that begins on January 1, 2007, and ends on September 30, 2007, and for fiscal year 2008, not more than $2,400,000 shall be available to the Secretary to carry out this subsection during the period that begins on January 1, 2007, and ends on September 30, 2011.

(g) RESEARCH AND EVALUATION.—

(1) IN GENERAL.—The Secretary, directly or through grant or contract, shall provide for research on, and a national evaluation of, the program under this section, including assistance to the Secretary in preparing the final report required under paragraph (2). The evaluation shall include an analysis of projected and actual savings related to the transition of individuals to qualified residences in each State conducting an MFP demonstration project.

(2) FINAL REPORT.—The Secretary shall make a final report to the President and Congress, not later than September 30, 2011, reflecting the evaluation described in paragraph (1) and providing findings and conclusions on the conduct and effectiveness of MFP demonstration projects.

(3) FUNDING.—From the amounts appropriated under subsection (h)(1) for each of fiscal years 2008 through 2011, not more than $1,100,000 per year shall be available to the Secretary to carry out this subsection.

(h) APPROPRIATIONS.—

(1) IN GENERAL.—There are appropriated, from any funds in the Treasury not otherwise appropriated, for grants to carry out this section—

(A) $250,000,000 for the portion of fiscal year 2007 beginning on January 1, 2007, and ending on September 30, 2007;

(B) $300,000,000 for fiscal year 2008;

(C) $350,000,000 for fiscal year 2009;

(D) $400,000,000 for fiscal year 2010; and

(E) $450,000,000 for fiscal year 2011.

(2) AVAILABILITY.—Amounts made available under paragraph (1) for a fiscal year shall remain available for the awarding of grants to States by not later than September 30, 2011.

Subchapter C—Miscellaneous

SEC. 6081. MEDICAID TRANSFORMATION GRANTS.

(a) IN GENERAL.—Section 1903 of the Social Security Act (42 U.S.C. 1396b), as amended by sections 6037(a)(2) and 6043(b), is amended by adding at the end the following new subsection:

''(z) MEDICAID TRANSFORMATION PAYMENTS.—

''(1) IN GENERAL.—In addition to the payments provided under subsection (a), subject to paragraph (4), the Secretary shall provide for payments to States for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under this title.

''(2) PERMISSIBLE USES OF FUNDS.—The following are examples of innovative methods for which funds provided under this subsection may be used:

''(A) Methods for reducing patient error rates through the implementation and use of electronic health records, electronic clinical decision support tools, or e-prescribing programs.

''(B) Methods for improving rates of collection from estates of amounts owed under this title.

''(C) Methods for reducing waste, fraud, and abuse under the program under this title, such as reducing improper payment rates as measured by annual payment error rate measurement (PERM) project rates.

''(D) Implementation of a medication risk management program as part of a drug use review program under section 1927(g).

''(E) Methods in reducing, in clinically appropriate ways, expenditures under this title for covered outpatient drugs, particularly in the categories of greatest drug utilization, by increasing the utilization of generic drugs through the use of education programs and other incentives to promote greater use of generic drugs.

''(F) Methods for improving access to primary and specialty physician care for the uninsured using integrated university-based hospital and clinic systems.

''(3) APPLICATION; TERMS AND CONDITIONS.—

''(A) IN GENERAL.—No payments shall be made to a State under this subsection unless the State applies to the Secretary for such payments in a form, manner, and time specified by the Secretary.

''(B) TERMS AND CONDITIONS.—Such payments are made under such terms and conditions consistent with this subsection as the Secretary prescribes.

''(C) ANNUAL REPORT.—Payment to a State under this subsection is conditioned on the State submitting to the Secretary an annual report on the programs supported by such payment. Such report shall include information on—

''(i) the specific uses of such payment;

''(ii) an assessment of quality improvements and clinical outcomes under such programs; and

''(iii) estimates of cost savings resulting from such programs.

''(4) FUNDING.—

''(A) LIMITATION ON FUNDS.—The total amount of payments under this subsection shall be equal to, and shall not exceed—

''(i) $75,000,000 for fiscal year 2007; and

''(ii) $75,000,000 for fiscal year 2008.

This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Secretary to provide for the payment of amounts provided under this subsection.

''(B) ALLOCATION OF FUNDS.—The Secretary shall specify a method for allocating the funds made available under this subsection among States. Such method shall provide preference for States that design programs that target health providers that treat significant numbers of Medicaid beneficiaries. Such method shall provide that not less than 25 percent of such funds shall be allocated among States the population of which (as determined according to data collected by the United States Census Bureau) as of July 1, 2004, was more than 105 percent of the population of the respective State (as so determined) as of April 1, 2000.

''(C) FORM AND MANNER OF PAYMENT.—Payment to a State under this subsection shall be made in the same manner as other payments under section 1903(a). There is no requirement for State matching funds to receive payments under this subsection.

''(5) MEDICATION RISK MANAGEMENT PROGRAM.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'medication risk management program' means a program for targeted beneficiaries that ensures that covered outpatient drugs are appropriately used to optimize therapeutic outcomes through improved medication use and to reduce the risk of adverse events.

''(B) ELEMENTS.—Such program may include the following elements:

''(i) The use of established principles and standards for drug utilization review and best practices to analyze prescription drug claims of targeted beneficiaries and identify outlier physicians.

''(ii) On an ongoing basis provide outlier physicians—

''(I) a comprehensive pharmacy claims history for each targeted beneficiary under their care;

''(II) information regarding the frequency and cost of relapses and hospitalizations of targeted beneficiaries under the physician's care; and

''(III) applicable best practice guidelines and empirical references.

''(iii) Monitor outlier physician's prescribing, such as failure to refill, dosage strengths, and provide incentives and information to encourage the adoption of best clinical practices.

''(C) TARGETED BENEFICIARIES.—For purposes of this paragraph, the term 'targeted beneficiaries' means Medicaid eligible beneficiaries who are identified as having high prescription drug costs and medical costs, such as individuals with behavioral disorders or multiple chronic diseases who are taking multiple medications.''.

SEC. 6082. HEALTH OPPORTUNITY ACCOUNTS.

Title XIX of the Social Security Act, as amended by sections 6035 and 6044, is amended—

(1) by redesignating section 1938 as section 1939; and

(2) by inserting after section 1937 the following new section:

''HEALTH OPPORTUNITY ACCOUNTS

''SEC. 1938. (a) AUTHORITY.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary shall establish a demonstration program under which States may provide under their State plans under this title (including such a plan operating under a statewide waiver under section 1115) in accordance with this section for the provision of alternative benefits consistent with subsection (c) for eligible population groups in one or more geographic areas of the State specified by the State. An amendment under the previous sentence is referred to in this section as a 'State demonstration program'.

''(2) INITIAL DEMONSTRATION.—

''(A) IN GENERAL.—The demonstration program under this section shall begin on January 1, 2007. During the first 5 years of such program, the Secretary shall not approve more than 10 States to conduct demonstration programs under this section, with each State demonstration program covering 1 or more geographic areas specified by the State. After such 5-year period—

''(i) unless the Secretary finds, taking into account cost-effectiveness, quality of care, and other criteria that the Secretary specifies, that a State demonstration program previously implemented has been unsuccessful, such a demonstration program may be extended or made permanent in the State; and

''(ii) unless the Secretary finds, taking into account cost-effectiveness, quality of care, and other criteria that the Secretary specifies, that all State demonstration programs previously implemented were unsuccessful, other States may implement State demonstration programs.

''(B) GAO REPORT.—

''(i) IN GENERAL.—Not later than 3 months after the end of the 5-year period described in subparagraph (A), the Comptroller General of the United States shall submit a report to Congress evaluating the demonstration programs conducted under this section during such period.

''(ii) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to the Comptroller General of the United States, $550,000 for the period of fiscal years 2007 through 2010 to carry out clause (i).

''(3) APPROVAL.—The Secretary shall not approve a State demonstration program under paragraph (1) unless the program includes the following:

''(A) Creating patient awareness of the high cost of medical care.

''(B) Providing incentives to patients to seek preventive care services.

''(C) Reducing inappropriate use of health care services.

''(D) Enabling patients to take responsibility for health outcomes.

''(E) Providing enrollment counselors and ongoing education activities.

''(F) Providing transactions involving health opportunity accounts to be conducted electronically and without cash.

''(G) Providing access to negotiated provider payment rates consistent with this section.

Nothing in this section shall be construed as preventing a State demonstration program from providing incentives for patients obtaining appropriate preventive care (as defined for purposes of section 223(c)(2)(C) of the Internal Revenue Code of 1986), such as additional account contributions for an individual demonstrating healthy prevention practices.

''(4) NO REQUIREMENT FOR STATEWIDENESS.—Nothing in this section or any other provision of law shall be construed to require that a State must provide for the implementation of a State demonstration program on a Statewide basis.

''(b) ELIGIBLE POPULATION GROUPS.—

''(1) IN GENERAL.—A State demonstration program under this section shall specify the eligible population groups consistent with paragraphs (2) and (3).

''(2) ELIGIBILITY LIMITATIONS DURING INITIAL DEMONSTRATION PERIOD.—During the initial 5 years of the demonstration program under this section, a State demonstration program shall not apply to any of the following individuals:

''(A) Individuals who are 65 years of age or older.

''(B) Individuals who are disabled, regardless of whether or not their eligibility for medical assistance under this title is based on such disability.

''(C) Individuals who are eligible for medical assistance under this title only because they are (or were within the previous 60 days) pregnant.

''(D) Individuals who have been eligible for medical assistance for a continuous period of less than 3 months.

''(3) ADDITIONAL LIMITATIONS.—A State demonstration program shall not apply to any individual within a category of individuals described in section 1937(a)(2)(B).

''(4) LIMITATIONS.—

''(A) STATE OPTION.—This subsection shall not be construed as preventing a State from further limiting eligibility.

''(B) ON ENROLLEES IN MEDICAID MANAGED CARE ORGANIZATIONS.—Insofar as the State provides for eligibility of individuals who are enrolled in medicaid managed care organizations, such individuals may participate in the State demonstration program only if the State provides assurances satisfactory to the Secretary that the following conditions are met with respect to any such organization:

''(i) In no case may the number of such individuals enrolled in the organization who participate in the program exceed 5 percent of the total number of individuals enrolled in such organization.

''(ii) The proportion of enrollees in the organization who so participate is not significantly disproportionate to the proportion of such enrollees in other such organizations who participate.

''(iii) The State has provided for an appropriate adjustment in the per capita payments to the organization to account for such participation, taking into account differences in the likely use of health services between enrollees who so participate and enrollees who do not so participate.

''(5) VOLUNTARY PARTICIPATION.—An eligible individual shall be enrolled in a State demonstration program only if the individual voluntarily enrolls. Except in such hardship cases as the Secretary shall specify, such an enrollment shall be effective for a period of 12 months, but may be extended for additional periods of 12 months each with the consent of the individual.

''(6) 1-YEAR MORATORIUM FOR REENROLLMENT.—An eligible individual who, for any reason, is disenrolled from a State demonstration program conducted under this section shall not be permitted to reenroll in such program before the end of the 1-year period that begins on the effective date of such disenrollment.

''(c) ALTERNATIVE BENEFITS.—

''(1) IN GENERAL.—The alternative benefits provided under this section shall consist, consistent with this subsection, of at least—

''(A) coverage for medical expenses in a year for items and services for which benefits are otherwise provided under this title after an annual deductible described in paragraph (2) has been met; and

''(B) contribution into a health opportunity account.

Nothing in subparagraph (A) shall be construed as preventing a State from providing for coverage of preventive care (referred to in subsection (a)(3)) within the alternative benefits without regard to the annual deductible.

''(2) ANNUAL DEDUCTIBLE.—The amount of the annual deductible described in paragraph (1)(A) shall be at least 100 percent, but no more than 110 percent, of the annualized amount of contributions to the health opportunity account under subsection (d)(2)(A)(i), determined without regard to any limitation described in subsection (d)(2)(C)(i)(II).

''(3) ACCESS TO NEGOTIATED PROVIDER PAYMENT RATES.—

''(A) FEE-FOR-SERVICE ENROLLEES.—In the case of an individual who is participating in a State demonstration program and who is not enrolled with a medicaid managed care organization, the State shall provide that the individual may obtain demonstration program medicaid services from—

''(i) any participating provider under this title at the same payment rates that would be applicable to such services if the deductible described in paragraph (1)(A) was not applicable; or

''(ii) any other provider at payment rates that do not exceed 125 percent of the payment rate that would be applicable to such services furnished by a participating provider under this title if the deductible described in paragraph (1)(A) was not applicable.

''(B) TREATMENT UNDER MEDICAID MANAGED CARE PLANS.—In the case of an individual who is participating in a State demonstration program and is enrolled with a medicaid managed care organization, the State shall enter into an arrangement with the organization under which the individual may obtain demonstration program medicaid services from any provider described in clause (ii) of subparagraph (A) at payment rates that do not exceed the payment rates that may be imposed under that clause.

''(C) COMPUTATION.—The payment rates described in subparagraphs (A) and (B) shall be computed without regard to any cost sharing that would be otherwise applicable under sections 1916 and 1916A.

''(D) DEFINITIONS.—For purposes of this paragraph:

''(i) The term 'demonstration program medicaid services' means, with respect to an individual participating in a State demonstration program, services for which the individual would be provided medical assistance under this title but for the application of the deductible described in paragraph (1)(A).

''(ii) The term 'participating provider' means—

''(I) with respect to an individual described in subparagraph (A), a health care provider that has entered into a participation agreement with the State for the provision of services to individuals entitled to benefits under the State plan; or

''(II) with respect to an individual described in subparagraph (B) who is enrolled in a medicaid managed care organization, a health care provider that has entered into an arrangement for the provision of services to enrollees of the organization under this title.

''(4) NO EFFECT ON SUBSEQUENT BENEFITS.—Except as provided under paragraphs (1) and (2), alternative benefits for an eligible individual shall consist of the benefits otherwise provided to the individual, including cost sharing relating to such benefits.

''(5) OVERRIDING COST SHARING AND COMPARABILITY REQUIREMENTS FOR ALTERNATIVE BENEFITS.—The provisions of this title relating to cost sharing for benefits (including sections 1916 and 1916A) shall not apply with respect to benefits to which the annual deductible under paragraph (1)(A) applies. The provisions of section 1902(a)(10)(B) (relating to comparability) shall not apply with respect to the provision of alternative benefits (as described in this subsection).

''(6) TREATMENT AS MEDICAL ASSISTANCE.—Subject to subparagraphs (D) and (E) of subsection (d)(2), payments for alternative benefits under this section (including contributions into a health opportunity account) shall be treated as medical assistance for purposes of section 1903(a).

''(7) USE OF TIERED DEDUCTIBLE AND COST SHARING.—

''(A) IN GENERAL.—A State—

''(i) may vary the amount of the annual deductible applied under paragraph (1)(A) based on the income of the family involved so long as it does not favor families with higher income over those with lower income; and

''(ii) may vary the amount of the maximum out-of-pocket cost sharing (as defined in subparagraph (B)) based on the income of the family involved so long as it does not favor families with higher income over those with lower income.

''(B) MAXIMUM OUT-OF-POCKET COST SHARING.—For purposes of subparagraph (A)(ii), the term 'maximum out-of-pocket cost sharing' means, for an individual or family, the amount by which the annual deductible level applied under paragraph (1)(A) to the individual or family exceeds the balance in the health opportunity account for the individual or family.

''(8) CONTRIBUTIONS BY EMPLOYERS.—Nothing in this section shall be construed as preventing an employer from providing health benefits coverage consisting of the coverage described in paragraph (1)(A) to individuals who are provided alternative benefits under this section.

''(d) HEALTH OPPORTUNITY ACCOUNT.—

''(1) IN GENERAL.—For purposes of this section, the term 'health opportunity account' means an account that meets the requirements of this subsection.

''(2) CONTRIBUTIONS.—

''(A) IN GENERAL.—No contribution may be made into a health opportunity account except—

''(i) contributions by the State under this title; and

''(ii) contributions by other persons and entities, such as charitable organizations, as permitted under section 1903(w).

''(B) STATE CONTRIBUTION.—A State shall specify the contribution amount that shall be deposited under subparagraph (A)(i) into a health opportunity account.

''(C) LIMITATION ON ANNUAL STATE CONTRIBUTION PROVIDED AND PERMITTING IMPOSITION OF MAXIMUM ACCOUNT BALANCE.—

''(i) IN GENERAL.—A State—

''(I) may impose limitations on the maximum contributions that may be deposited under subparagraph (A)(i) into a health opportunity account in a year;

''(II) may limit contributions into such an account once the balance in the account reaches a level specified by the State; and

''(III) subject to clauses (ii) and (iii) and subparagraph (D)(i), may not provide contributions described in subparagraph (A)(i) to a health opportunity account on behalf of an individual or family to the extent the amount of such contributions (including both State and Federal shares) exceeds, on an annual basis, $2,500 for each individual (or family member) who is an adult and $1,000 for each individual (or family member) who is a child.

''(ii) INDEXING OF DOLLAR LIMITATIONS.—For each year after 2006, the dollar amounts specified in clause (i)(III) shall be annually increased by the Secretary by a percentage that reflects the annual percentage increase in the medical care component of the consumer price index for all urban consumers.

''(iii) BUDGET NEUTRAL ADJUSTMENT.—A State may provide for dollar limitations in excess of those specified in clause (i)(III) (as increased under clause (ii)) for specified individuals if the State provides assurances satisfactory to the Secretary that contributions otherwise made to other individuals will be reduced in a manner so as to provide for aggregate contributions that do not exceed the aggregate contributions that would otherwise be permitted under this subparagraph.

''(D) LIMITATIONS ON FEDERAL MATCHING.—

''(i) STATE CONTRIBUTION.—A State may contribute under subparagraph (A)(i) amounts to a health opportunity account in excess of the limitations provided under subparagraph (C)(i)(III), but no Federal financial participation shall be provided under section 1903(a) with respect to contributions in excess of such limitations.

''(ii) NO FFP FOR PRIVATE CONTRIBUTIONS.—No Federal financial participation shall be provided under section 1903(a) with respect to any contributions described in subparagraph (A)(ii) to a health opportunity account.

''(E) APPLICATION OF DIFFERENT MATCHING RATES.—The Secretary shall provide a method under which, for expenditures made from a health opportunity account for medical care for which the Federal matching rate under section 1903(a) exceeds the Federal medical assistance percentage, a State may obtain payment under such section at such higher matching rate for such expenditures.

''(3) USE.—

''(A) GENERAL USES.—

''(i) IN GENERAL.—Subject to the succeeding provisions of this paragraph, amounts in a health opportunity account may be used for payment of such health care expenditures as the State specifies.

''(ii) GENERAL LIMITATION.—Subject to subparagraph (B)(ii), in no case shall such account be used for payment for health care expenditures that are not payment of medical care (as defined by section 213(d) of the Internal Revenue Code of 1986).

''(iii) STATE RESTRICTIONS.—In applying clause (i), a State may restrict payment for—

''(I) providers of items and services to providers that are licensed or otherwise authorized under State law to provide the item or service and may deny payment for such a provider on the basis that the provider has been found, whether with respect to this title or any other health benefit program, to have failed to meet quality standards or to have committed 1 or more acts of fraud or abuse; and

''(II) items and services insofar as the State finds they are not medically appropriate or necessary.

''(iv) ELECTRONIC WITHDRAWALS.—The State demonstration program shall provide for a method whereby withdrawals may be made from the account for such purposes using an electronic system and shall not permit withdrawals from the account in cash.

''(B) MAINTENANCE OF HEALTH OPPORTUNITY ACCOUNT AFTER BECOMING INELIGIBLE FOR PUBLIC BENEFIT.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, if an account holder of a health opportunity account becomes ineligible for benefits under this title because of an increase in income or assets—

''(I) no additional contribution shall be made into the account under paragraph (2)(A)(i);

''(II) subject to clause (iii), the balance in the account shall be reduced by 25 percent; and

''(III) subject to the succeeding provisions of this subparagraph, the account shall remain available to the account holder for 3 years after the date on which the individual becomes ineligible for such benefits for withdrawals under the same terms and conditions as if the account holder remained eligible for such benefits, and such withdrawals shall be treated as medical assistance in accordance with subsection (c)(6).

''(ii) SPECIAL RULES.—Withdrawals under this subparagraph from an account—

''(I) shall be available for the purchase of health insurance coverage; and

''(II) may, subject to clause (iv), be made available (at the option of the State) for such additional expenditures (such as job training and tuition expenses) specified by the State (and approved by the Secretary) as the State may specify.

''(iii) EXCEPTION FROM 25 PERCENT SAVINGS TO GOVERNMENT FOR PRIVATE CONTRIBUTIONS.—Clause (i)(II) shall not apply to the portion of the account that is attributable to contributions described in paragraph (2)(A)(ii). For purposes of accounting for such contributions, withdrawals from a health opportunity account shall first be attributed to contributions described in paragraph (2)(A)(i).

''(iv) CONDITION FOR NON-HEALTH WITHDRAWALS.—No withdrawal may be made from an account under clause (ii)(II) unless the account holder has participated in the program under this section for at least 1 year.

''(v) NO REQUIREMENT FOR CONTINUATION OF COVERAGE.—An account holder of a health opportunity account, after becoming ineligible for medical assistance under this title, is not required to purchase high-deductible or other insurance as a condition of maintaining or using the account.

''(4) ADMINISTRATION.—A State may coordinate administration of health opportunity accounts through the use of a third party administrator and reasonable expenditures for the use of such administrator shall be reimbursable to the State in the same manner as other administrative expenditures under section 1903(a)(7).

''(5) TREATMENT.—Amounts in, or contributed to, a health opportunity account shall not be counted as income or assets for purposes of determining eligibility for benefits under this title.

''(6) UNAUTHORIZED WITHDRAWALS.—A State may establish procedures—

''(A) to penalize or remove an individual from the health opportunity account based on nonqualified withdrawals by the individual from such an account; and

''(B) to recoup costs that derive from such nonqualified withdrawals.''.

SEC. 6083. STATE OPTION TO ESTABLISH NON-EMERGENCY MEDICAL TRANSPORTATION PROGRAM.

(a) IN GENERAL.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)), as amended by sections 6033(a) and 6035(b), is amended—

(1) in paragraph (68), by striking ''and'' at the end;

(2) in paragraph (69) by striking the period at the end and inserting ''; and''; and

(3) by inserting after paragraph (69) the following:

''(70) at the option of the State and notwithstanding paragraphs (1), (10)(B), and (23), provide for the establishment of a non-emergency medical transportation brokerage program in order to more cost-effectively provide transportation for individuals eligible for medical assistance under the State plan who need access to medical care or services and have no other means of transportation which—

''(A) may include a wheelchair van, taxi, stretcher car, bus passes and tickets, secured transportation, and such other transportation as the Secretary determines appropriate; and

''(B) may be conducted under contract with a broker who—

''(i) is selected through a competitive bidding process based on the State's evaluation of the broker's experience, performance, references, resources, qualifications, and costs;

''(ii) has oversight procedures to monitor beneficiary access and complaints and ensure that transport personnel are licensed, qualified, competent, and courteous;

''(iii) is subject to regular auditing and oversight by the State in order to ensure the quality of the transportation services provided and the adequacy of beneficiary access to medical care and services; and

''(iv) complies with such requirements related to prohibitions on referrals and conflict of interest as the Secretary shall establish (based on the prohibitions on physician referrals under section 1877 and such other prohibitions and requirements as the Secretary determines to be appropriate).''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of the enactment of this Act.

SEC. 6084. EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE (TMA) AND ABSTINENCE EDUCATION PROGRAM.

Effective as if enacted on December 31, 2005, activities authorized by sections 510 and 1925 of the Social Security Act shall continue through December 31, 2006, in the manner authorized for fiscal year 2005, notwithstanding section 1902(e)(1)(A) of such Act, and out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated such sums as may be necessary for such purpose. Grants and payments may be made pursuant to this authority through the first quarter of fiscal year 2007 at the level provided for such activities through the first quarter of fiscal year 2006.

SEC. 6085. EMERGENCY SERVICES FURNISHED BY NON-CONTRACT PROVIDERS FOR MEDICAID MANAGED CARE ENROLLEES.

(a) IN GENERAL.—Section 1932(b)(2) of the Social Security Act (42 U.S.C. 1396u–2(b)(2)) is amended by adding at the end the following new subparagraph:

''(D) EMERGENCY SERVICES FURNISHED BY NON-CONTRACT PROVIDERS.—Any provider of emergency services that does not have in effect a contract with a medicaid managed care entity that establishes payment amounts for services furnished to a beneficiary enrolled in the entity's Medicaid managed care plan must accept as payment in full no more than the amounts (less any payments for indirect costs of medical education and direct costs of graduate medical education) that it could collect if the beneficiary received medical assistance under this title other than through enrollment in such an entity. In a State where rates paid to hospitals under the State plan are negotiated by contract and not publicly released, the payment amount applicable under this subparagraph shall be the average contract rate that would apply under the State plan for general acute care hospitals or the average contract rate that would apply under such plan for tertiary hospitals.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2007.

SEC. 6086. EXPANDED ACCESS TO HOME AND COMMUNITY-BASED SERVICES FOR THE ELDERLY AND DISABLED.

(a) HOME AND COMMUNITY-BASED SERVICES AS AN OPTIONAL BENEFIT FOR ELDERLY AND DISABLED INDIVIDUALS.—Section 1915 of the Social Security Act (42 U.S.C. 1396n) is amended by adding at the end the following new subsection:

''(i) STATE PLAN AMENDMENT OPTION TO PROVIDE HOME AND COMMUNITY-BASED SERVICES FOR ELDERLY AND DISABLED INDIVIDUALS.—

''(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, a State may provide through a State plan amendment for the provision of medical assistance for home and community-based services (within the scope of services described in paragraph (4)(B) of subsection (c) for which the Secretary has the authority to approve a waiver and not including room and board or such other services requested by the State as the Secretary may approve) for individuals eligible for medical assistance under the State plan whose income does not exceed 150 percent of the poverty line (as defined in section 2110(c)(5)), without determining that but for the provision of such services the individuals would require the level of care provided in a hospital or a nursing facility or intermediate care facility for the mentally retarded, but only if the State meets the following requirements:

''(A) NEEDS-BASED CRITERIA FOR ELIGIBILITY FOR, AND RECEIPT OF, HOME AND COMMUNITY-BASED SERVICES.—The State establishes needs-based criteria for determining an individual's eligibility under the State plan for medical assistance for such home and community-based services, and if the individual is eligible for such services, the specific home and community-based services that the individual will receive.

''(B) ESTABLISHMENT OF MORE STRINGENT NEEDS-BASED ELIGIBILITY CRITERIA FOR INSTITUTIONALIZED CARE.—The State establishes needs-based criteria for determining whether an individual requires the level of care provided in a hospital, a nursing facility, or an intermediate care facility for the mentally retarded under the State plan or under any waiver of such plan that are more stringent than the needs-based criteria established under subparagraph (A) for determining eligibility for home and community-based services.

''(C) PROJECTION OF NUMBER OF INDIVIDUALS TO BE PROVIDED HOME AND COMMUNITY-BASED SERVICES.—

''(i) IN GENERAL.—The State submits to the Secretary, in such form and manner, and upon such frequency as the Secretary shall specify, the projected number of individuals to be provided home and community-based services.

''(ii) AUTHORITY TO LIMIT NUMBER OF ELIGIBLE INDIVIDUALS.—A State may limit the number of individuals who are eligible for such services and may establish waiting lists for the receipt of such services.

''(D) CRITERIA BASED ON INDIVIDUAL ASSESSMENT.—

''(i) IN GENERAL.—The criteria established by the State for purposes of subparagraphs (A) and (B) requires an assessment of an individual's support needs and capabilities, and may take into account the inability of the individual to perform 2 or more activities of daily living (as defined in section 7702B(c)(2)(B) of the Internal Revenue Code of 1986) or the need for significant assistance to perform such activities, and such other risk factors as the State determines to be appropriate.

''(ii) ADJUSTMENT AUTHORITY.—The State plan amendment provides the State with the option to modify the criteria established under subparagraph (A) (without having to obtain prior approval from the Secretary) in the event that the enrollment of individuals eligible for home and community-based services exceeds the projected enrollment submitted for purposes of subparagraph (C), but only if—

''(I) the State provides at least 60 days notice to the Secretary and the public of the proposed modification;

''(II) the State deems an individual receiving home and community-based services on the basis of the most recent version of the criteria in effect prior to the effective date of the modification to be eligible for such services for a period of at least 12 months beginning on the date the individual first received medical assistance for such services; and

''(III) after the effective date of such modification, the State, at a minimum, applies the criteria for determining whether an individual requires the level of care provided in a hospital, a nursing facility, or an intermediate care facility for the mentally retarded under the State plan or under any waiver of such plan which applied prior to the application of the more stringent criteria developed under subparagraph (B).

''(E) INDEPENDENT EVALUATION AND ASSESSMENT.—

''(i) ELIGIBILITY DETERMINATION.—The State uses an independent evaluation for making the determinations described in subparagraphs (A) and (B).

''(ii) ASSESSMENT.—In the case of an individual who is determined to be eligible for home and community-based services, the State uses an independent assessment, based on the needs of the individual to—

''(I) determine a necessary level of services and supports to be provided, consistent with an individual's physical and mental capacity;

''(II) prevent the provision of unnecessary or inappropriate care; and

''(III) establish an individualized care plan for the individual in accordance with subparagraph (G).

''(F) ASSESSMENT.—The independent assessment required under subparagraph (E)(ii) shall include the following:

''(i) An objective evaluation of an individual's inability to perform 2 or more activities of daily living (as defined in section 7702B(c)(2)(B) of the Internal Revenue Code of 1986) or the need for significant assistance to perform such activities.

''(ii) A face-to-face evaluation of the individual by an individual trained in the assessment and evaluation of individuals whose physical or mental conditions trigger a potential need for home and community-based services.

''(iii) Where appropriate, consultation with the individual's family, spouse, guardian, or other responsible individual.

''(iv) Consultation with appropriate treating and consulting health and support professionals caring for the individual.

''(v) An examination of the individual's relevant history, medical records, and care and support needs, guided by best practices and research on effective strategies that result in improved health and quality of life outcomes.

''(vi) If the State offers individuals the option to self-direct the purchase of, or control the receipt of, home and community-based service, an evaluation of the ability of the individual or the individual's representative to self-direct the purchase of, or control the receipt of, such services if the individual so elects.

''(G) INDIVIDUALIZED CARE PLAN.—

''(i) IN GENERAL.—In the case of an individual who is determined to be eligible for home and community-based services, the State uses the independent assessment required under subparagraph (E)(ii) to establish a written individualized care plan for the individual.

''(ii) PLAN REQUIREMENTS.—The State ensures that the individualized care plan for an individual—

''(I) is developed—

''(aa) in consultation with the individual, the individual's treating physician, health care or support professional, or other appropriate individuals, as defined by the State, and, where appropriate the individual's family, caregiver, or representative; and

''(bb) taking into account the extent of, and need for, any family or other supports for the individual;

''(II) identifies the necessary home and community-based services to be furnished to the individual (or, if the individual elects to self-direct the purchase of, or control the receipt of, such services, funded for the individual); and

''(III) is reviewed at least annually and as needed when there is a significant change in the individual's circumstances.

''(iii) STATE OPTION TO OFFER ELECTION FOR SELF-DIRECTED SERVICES.—

''(I) INDIVIDUAL CHOICE.—At the option of the State, the State may allow an individual or the individual's representative to elect to receive self-directed home and community-based services in a manner which gives them the most control over such services consistent with the individual's abilities and the requirements of subclauses (II) and (III).

''(II) SELF-DIRECTED SERVICES.—The term 'self-directed' means, with respect to the home and community-based services offered under the State plan amendment, such services for the individual which are planned and purchased

under the direction and control of such individual or the individual's authorized representative, including the amount, duration, scope, provider, and location of such services, under the State plan consistent with the following requirements:

''(aa) ASSESSMENT.—There is an assessment of the needs, capabilities, and preferences of the individual with respect to such services.

''(bb) SERVICE PLAN.—Based on such assessment, there is developed jointly with such individual or the individual's authorized representative a plan for such services for such individual that is approved by the State and that satisfies the requirements of subclause (III).

''(III) PLAN REQUIREMENTS.—For purposes of subclause (II)(bb), the requirements of this subclause are that the plan—

''(aa) specifies those services which the individual or the individual's authorized representative would be responsible for directing;

''(bb) identifies the methods by which the individual or the individual's authorized representative will select, manage, and dismiss providers of such services;

''(cc) specifies the role of family members and others whose participation is sought by the individual or the individual's authorized representative with respect to such services;

''(dd) is developed through a person-centered process that is directed by the individual or the individual's authorized representative, builds upon the individual's capacity to engage in activities that promote community life and that respects the individual's preferences, choices, and abilities, and involves families, friends, and professionals as desired or required by the individual or the individual's authorized representative;

''(ee) includes appropriate risk management techniques that recognize the roles and sharing of responsibilities in obtaining services in a self-directed manner and assure the appropriateness of such plan based upon the resources and capabilities of the individual or the individual's authorized representative; and

''(ff) may include an individualized budget which identifies the dollar value of the services and supports under the control and direction of the individual or the individual's authorized representative.

''(IV) BUDGET PROCESS.—With respect to individualized budgets described in subclause (III)(ff), the State plan amendment—

''(aa) describes the method for calculating the dollar values in such budgets based on reliable costs and service utilization;

''(bb) defines a process for making adjustments in such dollar values to reflect changes in individual assessments and service plans; and

''(cc) provides a procedure to evaluate expenditures under such budgets.

''(H) QUALITY ASSURANCE; CONFLICT OF INTEREST STANDARDS.—

''(i) QUALITY ASSURANCE.—The State ensures that the provision of home and community-based services meets Federal and State guidelines for quality assurance.

''(ii) CONFLICT OF INTEREST STANDARDS.—The State establishes standards for the conduct of the independent evaluation and the independent assessment to safeguard against conflicts of interest.

''(I) REDETERMINATIONS AND APPEALS.—The State allows for at least annual redeterminations of eligibility, and appeals in accordance with the frequency of, and manner in which, redeterminations and appeals of eligibility are made under the State plan.

''(J) PRESUMPTIVE ELIGIBILITY FOR ASSESSMENT.—The State, at its option, elects to provide for a period of presumptive eligibility (not to exceed a period of 60 days) only for those individuals that the State has reason to believe may be eligible for home and community-based services. Such presumptive eligibility shall be limited to medical assistance for carrying out the independent evaluation and assessment under subparagraph (E) to determine an individual's eligibility for such services and if the individual is so eligible, the specific home and community-based services that the individual will receive.

''(2) DEFINITION OF INDIVIDUAL'S REPRESENTATIVE.—In this section, the term 'individual's representative' means, with respect to an individual, a parent, a family member, or a guardian of the individual, an advocate for the individual, or any other individual who is authorized to represent the individual.

''(3) NONAPPLICATION.—A State may elect in the State plan amendment approved under this section to not comply with the requirements of section 1902(a)(1) (relating to statewideness) and section 1902(a)(10)(C)(i)(III) (relating to income and resource rules applicable in the community), but only for purposes of provided home and community-based services in accordance with such amendment. Any such election shall not be construed to apply to the provision of services to an individual receiving medical assistance in an institutionalized setting as a result of a determination that the individual requires the level of care provided in a hospital or a nursing facility or intermediate care facility for the mentally retarded.

''(4) NO EFFECT ON OTHER WAIVER AUTHORITY.—Nothing in this subsection shall be construed as affecting the option of a State to offer home and community-based services under a waiver under subsections (c) or (d) of this section or under section 1115.

''(5) CONTINUATION OF FEDERAL FINANCIAL PARTICIPATION FOR MEDICAL ASSISTANCE PROVIDED TO INDIVIDUALS AS OF EFFECTIVE DATE OF STATE PLAN AMENDMENT.—Notwithstanding paragraph (1)(B), Federal financial participation shall continue to be available for an individual who is receiving medical assistance in an institutionalized setting, or home and community-based services provided under a waiver under this section or section 1115 that is in effect as of the effective date of the State plan amendment submitted under this subsection, as a result of a determination that the individual requires the level of care provided in a hospital or a nursing facility or intermediate care facility for the mentally retarded, without regard to whether such individuals satisfy the more stringent eligibility criteria established under that paragraph, until such time as the individual is discharged from the institution or waiver program or no longer requires such level of care.''.

(b) QUALITY OF CARE MEASURES.—

(1) IN GENERAL.—The Secretary, acting through the Director of the Agency for Healthcare Research and Quality, shall consult with consumers, health and social service providers and other professionals knowledgeable about long-term care services and supports to develop program performance indicators, client function indicators, and measures of client satisfaction with respect to home and community-based services offered under State Medicaid programs.

(2) BEST PRACTICES.—The Secretary shall—

(A) use the indicators and measures developed under paragraph (1) to assess such home and community-based services, the outcomes associated with the receipt of such services (particularly with respect to the health and welfare of the recipient of the services), and the overall system for providing home and community-based services under the Medicaid program under title XIX of the Social Security Act; and

(B) make publicly available the best practices identified through such assessment and a comparative analyses of the system features of each State.

(3) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to the Secretary of Health and Human Services, $1,000,000 for the period of fiscal years 2006 through 2010 to carry out this subsection.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) take effect on January 1, 2007, and apply to expenditures for medical assistance for home and community-based services provided in accordance with section 1915(i) of the Social Security Act (as added by subsections (a) and (b)) on or after that date.

SEC. 6087. OPTIONAL CHOICE OF SELF-DIRECTED PERSONAL ASSISTANCE SERVICES (CASH AND COUNSELING).

(a) EXEMPTION FROM CERTAIN REQUIREMENTS.—Section 1915 of the Social Security Act (42 U.S.C. 1396n), as amended by section 6086(a), is amended by adding at the end the following new subsection:

''(j)(1) A State may provide, as 'medical assistance', payment for part or all of the cost of self-directed personal assistance services (other than room and board) under the plan which are provided pursuant to a written plan of care to individuals with respect to whom there has been a determination that, but for the provision of such services, the individuals would require and receive personal care services under the plan, or home and community-based services provided pursuant to a waiver under subsection (c). Self-directed personal assistance services may not be provided under this subsection to individuals who reside in a home or property that is owned, operated, or controlled by a provider of services, not related by blood or marriage.

''(2) The Secretary shall not grant approval for a State self-directed personal assistance services program under this section unless the State provides assurances satisfactory to the Secretary of the following:

''(A) Necessary safeguards have been taken to protect the health and welfare of individuals provided services under the program, and to assure financial accountability for funds expended with respect to such services.

''(B) The State will provide, with respect to individuals who—

''(i) are entitled to medical assistance for personal care services under the plan, or receive home and community-based services under a waiver granted under subsection (c);

''(ii) may require self-directed personal assistance services; and

''(iii) may be eligible for self-directed personal assistance services,

an evaluation of the need for personal care under the plan, or personal services under a waiver granted under subsection (c).

''(C) Such individuals who are determined to be likely to require personal care under the plan, or home and community-based services under a waiver granted under subsection (c) are informed of the feasible alternatives, if available under the State's self-directed personal assistance services program, at the choice of such individuals, to the provision of personal care services under the plan, or personal assistance services under a waiver granted under subsection (c).

''(D) The State will provide for a support system that ensures participants in the self-directed personal assistance services program are appropriately assessed and counseled prior to enrollment and are able to manage their budgets. Additional counseling and management support may be provided at the request of the participant.

''(E) The State will provide to the Secretary an annual report on the number of individuals served and total expenditures on their behalf in the aggregate. The State shall also provide an evaluation of overall impact on the health and welfare of participating individuals compared to non-participants every three years.

''(3) A State may provide self-directed personal assistance services under the State plan without regard to the requirements of section 1902(a)(1) and may limit the population eligible to receive these services and limit the number of persons served without regard to section 1902(a)(10)(B).

''(4)(A) For purposes of this subsection, the term 'self-directed personal assistance services' means personal care and related services, or

home and community-based services otherwise available under the plan under this title or subsection (c), that are provided to an eligible participant under a self-directed personal assistance services program under this section, under which individuals, within an approved self-directed services plan and budget, purchase personal assistance and related services, and permits participants to hire, fire, supervise, and manage the individuals providing such services.

''(B) At the election of the State—

''(i) a participant may choose to use any individual capable of providing the assigned tasks including legally liable relatives as paid providers of the services; and

''(ii) the individual may use the individual's budget to acquire items that increase independence or substitute (such as a microwave oven or an accessibility ramp) for human assistance, to the extent that expenditures would otherwise be made for the human assistance.

''(5) For purpose of this section, the term 'approved self-directed services plan and budget' means, with respect to a participant, the establishment of a plan and budget for the provision of self-directed personal assistance services, consistent with the following requirements:

''(A) SELF-DIRECTION.—The participant (or in the case of a participant who is a minor child, the participant's parent or guardian, or in the case of an incapacitated adult, another individual recognized by State law to act on behalf of the participant) exercises choice and control over the budget, planning, and purchase of self-directed personal assistance services, including the amount, duration, scope, provider, and location of service provision.

''(B) ASSESSMENT OF NEEDS.—There is an assessment of the needs, strengths, and preferences of the participants for such services.

''(C) SERVICE PLAN.—A plan for such services (and supports for such services) for the participant has been developed and approved by the State based on such assessment through a person-centered process that—

''(i) builds upon the participant's capacity to engage in activities that promote community life and that respects the participant's preferences, choices, and abilities; and

''(ii) involves families, friends, and professionals in the planning or delivery of services or supports as desired or required by the participant.

''(D) SERVICE BUDGET.—A budget for such services and supports for the participant has been developed and approved by the State based on such assessment and plan and on a methodology that uses valid, reliable cost data, is open to public inspection, and includes a calculation of the expected cost of such services if those services were not self-directed. The budget may not restrict access to other medically necessary care and services furnished under the plan and approved by the State but not included in the budget.

''(E) APPLICATION OF QUALITY ASSURANCE AND RISK MANAGEMENT.—There are appropriate quality assurance and risk management techniques used in establishing and implementing such plan and budget that recognize the roles and responsibilities in obtaining services in a self-directed manner and assure the appropriateness of such plan and budget based upon the participant's resources and capabilities.

''(6) A State may employ a financial management entity to make payments to providers, track costs, and make reports under the program. Payment for the activities of the financial management entity shall be at the administrative rate established in section 1903(a).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after January 1, 2007.

Subtitle B—SCHIP

SEC. 6101. ADDITIONAL ALLOTMENTS TO ELIMINATE FISCAL YEAR 2006 FUNDING SHORTFALLS.

(a) IN GENERAL.—Section 2104 of the Social Security Act (42 U.S.C. 1397dd) is amended by inserting after subsection (c) the following:

''(d) ADDITIONAL ALLOTMENTS TO ELIMINATE FUNDING SHORTFALLS.—

''(1) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to shortfall States described in paragraph (2), there is appropriated, out of any money in the Treasury not otherwise appropriated, $283,000,000 for fiscal year 2006.

''(2) SHORTFALL STATES DESCRIBED.—For purposes of paragraph (1), a shortfall State described in this paragraph is a State with a State child health plan approved under this title for which the Secretary estimates, on the basis of the most recent data available to the Secretary as of December 16, 2005, that the projected expenditures under such plan for such State for fiscal year 2006 will exceed the sum of—

''(A) the amount of the State's allotments for each of fiscal years 2004 and 2005 that will not be expended by the end of fiscal year 2005;

''(B) the amount, if any, that is to be redistributed to the State during fiscal year 2006 in accordance with subsection (f); and

''(C) the amount of the State's allotment for fiscal year 2006.

''(3) ALLOTMENTS.—In addition to the allotments provided under subsections (b) and (c), subject to paragraph (4), of the amount available for the additional allotments under paragraph (1) for fiscal year 2006, the Secretary shall allot—

''(A) to each shortfall State described in paragraph (2) such amount as the Secretary determines will eliminate the estimated shortfall described in such paragraph for the State; and

''(B) to each commonwealth or territory described in subsection (c)(3), the same proportion as the proportion of the commonwealth's or territory's allotment under subsection (c) (determined without regard to subsection (f)) to 1.05 percent of the amount appropriated under paragraph (1).

''(4) USE OF ADDITIONAL ALLOTMENT.—Additional allotments provided under this subsection are only available for amounts expended under a State plan approved under this title for child health assistance for targeted low-income children.

''(5) 1-YEAR AVAILABILITY; NO REDISTRIBUTION OF UNEXPENDED ADDITIONAL ALLOTMENTS.—Notwithstanding subsections (e) and (f), amounts allotted to a State pursuant to this subsection for fiscal year 2006 shall only remain available for expenditure by the State through September 30, 2006. Any amounts of such allotments that remain unexpended as of such date shall not be subject to redistribution under subsection (f) and shall revert to the Treasury on October 1, 2006.''.

(b) CONFORMING AMENDMENTS.—Section 2104 of the Social Security Act (42 U.S.C. 1397dd) is amended—

(1) in subsection (a), by inserting ''subject to subsection (d),'' after ''under this section,'';

(2) in subsection (b)(1), by inserting ''and subsection (d)'' after ''Subject to paragraph (4)''; and

(3) in subsection (c)(1), by inserting ''subject to subsection (d),'' after ''for a fiscal year,''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to items and services furnished on or after October 1, 2005, without regard to whether or not regulations implementing such amendments have been issued.

SEC. 6102. PROHIBITION AGAINST COVERING NONPREGNANT CHILDLESS ADULTS WITH SCHIP FUNDS.

(a) PROHIBITION ON USE OF SCHIP FUNDS.—Section 2107 of the Social Security Act (42 U.S.C. 1397gg) is amended by adding at the end the following:

''(f) LIMITATION OF WAIVER AUTHORITY.—Notwithstanding subsection (e)(2)(A) and section 1115(a), the Secretary may not approve a waiver, experimental, pilot, or demonstration project that would allow funds made available under this title to be used to provide child health assistance or other health benefits coverage to a nonpregnant childless adult. For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.''.

(b) CONFORMING AMENDMENTS.—Section 2105(c)(1) of such Act (42 U.S.C. 1397ee(c)(1)) is amended—

(1) by inserting ''and may not include coverage of a nonpregnant childless adult'' after ''section 2101)''; and

(2) by adding at the end the following: ''For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.''.

(c) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed to—

(1) authorize the waiver of any provision of title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq., 1397aa et seq.) that is not otherwise authorized to be waived under such titles or under title XI of such Act (42 U.S.C. 1301 et seq.) as of the date of enactment of this Act;

(2) imply congressional approval of any waiver, experimental, pilot, or demonstration project affecting funds made available under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) or any amendment to such a waiver or project that has been approved as of such date of enactment; or

(3) apply to any waiver, experimental, pilot, or demonstration project that would allow funds made available under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) to be used to provide child health assistance or other health benefits coverage to a nonpregnant childless adult that is approved before the date of enactment of this Act or to any extension, renewal, or amendment of such a waiver or project that is approved on or after such date of enactment.

(d) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect as if enacted on October 1, 2005, and shall apply to any waiver, experimental, pilot, or demonstration project that is approved on or after that date.

SEC. 6103. CONTINUED AUTHORITY FOR QUALIFYING STATES TO USE CERTAIN FUNDS FOR MEDICAID EXPENDITURES.

(a) IN GENERAL.—Section 2105(g)(1)(A) of the Social Security Act (42 U.S.C. 1397ee(g)(1)(A)) is amended by striking ''or 2001'' and inserting ''2001, 2004, or 2005''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenditures made under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) on or after October 1, 2005.

Subtitle C—Katrina Relief

SEC. 6201. ADDITIONAL FEDERAL PAYMENTS UNDER HURRICANE-RELATED MULTI-STATE SECTION 1115 DEMONSTRATIONS.

(a) IN GENERAL.—The Secretary of Health and Human Services shall pay to each eligible State, from amounts appropriated pursuant to subsection (e), amounts for the following purposes:

(1) Under the authority of an approved Multi-State Section 1115 Demonstration Project (in this section referred to as an ''section 1115 project'')—

(A) with respect to evacuees receiving health care under such project, for the non-Federal share of expenditures:

(i) for medical assistance furnished under title XIX of the Social Security Act, and

(ii) for child health assistance furnished under title XXI of such Act;

(B) with respect to evacuees who do not have other coverage for such assistance through insurance, including (but not limited to) private insurance, under title XIX or title XXI of the Social Security Act, or under State-funded health insurance programs, for the total uncompensated care costs incurred for medically necessary services and supplies or premium assistance for such persons, and for those evacuees receiving medical assistance under the project for the total uncompensated care costs incurred for medically necessary services and supplies beyond those included as medical assistance or child health assistance under the State's approved plan under title XIX or title XXI of the Social Security Act;

(C) with respect to affected individuals receiving health care under such project for the non-Federal share of the following expenditures:

(i) for medical assistance furnished under title XIX of the Social Security Act, and

(ii) for child health assistance furnished under title XXI of such Act; and

(D) with respect to affected individuals who do not have other coverage for such assistance through insurance, including (but not limited to) private insurance, under title XIX or title XXI of the Social Security Act, or under State-funded health insurance programs, for the total uncompensated care costs incurred for medically necessary services and supplies or premium assistance for such persons, and for those affected individuals receiving medical assistance under the project for the total uncompensated care costs incurred for medically necessary services and supplies beyond those included as medical assistance or child health assistance under the State's approved plan under title XIX or title XXI of the Social Security Act.

(2) For reimbursement of the reasonable administrative costs related to subparagraphs (A) through (D) of paragraph (1) as determined by the Secretary.

(3) Only with respect to affected counties or parishes, for reimbursement with respect to individuals receiving medical assistance under existing State plans approved by the Secretary of Health and Human Services for the following non-Federal share of expenditures:

(A) For medical assistance furnished under title XIX of the Social Security Act.

(B) For child health assistance furnished under title XXI of such Act.

(4) For other purposes, if approved by the Secretary under the Secretary's authority, to restore access to health care in impacted communities.

(b) DEFINITIONS.—For purposes of this section:

(1) The term ''affected individual'' means an individual who resided in an individual assistance designation county or parish pursuant to section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as declared by the President as a result of Hurricane Katrina and continues to reside in the same State that such county or parish is located in.

(2) The term ''affected counties or parishes'' means a county or parish described in paragraph (1).

(3) The term ''evacuee'' means an affected individual who has been displaced to another State.

(4) The term ''eligible State'' means a State that has provided care to affected individuals or evacuees under a section 1115 project.

(c) APPLICATION TO MATCHING REQUIREMENTS.—The non-Federal share paid under this section shall not be regarded as Federal funds for purposes of Medicaid matching requirements, the effect of which is to provide fiscal relief to the State in which the Medicaid eligible individual originally resided.

(d) TIME LIMITS ON PAYMENTS.—

(1) No payments shall be made by the Secretary under subsection (a)(1)(A) or (a)(1)(C), for costs of health care provided to an eligible evacuee or affected individual for services for such individual incurred after June 30, 2006.

(2) No payments shall be made by the Secretary under subsection (a)(1)(B) or (a)(1)(D) for costs of health care incurred after January 31, 2006.

(3) No payments may be made under subsection (a)(1)(B) or (a)(1)(D) for an item or service that an evacuee or an affected individual has received from an individual or organization as part of a public or private hurricane relief effort.

(e) APPROPRIATIONS.—For the purpose of providing funds for payments under this section, in addition to any funds made available for the National Disaster Medical System under the Department of Homeland Security for health care costs related to Hurricane Katrina, including under a section 1115 project, there is appropriated out of any money in the Treasury not otherwise appropriated, $2,000,000,000, to remain available to the Secretary until expended. The total amount of payments made under subsection (a) may not exceed the total amount appropriated under this subsection.

SEC. 6202. STATE HIGH RISK HEALTH INSURANCE POOL FUNDING.

(a) IN GENERAL.—There are hereby authorized and appropriated for fiscal year 2006—

(1) $75,000,000 for grants under subsection (b)(1) of section 2745 of the Public Health Service Act (42 U.S.C. 300gg–45); and

(2) $15,000,000 for grants under subsection (a) of such section.

(b) TREATMENT.—The amount appropriated under—

(1) paragraph (1) shall be treated as if it had been appropriated under subsection (c)(2) of such section; and

(2) paragraph (2) shall be treated as if it had been appropriated under subsection (c)(1) of such section.

(c) REFERENCES.—Effective upon the enactment of the State High Risk Pool Funding Extension Act of 2005—

(1) subsection (a)(1) shall be applied by substituting ''subsections (b)(2) and (c)(3)'' for ''subsection (b)(1)'';

(2) subsection (b)(1) shall be applied by substituting ''(d)(1)(B)'' for ''(c)(2)''; and

(3) subsection (b)(2) shall be applied by substituting ''(d)(1)(A)'' for ''(c)(1)''.

SEC. 6203. IMPLEMENTATION FUNDING.

For purposes of implementing the provisions of, and amendments made by, title V of this Act and this title—

(1) the Secretary of Health and Human Services shall provide for the transfer, in appropriate part from the Federal Hospital Insurance Trust Fund established under section 1817 of the Social Security Act (42 U.S.C. 1395i) and the Federal Supplementary Medical Insurance Trust Fund established under section 1841 of such Act (42 U.S.C. 1395t), of $30,000,000 to the Centers for Medicare & Medicaid Services Program Management Account for fiscal year 2006; and

(2) out of any funds in the Treasury not otherwise appropriated, there are appropriated to such Secretary for the Centers for Medicare & Medicaid Services Program Management Account, $30,000,000 for fiscal year 2006.

TITLE VII—HUMAN RESOURCES AND OTHER PROVISIONS

SEC. 7002. REFERENCES.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

Subtitle A—TANF

SEC. 7101. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES AND RELATED PROGRAMS FUNDING THROUGH SEPTEMBER 30, 2010.

(a) IN GENERAL.—Activities authorized by part A of title IV and section 1108(b) of the Social Security Act (adjusted, as applicable, by or under this subtitle, the amendments made by this subtitle, and the TANF Emergency Response and Recovery Act of 2005) shall continue through September 30, 2010, in the manner authorized for fiscal year 2004, and out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated such sums as may be necessary for such purpose. Grants and payments may be made pursuant to this authority on a quarterly basis through fiscal year 2010 at the level provided for such activities for the corresponding quarter of fiscal year 2004 (or, as applicable, at such greater level as may result from the application of this subtitle, the amendments made by this subtitle, and the TANF Emergency Response and Recovery Act of 2005), except that in the case of section 403(a)(3) of the Social Security Act, grants and payments may be made pursuant to this authority only through fiscal year 2008 and in the case of section 403(a)(4) of the Social Security Act, no grants shall be made for any fiscal year occurring after fiscal year 2005.

(b) CONFORMING AMENDMENTS.—Part A of title IV (42 U.S.C. 601 et seq.) is amended—

(1) in section 403(a)(3)(H)(ii), by striking ''December, 31, 2005'' and inserting ''fiscal year 2008'';

(2) in section 403(b)(3)(C)(ii), by striking ''2006'' and inserting ''2010''; and

(3) in section 409(a)(7)—

(A) in subparagraph (A), by striking ''or 2007'' and inserting ''2007, 2008, 2009, 2010, or 2011''; and

(B) in subparagraph (B)(ii), by striking ''2006'' and inserting ''2010''.

(c) EXTENSION OF THE NATIONAL RANDOM SAMPLE STUDY OF CHILD WELFARE THROUGH SEPTEMBER 30, 2010.—Activities authorized by section 429A of the Social Security Act shall continue through September 30, 2010, in the manner authorized for fiscal year 2004, and out of any money in the Treasury of the United States not otherwise appropriated, there are hereby appropriated such sums as may be necessary for such purpose. Grants and payments may be made pursuant to this authority on a quarterly basis through fiscal year 2010 at the level provided for such activities for the corresponding quarter of fiscal year 2004.

SEC. 7102. IMPROVED CALCULATION OF WORK PARTICIPATION RATES AND PROGRAM INTEGRITY.

(a) RECALIBRATION OF CASELOAD REDUCTION CREDIT.—

(1) IN GENERAL.—Section 407(b)(3)(A) (42 U.S.C. 607(b)(3)(A)) is amended—

(A) in clause (i), by inserting ''or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' after ''this part'' ; and

(B) by striking clause (ii) and inserting the following:

''(ii) the average monthly number of families that received assistance under any State program referred to in clause (i) during fiscal year 2005.''.

(2) CONFORMING AMENDMENT.—Section 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended by striking ''and eligibility criteria'' and all that follows through the close parenthesis and inserting ''and the eligibility criteria in effect during fiscal year 2005''.

(b) INCLUSION OF FAMILIES RECEIVING ASSISTANCE UNDER SEPARATE STATE PROGRAMS IN CALCULATION OF PARTICIPATION RATES.—

(1) Section 407 (42 U.S.C. 607) is amended in each of subsections (a)(1), (a)(2), (b)(1)(B)(i), (c)(2)(A)(i), (e)(1), and (e)(2), by inserting ''or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' after ''this part''.

(2) Section 411(a)(1) (42 U.S.C. 611(a)(1)) is amended—

(A) in subparagraph (A), by inserting ''or any other State program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' before the colon; and

(B) in subparagraph (B)(ii), by inserting ''and any other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' after ''this part''.

(c) IMPROVED VERIFICATION AND OVERSIGHT OF WORK PARTICIPATION.—

(1) IN GENERAL.—Section 407(i) (42 U.S.C. 607(i)) is amended to read as follows:

''(i) VERIFICATION OF WORK AND WORK-ELIGIBLE INDIVIDUALS IN ORDER TO IMPLEMENT REFORMS.—

''(1) SECRETARIAL DIRECTION AND OVERSIGHT.—

''(A) REGULATIONS FOR DETERMINING WHETHER ACTIVITIES MAY BE COUNTED AS 'WORK ACTIVITIES', HOW TO COUNT AND VERIFY REPORTED HOURS OF WORK, AND DETERMINING WHO IS A WORK-ELIGIBLE INDIVIDUAL.—

''(i) IN GENERAL.—Not later than June 30, 2006, the Secretary shall promulgate regulations to ensure consistent measurement of work participation rates under State programs funded under this part and State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)), which shall include information with respect to—

''(I) determining whether an activity of a recipient of assistance may be treated as a work activity under subsection (d);

''(II) uniform methods for reporting hours of work by a recipient of assistance;

''(III) the type of documentation needed to verify reported hours of work by a recipient of assistance; and

''(IV) the circumstances under which a parent who resides with a child who is a recipient of assistance should be included in the work participation rates.

''(ii) ISSUANCE OF REGULATIONS ON AN INTERIM FINAL BASIS.—The regulations referred to in clause (i) may be effective and final immediately on an interim basis as of the date of publication of the regulations. If the Secretary provides for an interim final regulation, the Secretary shall provide for a period of public comment on the regulation after the date of publication. The Secretary may change or revise the regulation after the public comment period.

''(B) OVERSIGHT OF STATE PROCEDURES.—The Secretary shall review the State procedures established in accordance with paragraph (2) to ensure that such procedures are consistent with the regulations promulgated under subparagraph (A) and are adequate to ensure an accurate measurement of work participation under the State programs funded under this part and any other State programs funded with qualified State expenditures (as so defined).

''(2) REQUIREMENT FOR STATES TO ESTABLISH AND MAINTAIN WORK PARTICIPATION VERIFICATION PROCEDURES.—Not later than September 30, 2006, a State to which a grant is made under section 403 shall establish procedures for determining, with respect to recipients of assistance under the State program funded under this part or under any State programs funded with qualified State expenditures (as so defined), whether activities may be counted as work activities, how to count and verify reported hours of work, and who is a work-eligible individual, in accordance with the regulations promulgated pursuant to paragraph (1)(A)(i) and shall establish internal controls to ensure compliance with the procedures.''.

(2) STATE PENALTY FOR FAILURE TO ESTABLISH OR COMPLY WITH WORK PARTICIPATION VERIFICATION PROCEDURES.—Section 409(a) (42 U.S.C. 609(a)) is amended by adding at the end the following:

''(15) PENALTY FOR FAILURE TO ESTABLISH OR COMPLY WITH WORK PARTICIPATION VERIFICATION PROCEDURES.—

''(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 407(i)(2) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not less than 1 percent and not more than 5 percent of the State family assistance grant.

''(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 2006.

SEC. 7103. GRANTS FOR HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD.

(a) HEALTHY MARRIAGE AND FAMILY FUNDS.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:

''(2) HEALTHY MARRIAGE PROMOTION AND RESPONSIBLE FATHERHOOD GRANTS.—

''(A) IN GENERAL.—

''(i) USE OF FUNDS.—Subject to subparagraphs (B) and (C), the Secretary may use the funds made available under subparagraph (D) for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribes and tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under another provision of this part.

''(ii) LIMITATIONS.—The Secretary may not award funds made available under this paragraph on a noncompetitive basis, and may not provide any such funds to an entity for the purpose of carrying out healthy marriage promotion activities or for the purpose of carrying out activities promoting responsible fatherhood unless the entity has submitted to the Secretary an application which—

''(I) describes—

''(aa) how the programs or activities proposed in the application will address, as appropriate, issues of domestic violence; and

''(bb) what the applicant will do, to the extent relevant, to ensure that participation in the programs or activities is voluntary, and to inform potential participants that their participation is voluntary; and

''(II) contains a commitment by the entity—

''(aa) to not use the funds for any other purpose; and

''(bb) to consult with experts in domestic violence or relevant community domestic violence coalitions in developing the programs and activities.

''(iii) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—In clause (ii), the term 'healthy marriage promotion activities' means the following:

''(I) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

''(II) Education in high schools on the value of marriage, relationship skills, and budgeting.

''(III) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.

''(IV) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

''(V) Marriage enhancement and marriage skills training programs for married couples.

''(VI) Divorce reduction programs that teach relationship skills.

''(VII) Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.

''(VIII) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

''(B) LIMITATION ON USE OF FUNDS FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

''(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than $2,000,000 on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

''(ii) LIMITATION ON USE OF FUNDS.—A grant made pursuant to clause (i) to such a project shall not be used for any purpose other than—

''(I) to improve case management for families eligible for assistance from such a tribal program;

''(II) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and

''(III) for prevention services and assistance to tribal families at risk of child abuse and neglect.

''(iii) REPORTS.—The Secretary may require a recipient of funds awarded under this subparagraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this subparagraph.

''(C) LIMITATION ON USE OF FUNDS FOR ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—

''(i) IN GENERAL.—Of the amounts made available under subparagraph (D) for a fiscal year, the Secretary may not award more than $50,000,000 on a competitive basis to States, territories, Indian tribes and tribal organizations, and public and nonprofit community entities, including religious organizations, for activities promoting responsible fatherhood.

''(ii) ACTIVITIES PROMOTING RESPONSIBLE FATHERHOOD.—In this paragraph, the term 'activities promoting responsible fatherhood' means the following:

''(I) Activities to promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family's ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

''(II) Activities to promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting enducation, encouraging child support payments, and other methods.

''(III) Activities to foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

''(IV) Activities to promote responsible fatherhood that are conducted through a contract with a nationally recognized, nonprofit fatherhood promotion organization, such as the development, promotion, and distribution of a media campaign to encourage the appropriate involvement of parents in the life of any child and specifically the issue of responsible fatherhood, and the development of a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood.

''(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $150,000,000 for each of fiscal years 2006 through 2010, for expenditure in accordance with this paragraph.''.

(b) COUNTING OF SPENDING ON CERTAIN PRO-FAMILY ACTIVITIES.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

''(V) COUNTING OF SPENDING ON CERTAIN PRO-FAMILY ACTIVITIES.—The term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).''.

Subtitle B—Child Care

SEC. 7201. ENTITLEMENT FUNDING.

Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting a semicolon; and

(3) by adding at the end the following:

''(G) $2,917,000,000 for each of fiscal years 2006 through 2010.''.

Subtitle C—Child Support

SEC. 7301. ASSIGNMENT AND DISTRIBUTION OF CHILD SUPPORT.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended to read as follows:

''(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.''.

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

(A) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended to read as follows:

''(a) IN GENERAL.—Subject to subsections (d) and (e), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

''(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

''(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

''(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

''(C) pay to the family any remaining amount.

''(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

''(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

''(B) ARREARAGES.—Except as otherwise provided in an election made under section 454(34), to the extent that the amount collected exceeds the current support amount, the State—

''(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

''(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

''(I) pay to the Federal Government the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

''(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

''(iii) shall pay to the family any remaining amount.

''(3) LIMITATIONS.—

''(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

''(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

''(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).

''(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (3), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.''.

(B) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION BEGINNING WITH FISCAL YEAR 2009.—

(i) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended by adding at the end the following:

''(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION.—

''(A) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—Notwithstanding paragraph (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that formerly received assistance from the State to the extent that the State pays the amount to the family.

''(B) FAMILIES THAT CURRENTLY RECEIVE ASSISTANCE.—

''(i) IN GENERAL.—Notwithstanding paragraph (1), in the case of a family that receives assistance from the State, a State shall not be required to pay to the Federal Government the Federal share of the excepted portion (as defined in clause (ii)) of any amount collected on behalf of such family during a month to the extent that—

''(I) the State pays the excepted portion to the family; and

''(II) the excepted portion is disregarded in determining the amount and type of assistance provided to the family under such program.

''(ii) EXCEPTED PORTION DEFINED.—For purposes of this subparagraph, the term ''excepted portion'' means that portion of the amount collected on behalf of a family during a month that does not exceed $100 per month, or in the case of a family that includes 2 or more children, that does not exceed an amount established by the State that is not more than $200 per month.''.

(ii) EFFECTIVE DATE.—The amendment made by clause (i) shall take effect on October 1, 2008.

(iii) REDESIGNATION.—Effective October 1, 2009, paragraph (7) of section 457(a) of the Social Security Act (as added by clause (i)) is redesignated as paragraph (6).

(C) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING ASSISTANCE.—Section 454 (42 U.S.C. 654) is amended—

(i) by striking ''and'' at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting ''; and''; and

(iii) by inserting after paragraph (33) the following:

''(34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first applies to the State) to the distribution of the amounts which are the subject of such sections and, for so long as the State elects to so apply such former section, the amendments made by subsection (b)(1) of section 7301 of the Deficit Reduction Act of 2005 shall not apply with respect to the State, notwithstanding subsection (e) of such section 7301.''.

(2) CURRENT SUPPORT AMOUNT DEFINED.—Section 457(c) (42 U.S.C. 657(c)) is amended by adding at the end the following:

''(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support or calculated by the State based on the order.''.

(c) STATE OPTION TO DISCONTINUE OLDER SUPPORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is amended to read as follows:

''(b) CONTINUATION OF ASSIGNMENTS.—

''(1) STATE OPTION TO DISCONTINUE PRE-1997 SUPPORT ASSIGNMENTS.—

''(A) IN GENERAL.—Any rights to support obligations assigned to a State as a condition of receiving assistance from the State under part A and in effect on September 30, 1997 (or such earlier date on or after August 22, 1996, as the State may choose), may remain assigned after such date.

''(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to the assignment as if the amounts had never been assigned and may distribute the amounts to the family in accordance with subsection (a)(4).

''(2) STATE OPTION TO DISCONTINUE POST-1997 ASSIGNMENTS.—

''(A) IN GENERAL.—Any rights to support obligations accruing before the date on which a family first receives assistance under part A that are assigned to a State under that part and in effect before the implementation date of this section may remain assigned after such date.

''(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to the assignment as if the amounts had never been assigned and may distribute the amounts to the family in accordance with subsection (a)(4).''.

(d) CONFORMING AMENDMENTS.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended—

(1) in the first sentence, by striking ''the Social Security Act.'' and inserting ''of such Act.''; and

(2) by striking the third sentence and inserting the following: ''The Secretary shall apply a reduction under this subsection first to an amount certified by the State as past due support under section 464 of the Social Security Act before any other reductions allowed by law.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendments made by the preceding provisions of this section shall take effect on October 1, 2009, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement the amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—Notwithstanding paragraph (1), a State may elect to have the amendments made by the preceding provisions of this section apply to the State and to amounts collected by the State (and the payments under parts A and D), on and after such date as the State may select that is not earlier than October 1, 2008, and not later than September 30, 2009.

(f) USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.—

(1) IN GENERAL.—Section 464 (42 U.S.C. 664) is amended—

(A) in subsection (a)(2)(A), by striking ''(as that term is defined for purposes of this paragraph under subsection (c))''; and

(B) in subsection (c)—

(i) in paragraph (1)—

(I) by striking ''(1) Except as provided in paragraph (2), as used in'' and inserting ''In''; and

(II) by inserting ''(whether or not a minor)'' after ''a child'' each place it appears; and

(ii) by striking paragraphs (2) and (3).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 1, 2007.

(g) STATE OPTION TO USE STATEWIDE AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM FOR INTERSTATE CASES.—Section 466(a)(14)(A)(iii) (42 U.S.C. 666(a)(14)(A)(iii)) is amended by inserting before the semicolon the following: ''(but the assisting State may establish a corresponding case based on such other State's request for assistance)''.

SEC. 7302. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

(a) IN GENERAL.—Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended—

(1) by striking ''parent, or,'' and inserting ''parent or''; and

(2) by striking ''upon the request of the State agency under the State plan or of either parent,''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2007.

SEC. 7303. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

(a) IN GENERAL.—Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking ''$5,000'' and inserting ''$2,500''.

(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking ''$5,000'' and inserting ''$2,500''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2006.

SEC. 7304. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.

Section 452(j) (42 U.S.C. 652(j)) is amended by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater'' before '', which shall be available''.

SEC. 7305. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.

Section 453(o) (42 U.S.C. 653(o)) is amended—

(1) in the first sentence, by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater'' before '', which shall be available''; and

(2) in the second sentence, by striking ''for each of fiscal years 1997 through 2001''.

SEC. 7306. INFORMATION COMPARISONS WITH INSURANCE DATA.

(a) DUTIES OF THE SECRETARY.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

''(l) COMPARISONS WITH INSURANCE INFORMATION.—

''(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, may—

''(A) compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and

''(B) furnish information resulting from the data matches to the State agencies responsible for collecting child support from the individuals.

''(2) LIABILITY.—An insurer (including any agent of an insurer) shall not be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with this subsection.''.

(b) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)) is amended by inserting ''or section 452(l)'' after ''pursuant to this section''.

SEC. 7307. REQUIREMENT THAT STATE CHILD SUPPORT ENFORCEMENT AGENCIES SEEK MEDICAL SUPPORT FOR CHILDREN FROM EITHER PARENT.

(a) STATE AGENCIES REQUIRED TO SEEK MEDICAL SUPPORT FROM EITHER PARENT.—

(1) IN GENERAL.—Section 466(a)(19)(A) (42 U.S.C. 666(a)(19)(A)) is amended by striking ''which include a provision for the health care coverage of the child are enforced'' and inserting ''shall include a provision for medical support for the child to be provided by either or both parents, and shall be enforced''.

(2) CONFORMING AMENDMENTS.—

(A) TITLE IV–D.—

(i) Section 452(f) (42 U.S.C. 652(f)) is amended by striking ''include medical support as part of any child support order and enforce medical support'' and inserting ''enforce medical support included as part of a child support order''.

(ii) Section 466(a)(19) (42 U.S.C. 666(a)(19)), as amended by paragraph (1) of this subsection, is amended—

(I) in subparagraph (A)—

(aa) by striking ''section 401(e)(3)(C)'' and inserting ''section 401(e)''; and

(bb) by striking ''section 401(f)(5)(C)'' and inserting ''section 401(f)'';

(II) in subparagraph (B)—

(aa) by striking ''noncustodial'' each place it appears; and

(bb) in clause (iii), by striking ''section 466(b)'' and inserting ''subsection (b)''; and

(III) in subparagraph (C), by striking ''noncustodial'' each place it appears and inserting ''obligated''.

(B) STATE OR LOCAL GOVERNMENTAL GROUP HEALTH PLANS.—Section 401(e)(2) of the Child Support Performance and Incentive Act of 1998 (29 U.S.C. 1169 note) is amended, in the matter preceding subparagraph (A), by striking ''who is a noncustodial parent of the child''.

(C) CHURCH PLANS.—Section 401(f)(5)(C) of the Child Support Performance and Incentive Act of 1998 (29 U.S.C. 1169 note) is amended by striking ''noncustodial'' each place it appears.

(b) ENFORCEMENT OF MEDICAL SUPPORT REQUIREMENTS.—Section 452(f) (42 U.S.C. 652(f)), as amended by subsection (a)(2)(A)(i), is amended by inserting after the first sentence the following: ''A State agency administering the program under this part may enforce medical support against a custodial parent if health care coverage is available to the custodial parent at a reasonable cost, notwithstanding any other provision of this part.''.

(c) DEFINITION OF MEDICAL SUPPORT.—Section 452(f) (42 U.S.C. 652(f)), as amended by subsections (a)(2)(A)(i) and (b) of this section, is amended by adding at the end the following: ''For purposes of this part, the term 'medical support' may include health care coverage, such as coverage under a health insurance plan (including payment of costs of premiums, co-payments, and deductibles) and payment for medical expenses incurred on behalf of a child.''.

SEC. 7308. REDUCTION OF FEDERAL MATCHING RATE FOR LABORATORY COSTS INCURRED IN DETERMINING PATERNITY.

(a) IN GENERAL.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended by striking ''90 percent (rather than the percentage specified in subparagraph (A))'' and inserting ''66 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2006, and shall apply to costs incurred on or after that date.

SEC. 7309. ENDING FEDERAL MATCHING OF STATE SPENDING OF FEDERAL INCENTIVE PAYMENTS.

(a) IN GENERAL.—Section 455(a)(1) (42 U.S.C. 655(a)(1)) is amended by inserting ''from amounts paid to the State under section 458 or'' before ''to carry out an agreement''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2007.

SEC. 7310. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.

(a) IN GENERAL.—Section 454(6)(B) (42 U.S.C. 654(6)(B)) is amended—

(1) by inserting ''(i)'' after ''(B)'';

(2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(3) by adding ''and'' after the semicolon; and

(4) by adding after and below the end the following new clause:

''(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and the fees shall be considered income to the program);''.

(b) CONFORMING AMENDMENTS.—Section 457(a)(3) (42 U.S.C. 657(a)(3)) is amended to read as follows:

''(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2006.

SEC. 7311. EXCEPTION TO GENERAL EFFECTIVE DATE FOR STATE PLANS REQUIRING STATE LAW AMENDMENTS.

In the case of a State plan under part D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this subtitle, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

Subtitle D—Child Welfare

SEC. 7401. STRENGTHENING COURTS.

(a) COURT IMPROVEMENT GRANTS.—

(1) IN GENERAL.—Section 438(a) (42 U.S.C. 629h(a)) is amended—

(A) by striking ''and'' at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(C) by adding at the end the following:

''(3) to ensure that the safety, permanence, and well-being needs of children are met in a timely and complete manner; and

''(4) to provide for the training of judges, attorneys and other legal personnel in child welfare cases.''.

(2) APPLICATIONS.—Section 438(b) (42 U.S.C. 629h(b)) is amended to read as follows:

''(b) APPLICATIONS.—

''(1) IN GENERAL.—In order to be eligible to receive a grant under this section, a highest State court shall submit to the Secretary an application at such time, in such form, and including such information and assurances as the Secretary may require, including—

''(A) in the case of a grant for the purpose described in subsection (a)(3), a description of how courts and child welfare agencies on the local and State levels will collaborate and jointly plan for the collection and sharing of all relevant data and information to demonstrate how improved case tracking and analysis of child abuse and neglect cases will produce safe and timely permanency decisions;

''(B) in the case of a grant for the purpose described in subsection (a)(4), a demonstration that a portion of the grant will be used for cross-training initiatives that are jointly planned and executed with the State agency or any other agency under contract with the State to administer the State program under the State plan under subpart 1, the State plan approved under section 434, or the State plan approved under part E; and

''(C) in the case of a grant for any purpose described in subsection (a), a demonstration of meaningful and ongoing collaboration among the courts in the State, the State agency or any other agency under contract with the State who is responsible for administering the State program under part B or E, and, where applicable, Indian tribes..

''(2) SEPARATE APPLICATIONS.— A highest State court desiring grants under this section for 2 or more purposes shall submit separate applications for the following grants:

''(A) A grant for the purposes described in paragraphs (1) and (2) of subsection (a).

''(B) A grant for the purpose described in subsection (a)(3).

''(C) A grant for the purpose described in subsection (a)(4).''.

(3) ALLOTMENTS.—Section 438(c) (42 U.S.C. 429h(c)) is amended—

(A) in paragraph (1)—

(i) by inserting ''of this section for a grant described in subsection (b)(2)(A) of this section'' after ''subsection (b)''; and

(ii) by striking ''paragraph (2) of this subsection'' and inserting ''subparagraph (B) of this paragraph'';

(B) in paragraph (2)—

(i) by striking ''this paragraph'' and inserting ''this subparagraph'';

(ii) by striking ''paragraph (1) of this subsection'' and inserting ''subparagraph (A) of this paragraph''; and

(iii) by inserting ''for such a grant'' after ''subsection (b)'';

(C) by redesignating and indenting paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(D) by inserting before and above such subparagraph (A) the following:

''(1) GRANTS TO ASSESS AND IMPROVE HANDLING OF COURT PROCEEDINGS RELATING TO FOSTER CARE AND ADOPTION.—''; and

(E) by adding at the end the following:

''(2) GRANTS FOR IMPROVED DATA COLLECTION AND TRAINING.—

''(A) IN GENERAL.—Each highest State court which has an application approved under subsection (b) of this section for a grant referred to in subparagraph (B) or (C) of subsection (b)(2) shall be entitled to payment, for each of fiscal years 2006 through 2010, from the amount made available under whichever of paragraph (1) or (2) of subsection (e) applies with respect to the grant, of an amount equal to the sum of $85,000 plus the amount described in subparagraph (B) of this paragraph for the fiscal year with respect to the grant.

''(B) FORMULA.—The amount described in this subparagraph for any fiscal year with respect to a grant referred to in subparagraph (B) or (C) of subsection (b)(2) is the amount that bears the same ratio to the amount made available under subsection (e) for such a grant (reduced by the dollar amount specified in subparagraph (A) of this paragraph) as the number of individuals in the State who have not attained 21 years of age bears to the total number of such individuals in all States the highest State courts of which have approved applications under subsection (b) for such a grant.''.

(4) FUNDING.—Section 438 (42 U.S.C. 629h) is amended by adding at the end the following:

''(e) FUNDING FOR GRANTS FOR IMPROVED DATA COLLECTION AND TRAINING.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary, for each of fiscal years 2006 through 2010—

''(1) $10,000,000 for grants referred to in subsection (b)(2)(B); and

''(2) $10,000,000 for grants referred to in subsection (b)(2)(C).''.

(b) REQUIREMENT TO DEMONSTRATE MEANINGFUL COLLABORATION BETWEEN COURTS AND AGENCIES IN CHILD WELFARE SERVICES PROGRAMS.—Section 422(b) (42 U.S.C. 622(b)) is amended—

(1) by striking ''and'' at the end of paragraph (13);

(2) by striking the period at the end of paragraph (14) and inserting ''; and''; and

(3) by adding at the end the following:

''(15) demonstrate substantial, ongoing, and meaningful collaboration with State courts in the development and implementation of the State plan under subpart 1, the State plan approved under subpart 2, and the State plan approved under part E, and in the development and implementation of any program improvement plan required under section 1123A.''.

(c) USE OF CHILD WELFARE RECORDS IN STATE COURT PROCEEDINGS.—Section 471 (42 U.S.C. 671) is amended—

(1) in subsection (a)(8), by inserting ''subject to subsection (c),'' after ''(8)''; and

(2) by adding at the end the following:

''(c) USE OF CHILD WELFARE RECORDS IN STATE COURT PROCEEDINGS.—Subsection (a)(8) shall not be construed to limit the flexibility of a State in determining State policies relating to public access to court proceedings to determine child abuse and neglect or other court hearings held pursuant to part B or this part, except that such policies shall, at a minimum, ensure the safety and well-being of the child, parents, and family.''.

SEC. 7402. FUNDING OF SAFE AND STABLE FAMILIES PROGRAMS.

Section 436(a) (42 U.S.C. 629f(a)) is amended to read as follows:

''(a) AUTHORIZATION.—In addition to any amount otherwise made available to carry out this subpart, there are authorized to be appropriated to carry out this subpart $345,000,000 for fiscal year 2006. Notwithstanding the preceding sentence, the total amount authorized to be so appropriated for fiscal year 2006 under this subsection and under this subsection (as in effect before the date of the enactment of the Deficit Reduction Act of 2005) is $345,000,000.''.

SEC. 7403. CLARIFICATION REGARDING FEDERAL MATCHING OF CERTAIN ADMINISTRATIVE COSTS UNDER THE FOSTER CARE MAINTENANCE PAYMENTS PROGRAM.

(a) ADMINISTRATIVE COSTS RELATING TO UNLICENSED CARE.—Section 472 (42 U.S.C. 672) is amended by inserting after subsection (h) the following:

''(i) ADMINISTRATIVE COSTS ASSOCIATED WITH OTHERWISE ELIGIBLE CHILDREN NOT IN LICENSED FOSTER CARE SETTINGS.—Expenditures by a State that would be considered administrative expenditures for purposes of section 474(a)(3) if made with respect to a child who was residing in a foster family home or child-care institution shall be so considered with respect to a child not residing in such a home or institution—

''(1) in the case of a child who has been removed in accordance with subsection (a) of this section from the home of a relative specified in section 406(a) (as in effect on July 16, 1996), only for expenditures—

''(A) with respect to a period of not more than the lesser of 12 months or the average length of time it takes for the State to license or approve a home as a foster home, in which the child is in the home of a relative and an application is pending for licensing or approval of the home as a foster family home; or

''(B) with respect to a period of not more than 1 calendar month when a child moves from a facility not eligible for payments under this part into a foster family home or child care institution licensed or approved by the State; and

''(2) in the case of any other child who is potentially eligible for benefits under a State plan approved under this part and at imminent risk of removal from the home, only if—

''(A) reasonable efforts are being made in accordance with section 471(a)(15) to prevent the need for, or if necessary to pursue, removal of the child from the home; and

''(B) the State agency has made, not less often than every 6 months, a determination (or redetermination) as to whether the child remains at imminent risk of removal from the home.''.

(b) CONFORMING AMENDMENT.—Section 474(a)(3) (42 U.S.C. 674(a)(3)) is amended by inserting ''subject to section 472(i)'' before ''an amount equal to''.

SEC. 7404. CLARIFICATION OF ELIGIBILITY FOR FOSTER CARE MAINTENANCE PAYMENTS AND ADOPTION ASSISTANCE.

(a) FOSTER CARE MAINTENANCE PAYMENTS.—Section 472(a) (42 U.S.C. 672(a)) is amended to read as follows:

''(a) IN GENERAL.—

''(1) ELIGIBILITY.—Each State with a plan approved under this part shall make foster care maintenance payments on behalf of each child who has been removed from the home of a relative specified in section 406(a) (as in effect on July 16, 1996) into foster care if—

''(A) the removal and foster care placement met, and the placement continues to meet, the requirements of paragraph (2); and

''(B) the child, while in the home, would have met the AFDC eligibility requirement of paragraph (3).

''(2) REMOVAL AND FOSTER CARE PLACEMENT REQUIREMENTS.—The removal and foster care placement of a child meet the requirements of this paragraph if—

''(A) the removal and foster care placement are in accordance with—

''(i) a voluntary placement agreement entered into by a parent or legal guardian of the child who is the relative referred to in paragraph (1); or

''(ii) a judicial determination to the effect that continuation in the home from which removed would be contrary to the welfare of the child and that reasonable efforts of the type described in section 471(a)(15) for a child have been made;

''(B) the child's placement and care are the responsibility of—

''(i) the State agency administering the State plan approved under section 471; or

''(ii) any other public agency with which the State agency administering or supervising the administration of the State plan has made an agreement which is in effect; and

''(C) the child has been placed in a foster family home or child-care institution.

''(3) AFDC ELIGIBILITY REQUIREMENT.—

''(A) IN GENERAL.—A child in the home referred to in paragraph (1) would have met the AFDC eligibility requirement of this paragraph if the child—

''(i) would have received aid under the State plan approved under section 402 (as in effect on July 16, 1996) in the home, in or for the month

in which the agreement was entered into or court proceedings leading to the determination referred to in paragraph (2)(A)(ii) of this subsection were initiated; or

''(ii)(I) would have received the aid in the home, in or for the month referred to in clause (i), if application had been made therefor; or

''(II) had been living in the home within 6 months before the month in which the agreement was entered into or the proceedings were initiated, and would have received the aid in or for such month, if, in such month, the child had been living in the home with the relative referred to in paragraph (1) and application for the aid had been made.

''(B) RESOURCES DETERMINATION.—For purposes of subparagraph (A), in determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than $10,000 shall be considered a child whose resources have a combined value of not more than $1,000 (or such lower amount as the State may determine for purposes of section 402(a)(7)(B)).

''(4) ELIGIBILITY OF CERTAIN ALIEN CHILDREN.—Subject to title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, if the child is an alien disqualified under section 245A(h) or 210(f) of the Immigration and Nationality Act from receiving aid under the State plan approved under section 402 in or for the month in which the agreement described in paragraph (2)(A)(i) was entered into or court proceedings leading to the determination described in paragraph (2)(A)(ii) were initiated, the child shall be considered to satisfy the requirements of paragraph (3), with respect to the month, if the child would have satisfied the requirements but for the disqualification.''.

(b) ADOPTION ASSISTANCE.—Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended to read as follows:

''(2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if the child—

''(i)(I)(aa) was removed from the home of a relative specified in section 406(a) (as in effect on July 16, 1996) and placed in foster care in accordance with a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or section 403, as such section was in effect on July 16, 1996), or in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child; and

''(bb) met the requirements of section 472(a)(3) with respect to the home referred to in item (aa) of this subclause;

''(II) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits; or

''(III) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the minor parent of the child as provided in section 475(4)(B); and

''(ii) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.

''(B) Section 472(a)(4) shall apply for purposes of subparagraph (A) of this paragraph, in any case in which the child is an alien described in such section.

''(C) A child shall be treated as meeting the requirements of this paragraph for the purpose of paragraph (1)(B)(ii) if the child—

''(i) meets the requirements of subparagraph (A)(ii);

''(ii) was determined eligible for adoption assistance payments under this part with respect to a prior adoption;

''(iii) is available for adoption because—

''(I) the prior adoption has been dissolved, and the parental rights of the adoptive parents have been terminated; or

''(II) the child's adoptive parents have died; and

''(iv) fails to meet the requirements of subparagraph (A) but would meet such requirements if—

''(I) the child were treated as if the child were in the same financial and other circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part; and

''(II) the prior adoption were treated as never having occurred.''.

Subtitle E—Supplemental Security Income

SEC. 7501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

''(e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

''(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

''(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2006;

''(ii) at least 40 percent of all such determinations that are made in fiscal year 2007; and

''(iii) at least 50 percent of all such determinations that are made in fiscal year 2008 or thereafter.

''(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.''.

SEC. 7502. PAYMENT OF CERTAIN LUMP SUM BENEFITS IN INSTALLMENTS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1631(a)(10)(A)(i) (42 U.S.C. 1383(a)(10)(A)(i)) is amended by striking ''12'' and inserting ''3''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 3 months after the date of the enactment of this Act.

Subtitle F—Repeal of Continued Dumping and Subsidy Offset

SEC. 7601. REPEAL OF CONTINUED DUMPING AND SUBSIDY OFFSET.

(a) REPEAL.—Effective upon the date of enactment of this Act, section 754 of the Tariff Act of 1930 (19 U.S.C. 1675c), and the item relating to section 754 in the table of contents for title VII of that Act, are repealed.

(b) DISTRIBUTIONS ON CERTAIN ENTRIES.—All duties on entries of goods made and filed before October 1, 2007, that would, but for subsection (a) of this section, be distributed under section 754 of the Tariff Act of 1930, shall be distributed as if section 754 of the Tariff Act of 1930 had not been repealed by subsection (a).

Subtitle G—Effective Date

SEC. 7701. EFFECTIVE DATE.

Except as otherwise provided in this title, this title and the amendments made by this title shall take effect as if enacted on October 1, 2005.

TITLE VIII—EDUCATION AND PENSION BENEFIT PROVISIONS

Subtitle A—Higher Education Provisions

SEC. 8001. SHORT TITLE; REFERENCE; EFFECTIVE DATE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Higher Education Reconciliation Act of 2005''.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(c) EFFECTIVE DATE.—Except as otherwise provided in this subtitle or the amendments made by this subtitle, the amendments made by this subtitle shall be effective July 1, 2006.

SEC. 8002. MODIFICATION OF 50/50 RULE.

Section 102(a)(3) (20 U.S.C. 1002(a)(3)) is amended—

(1) in subparagraph (A), by inserting ''(excluding courses offered by telecommunications as defined in section 484(l)(4))'' after ''courses by correspondence''; and

(2) in subparagraph (B), by inserting ''(excluding courses offered by telecommunications as defined in section 484(l)(4))'' after ''correspondence courses''.

SEC. 8003. ACADEMIC COMPETITIVENESS GRANTS.

Subpart 1 of part A of title IV (20 U.S.C. 1070a) is amended by adding after section 401 the following new section:

''SEC. 401A. ACADEMIC COMPETITIVENESS GRANTS.

''(b) ACADEMIC COMPETITIVENESS GRANT PROGRAM.—

''(1) ACADEMIC COMPETITIVENESS GRANTS AUTHORIZED.—The Secretary shall award grants, in the amounts specified in subsection (e)(1), to eligible students to assist the eligible students in paying their college education expenses.

''(2) ACADEMIC COMPETITIVENESS COUNCIL.—

''(A) ESTABLISHMENT.—There is established an Academic Competitiveness Council (referred to in this paragraph as the 'Council'). From the funds made available under subsection (f) for fiscal year 2006, $50,000 shall be available to the Council to carry out the duties described in subparagraph (B). The Council shall be chaired by the Secretary of Education, and the membership of the Council shall consist of officials from Federal agencies with responsibilities for managing existing Federal programs that promote mathematics and science (or designees of such officials with significant decision-making authority).

''(B) DUTIES.—The Council shall—

''(i) identify all Federal programs with a mathematics or science focus;

''(ii) identify the target populations being served by such programs;

''(iii) determine the effectiveness of such programs;

''(iv) identify areas of overlap or duplication in such programs; and

''(v) recommend ways to efficiently integrate and coordinate such programs.

''(C) REPORT.—Not later than one year after the date of enactment of the Higher Education Reconciliation Act of 2005, the Council shall transmit a report to each committee of Congress with jurisdiction over a Federal program identified under subparagraph (B)(i), detailing the findings and recommendations under subparagraph (B), including recommendations for legislative or administrative action.

''(c) DESIGNATION.—A grant under this section—

''(1) for the first or second academic year of a program of undergraduate education shall be known as an 'Academic Competitiveness Grant'; and

''(2) for the third or fourth academic year of a program of undergraduate education shall be known as a 'National Science and Mathematics Access to Retain Talent Grant' or a 'National SMART Grant'.

''(d) DEFINITION OF ELIGIBLE STUDENT.—In this section the term 'eligible student' means a full-time student who, for the academic year for which the determination of eligibility is made—

''(1) is a citizen of the United States;

''(2) is eligible for a Federal Pell Grant; and

''(3) in the case of a student enrolled or accepted for enrollment in—

''(A) the first academic year of a program of undergraduate education at a two- or four-year degree-granting institution of higher education—

''(i) has successfully completed, after January 1, 2006, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary; and

''(ii) has not been previously enrolled in a program of undergraduate education;

''(B) the second academic year of a program of undergraduate education at a two- or four-year degree-granting institution of higher education—

''(i) has successfully completed, after January 1, 2005, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary; and

''(ii) has obtained a cummulative grade point average of at least 3.0 (or the equivalent as determined under regulations prescribed by the Secretary) at the end of the first academic year of such program of undergraduate education; or

''(C) the third or fourth academic year of a program of undergraduate education at a four-year degree-granting institution of higher education—

''(i) is pursuing a major in—

''(I) the physical, life, or computer sciences, mathematics, technology, or engineering (as determined by the Secretary pursuant to regulations); or

''(II) a foreign language that the Secretary, in consultation with the Director of National Intelligence, determines is critical to the national security of the United States; and

''(ii) has obtained a cummulative grade point average of at least 3.0 (or the equivalent as determined under regulations prescribed by the Secretary) in the coursework required for the major described in clause (i).

''(e) GRANT AWARD.—

''(1) AMOUNTS.—

''(A) The Secretary shall award a grant under this section in the amount of—

''(i) $750 for an eligible student under subsection (d)(3)(A);

''(ii) $1,300 for an eligible student under subsection (d)(3)(B); or

''(iii) $4,000 for an eligible student under subsection (d)(3)(C).

''(B) Notwithstanding subparagraph (A)—

''(i) the amount of such grant, in combination with the Federal Pell Grant assistance and other student financial assistance available to such student, shall not exceed the student's cost of attendance;

''(ii) if the amount made available under subsection (f) for any fiscal year is less than the amount required to provide grants to all eligible students in the amounts determined under subparagraph (A) and clause (i) of this subparagraph, then the amount of the grant to each eligible student shall be ratably reduced; and

''(iii) if additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced.

''(2) LIMITATIONS.—The Secretary shall not award a grant under this section—

''(A) to any student for an academic year of a program of undergraduate education described in subparagraph (A), (B), or (C) of subsection (d)(3) for which the student received credit before the date of enactment of the Higher Education Reconciliation Act of 2005; or

''(B) to any student for more than—

''(i) one academic year under subsection (d)(3)(A);

''(ii) one academic year under subsection (d)(3)(B); or

''(iii) two academic years under subsection (d)(3)(C).

''(f) FUNDING.—

''(1) AUTHORIZATION AND APPROPRIATION OF FUNDS.—There are authorized to be appropriated, and there are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Education to carry out this section—

''(A) $790,000,000 for fiscal year 2006;

''(B) $850,000,000 for fiscal year 2007;

''(C) $920,000,000 for fiscal year 2008;

''(D) $960,000,000 for fiscal year 2009; and

''(E) $1,010,000,000 for fiscal year 2010.

''(2) USE OF EXCESS FUNDS.—If, at the end of a fiscal year, the funds available for awarding grants under this section exceed the amount necessary to make such grants in the amounts authorized by subsection (e), then all of the excess funds shall remain available for awarding grants under this section during the subsequent fiscal year.

''(g) RECOGNITION OF PROGRAMS OF STUDY.—The Secretary shall recognize at least one rigorous secondary school program of study in each State under subsection (d)(3)(A) and (B) for the purpose of determining student eligibility under such subsection.

''(h) SUNSET PROVISION.—The authority to make grants under this section shall expire at the end of academic year 2010–2011.''.

SEC. 8004. REAUTHORIZATION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 421(b)(5) (20 U.S.C. 1071(b)(5)) is amended by striking ''an administrative cost allowance'' and inserting ''a loan processing and issuance fee''.

(b) EXTENSION OF AUTHORITY.—

(1) FEDERAL INSURANCE LIMITATIONS.—Section 424(a) (20 U.S.C. 1074(a)) is amended—

(A) by striking ''2004'' and inserting ''2012''; and

(B) by striking ''2008'' and inserting ''2016''.

(2) GUARANTEED LOANS.—Section 428(a)(5) (20 U.S.C. 1078(a)(5)) is amended—

(A) by striking ''2004'' and inserting ''2012''; and

(B) by striking ''2008'' and inserting ''2016''.

(3) CONSOLIDATION LOANS.—Section 428C(e) (20 U.S.C. 1078–3(e)) is amended by striking ''2004'' and inserting ''2012''.

SEC. 8005. LOAN LIMITS.

(a) FEDERAL INSURANCE LIMITS.—Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

(1) in clause (i)(I), by striking ''$2,625'' and inserting ''$3,500''; and

(2) in clause (ii)(I), by striking ''$3,500'' and inserting ''$4,500''.

(b) GUARANTEE LIMITS.—Section 428(b)(1)(A) (20 U.S.C. 1078(b)(1)(A)) is amended—

(1) in clause (i)(I), by striking ''$2,625'' and inserting ''$3,500''; and

(2) in clause (ii)(I), by striking ''$3,500'' and inserting ''$4,500''.

(c) FEDERAL PLUS LOANS.—Section 428B (20 U.S.C. 1078–2) is amended—

(1) in subsection (a)(1)—

(A) in the matter preceding subparagraph (A), by striking ''Parents'' and inserting ''A graduate or professional student or the parents'';

(B) in subparagraph (A), by striking ''the parents'' and inserting ''the graduate or professional student or the parents''; and

(C) in subparagraph (B), by striking ''the parents'' and inserting ''the graduate or professional student or the parents'';

(2) in subsection (b), by striking ''any parent'' and inserting ''any graduate or professional student or any parent'';

(3) in subsection (c)(2), by striking ''parent'' and inserting ''graduate or professional student or parent''; and

(4) in subsection (d)(1), by striking ''the parent'' and inserting ''the graduate or professional student or the parent''.

(d) UNSUBSIDIZED STAFFORD LOANS FOR GRADUATE OR PROFESSIONAL STUDENTS.—Section 428H(d)(2) (20 U.S.C. 1078–8(d)(2)) is amended—

(1) in subparagraph (C), by striking ''$10,000'' and inserting ''$12,000''; and

(2) in subparagraph (D)—

(A) in clause (i), by striking ''$5,000'' and inserting ''$7,000''; and

(B) in clause (ii), by striking ''$5,000'' and inserting ''$7,000''.

(e) EFFECTIVE DATE OF INCREASES.—The amendments made by subsections (a), (b), and (d) shall be effective July 1, 2007.

SEC. 8006. PLUS LOAN INTEREST RATES AND ZERO SPECIAL ALLOWANCE PAYMENT.

(a) PLUS LOANS.—Section 427A(l)(2) (20 U.S.C. 1077a(l)(2)) is amended by striking ''7.9 percent'' and inserting ''8.5 percent''.

(b) CONFORMING AMENDMENTS FOR SPECIAL ALLOWANCES.—

(1) AMENDMENTS.—Subparagraph (I) of section 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended—

(A) in clause (iii), by striking '', subject to clause (v) of this subparagraph'';

(B) in clause (iv), by striking '', subject to clause (vi) of this subparagraph''; and

(C) by striking clauses (v), (vi), and (vii) and inserting the following:

''(v) RECAPTURE OF EXCESS INTEREST.—

''(I) EXCESS CREDITED.—With respect to a loan on which the applicable interest rate is determined under subsection (k) or (l) of section 427A and for which the first disbursement of principal is made on or after April 1, 2006, if the applicable interest rate for any 3-month period exceeds the special allowance support level applicable to such loan under this subparagraph for such period, then an adjustment shall be made by calculating the excess interest in the amount computed under subclause (II) of this clause, and by crediting the excess interest to the Government not less often than annually.

''(II) CALCULATION OF EXCESS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

''(aa) the applicable interest rate minus the special allowance support level determined under this subparagraph; multiplied by

''(bb) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

''(cc) four.

''(III) SPECIAL ALLOWANCE SUPPORT LEVEL.—For purposes of this clause, the term 'special allowance support level' means, for any loan, a number expressed as a percentage equal to the sum of the rates determined under subclauses (I) and (III) of clause (i), and applying any substitution rules applicable to such loan under clauses (ii), (iii), and (iv) in determining such sum.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall not apply with respect to any special allowance payment made under section 438 of the Higher Education Act of 1965 (20 U.S.C 1087–1) before April 1, 2006.

SEC. 8007. DEFERMENT OF STUDENT LOANS FOR MILITARY SERVICE.

(a) FEDERAL FAMILY EDUCATION LOANS.—Section 428(b)(1)(M) (20 U.S.C. 1078(b)(1)(M)) is amended—

(1) by striking ''or'' at the end of clause (ii);

(2) by redesignating clause (iii) as clause (iv); and

(3) by inserting after clause (ii) the following new clause:

''(iii) not in excess of 3 years during which the borrower—

''(I) is serving on active duty during a war or other military operation or national emergency; or

''(II) is performing qualifying National Guard duty during a war or other military operation or national emergency; or''.

(b) DIRECT LOANS.—Section 455(f)(2) (20 U.S.C. 1087e(f)(2)) is amended—

(1) by redesignating subparagraph (C) as subparagraph (D); and

(2) by inserting after subparagraph (B) the following new subparagraph:

''(C) not in excess of 3 years during which the borrower—

''(i) is serving on active duty during a war or other military operation or national emergency; or

''(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; or''.

(c) PERKINS LOANS.—Section 464(c)(2)(A) (20 U.S.C. 1087dd(c)(2)(A)) is amended—

(1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(2) by inserting after clause (ii) the following new clause:

''(iii) not in excess of 3 years during which the borrower—

''(I) is serving on active duty during a war or other military operation or national emergency; or

''(II) is performing qualifying National Guard duty during a war or other military operation or national emergency;''.

(d) DEFINITIONS.—Section 481 (20 U.S.C. 1088) is amended by adding at the end the following new subsection:

''(d) DEFINITIONS FOR MILITARY DEFERMENTS.—For purposes of parts B, D, and E of this title:

''(1) ACTIVE DUTY.—The term 'active duty' has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

''(2) MILITARY OPERATION.—The term 'military operation' means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.

''(3) NATIONAL EMERGENCY.—The term 'national emergency' means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.

''(4) SERVING ON ACTIVE DUTY.—The term 'serving on active duty during a war or other military operation or national emergency' means service by an individual who is—

''(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other military operation or national emergency, regardless of the location at which such active duty service is performed; and

''(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

''(5) QUALIFYING NATIONAL GUARD DUTY.—The term 'qualifying National Guard duty during a war or other military operation or national emergency' means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.''.

(e) RULE OF CONSTRUCTION.—Nothing in the amendments made by this section shall be construed to authorize any refunding of any repayment of a loan.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to loans for which the first disbursement is made on or after July 1, 2001.

SEC. 8008. ADDITIONAL LOAN TERMS AND CONDITIONS.

(a) DISBURSEMENT.—Section 428(b)(1)(N) (20 U.S.C. 1078(b)(1)(N)) is amended—

(1) by striking ''or'' at the end of clause (i); and

(2) by striking clause (ii) and inserting the following:

''(ii) in the case of a student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled, and only after verification of the student's enrollment by the lender or guaranty agency, are, at the request of the student, disbursed directly to the student by the means described in clause (i), unless such student requests that the check be endorsed, or the funds transfer be authorized, pursuant to an authorized power-of-attorney; or

''(iii) in the case of a student who is studying outside the United States in a program of study at an eligible foreign institution, are, at the request of the foreign institution, disbursed directly to the student, only after verification of the student's enrollment by the lender or guaranty agency by the means described in clause (i).''.

(b) REPAYMENT PLANS: DIRECT LOANS.—Section 455(d)(1) (20 U.S.C. 1087e(d)(1)) is amended by striking subparagraphs (A), (B), and (C) and inserting the following:

''(A) a standard repayment plan, consistent with subsection (a)(1) of this section and with section 428(b)(9)(A)(i);

''(B) a graduated repayment plan, consistent with section 428(b)(9)(A)(ii);

''(C) an extended repayment plan, consistent with section 428(b)(9)(A)(v), except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 428(b)(1)(L); and''.

(c) ORIGINATION FEES.—

(1) FFEL PROGRAM.—Paragraph (2) of section 438(c) (20 U.S.C. 1087–1(c)) is amended—

(A) by striking the designation and heading of such paragraph and inserting the following:

''(2) AMOUNT OF ORIGINATION FEES.—

''(A) IN GENERAL.—''; and

(B) by adding at the end the following new subparagraph:

''(B) SUBSEQUENT REDUCTIONS.—Subparagraph (A) shall be applied to loans made under this part (other than loans made under sections 428C and 439(o))—

''(i) by substituting '2.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2006, and before July 1, 2007;

''(ii) by substituting '1.5 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

''(iii) by substituting '1.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

''(iv) by substituting '0.5 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

''(v) by substituting '0.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.''.

(2) DIRECT LOAN PROGRAM.—Subsection (c) of section 455 (20 U.S.C. 1087e(c)) is amended—

(A) by striking ''(c) LOAN FEE.—'' and inserting the following:

''(c) LOAN FEE.—

''(1) IN GENERAL.—''; and

(B) by adding at the end the following:

''(2) SUBSEQUENT REDUCTION.—Paragraph (1) shall be applied to loans made under this part, other than Federal Direct Consolidation loans and Federal Direct PLUS loans—

''(A) by substituting '3.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after the date of enactment of the Higher Education Reconciliation Act of 2005, and before July 1, 2007;

''(B) by substituting '2.5 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

''(C) by substituting '2.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

''(D) by substituting '1.5 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

''(E) by substituting '1.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.''.

(3) CONFORMING AMENDMENT.—Section 455(b)(8)(A) (20 U.S.C. 1087e(b)(8)(A)) is amended by inserting ''or origination fee'' after ''reductions in the interest rate''.

SEC. 8009. CONSOLIDATION LOAN CHANGES.

(a) CONSOLIDATION BETWEEN PROGRAMS.—Section 428C (20 U.S.C. 1078–3) is amended—

(1) in subsection (a)(3)(B)(i)—

(A) by inserting ''or under section 455(g)'' after ''under this section'' both places it appears;

(B) by inserting ''under both sections'' after ''terminates'';

(C) by striking ''and'' at the end of subclause (III);

(D) by striking the period at the end of subclause (IV) and inserting ''; and''; and

(E) by adding at the end the following new subclause:

''(V) an individual may obtain a subsequent consolidation loan under section 455(g) only for the purposes of obtaining an income contingent repayment plan, and only if the loan has been submitted to the guaranty agency for default aversion.''; and

(2) in subsection (b)(5), by striking the first sentence and inserting the following: ''In the event that a lender with an agreement under subsection (a)(1) of this section denies a consolidation loan application submitted to the lender by an eligible borrower under this section, or denies an application submitted to the lender by such a borrower for a consolidation loan with income-sensitive repayment terms, the Secretary shall offer any such borrower who applies for it, a Federal Direct Consolidation loan. The Secretary shall offer such a loan to a borrower who has defaulted, for the purpose of resolving the default.''.

(b) REPEAL OF IN-SCHOOL CONSOLIDATION.—

(1) DEFINITION OF REPAYMENT PERIOD.—Section 428(b)(7)(A) (20 U.S.C. 1078(b)(7)(A)) is amended by striking ''shall begin—'' and all that follows through ''earlier date.'' and inserting the following: ''shall begin the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution).''.

(2) CONFORMING CHANGE TO ELIGIBLE BORROWER DEFINITION.—Section 428C(a)(3)(A)(ii)(I) (20 U.S.C. 1078–3(a)(3)(A)(ii)(I)) is amended by inserting ''as determined under section 428(b)(7)(A)'' after ''repayment status''.

(c) ADDITIONAL AMENDMENTS.—Section 428C (20 U.S.C. 1078–3) is amended in subsection (a)(3), by striking subparagraph (C).

(d) CONFORMING AMENDMENTS TO DIRECT LOAN PROGRAM.—Section 455 (20 U.S.C. 1087e) is amended—

(1) in subsection (a)(1) by inserting ''428C,'' after ''428B,'';

(2) in subsection (a)(2)—

(A) by striking ''and'' at the end of subparagraph (B);

(B) by redesignating subparagraph (C) as subparagraph (D); and

(C) by inserting after subparagraph (B) the following:

''(C) section 428C shall be known as 'Federal Direct Consolidation Loans'; and''; and

(3) in subsection (g)—

(A) by striking the second sentence; and

(B) by adding at the end the following new sentences: ''To be eligible for a consolidation loan under this part, a borrower shall meet the eligibility criteria set forth in section 428C(a)(3). The Secretary, upon application for such a loan, shall comply with the requirements applicable to a lender under section 428C(b)(1)(F).''.

SEC. 8010. REQUIREMENTS FOR DISBURSEMENTS OF STUDENT LOANS.

Section 428G (20 U.S.C. 1078–7) is amended—

(1) in subsection (a)(3), by adding at the end the following: ''Notwithstanding section 422(d) of the Higher Education Amendments of 1998, this paragraph shall be effective beginning on the date of enactment of the Higher Education Reconciliation Act of 2005.'';

(2) in subsection (b)(1), by adding at the end the following: ''Notwithstanding section 422(d) of the Higher Education Amendments of 1998, the second sentence of this paragraph shall be effective beginning on the date of enactment of the Higher Education Reconciliation Act of 2005.''; and

(3) in subsection (e), by striking '', made to a student to cover the cost of attendance at an eligible institution outside the United States''.

SEC. 8011. SCHOOL AS LENDER.

Paragraph (2) of section 435(d) (20 U.S.C. 1085(d)(2)) is amended to read as follows:

''(2) REQUIREMENTS FOR ELIGIBLE INSTITUTIONS.—

''(A) IN GENERAL.—To be an eligible lender under this part, an eligible institution—

''(i) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution;

''(ii) shall not be a home study school;

''(iii) shall not—

''(I) make a loan to any undergraduate student;

''(II) make a loan other than a loan under section 428 or 428H to a graduate or professional student; or

''(III) make a loan to a borrower who is not enrolled at that institution;

''(iv) shall award any contract for financing, servicing, or administration of loans under this title on a competitive basis;

''(v) shall offer loans that carry an origination fee or an interest rate, or both, that are less than such fee or rate authorized under the provisions of this title;

''(vi) shall not have a cohort default rate (as defined in section 435(m)) greater than 10 percent;

''(vii) shall, for any year for which the institution engages in activities as an eligible lender, provide for a compliance audit conducted in accordance with section 428(b)(1)(U)(iii)(I), and the regulations thereunder, and submit the results of such audit to the Secretary;

''(viii) shall use any proceeds from special allowance payments and interest payments from borrowers, interest subsidies received from the Department of Education, and any proceeds from the sale or other disposition of loans, for need-based grant programs; and

''(ix) shall have met the requirements of subparagraphs (A) through (F) of this paragraph as in effect on the day before the date of enactment of the Higher Education Reconciliation Act of 2005, and made loans under this part, on or before April 1, 2006.

''(B) ADMINISTRATIVE EXPENSES.—An eligible lender under subparagraph (A) shall be permitted to use a portion of the proceeds described in subparagraph (A)(viii) for reasonable and direct administrative expenses.

''(C) SUPPLEMENT, NOT SUPPLANT.—An eligible lender under subparagraph (A) shall ensure that the proceeds described in subparagraph (A)(viii) are used to supplement, and not to supplant, non-Federal funds that would otherwise be used for need-based grant programs.''.

SEC. 8012. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING SCHOOLS THAT FAIL TO PROVIDE A REFUND, ATTENDING CLOSED SCHOOLS, OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW.

Section 437 (20 U.S.C. 1087) is amended—

(1) in the section heading, by striking ***''CLOSED SCHOOLS OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW''*** *and inserting* ***''SCHOOLS THAT FAIL TO PROVIDE A REFUND, ATTENDING CLOSED SCHOOLS, OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW''****; and*

(2) in the first sentence of subsection (c)(1), by inserting ''or was falsely certified as a result of a crime of identity theft'' after ''falsely certified by the eligible institution''.

SEC. 8013. ELIMINATION OF TERMINATION DATES FROM TAXPAYER-TEACHER PROTECTION ACT OF 2004.

(a) EXTENSION OF LIMITATIONS ON SPECIAL ALLOWANCE FOR LOANS FROM THE PROCEEDS OF TAX EXEMPT ISSUES.—Section 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is amended—

(1) in clause (iv), by striking ''and before January 1, 2006,''; and

(2) in clause (v)(II)—

(A) by striking ''and before January 1, 2006,'' each place it appears in divisions (aa) and (bb); and

(B) by striking '', and before January 1, 2006'' in division (cc).

(b) ADDITIONAL LIMITATION ON SPECIAL ALLOWANCE FOR LOANS FROM THE PROCEEDS OF TAX EXEMPT ISSUES.—Section 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is further amended by adding at the end thereof the following new clauses:

''(vi) Notwithstanding clauses (i), (ii), and (v), but subject to clause (vii), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, as the case may be, for a holder of loans—

''(I) that were made or purchased on or after the date of enactment of the Higher Education Reconciliation Act of 2005; or

''(II) that were not earning a quarterly rate of special allowance determined under clauses (i) or (ii) of subparagraph (B) of this paragraph (20 U.S.C. 1087–1(b)(2)(b)) as of the date of enactment of the Higher Education Reconciliation Act of 2005.

''(vii) Clause (vi) shall be applied by substituting 'December 31, 2010' for 'the date of enactment of the Higher Education Reconciliation Act of 2005' in the case of a holder of loans that—

''(I) was, as of the date of enactment of the Higher Education Reconciliation Act of 2005, and during the quarter for which the special allowance is paid, a unit of State or local government or a nonprofit private entity;

''(II) was, as of such date of enactment, and during such quarter, not owned or controlled by, or under common ownership or control with, a for-profit entity; and

''(III) held, directly or through any subsidiary, affiliate, or trustee, a total unpaid balance of principal equal to or less than $100,000,000 on loans for which special allowances were paid under this subparagraph in the most recent quarterly payment prior to September 30, 2005.''.

(c) ELIMINATION OF EFFECTIVE DATE LIMITATION ON HIGHER TEACHER LOAN FORGIVENESS BENEFITS.—

(1) TECHNICAL CLARIFICATION.—The matter preceding paragraph (1) of section 2 of the Taxpayer-Teacher Protection Act of 2004 (Public Law 108–409; 118 Stat. 2299) is amended by inserting ''of the Higher Education Act of 1965'' after ''Section 438(b)(2)(B)''.

(2) AMENDMENT.—Paragraph (3) of section 3(b) of the Taxpayer-Teacher Protection Act of 2004 (20 U.S.C. 1078–10 note) is amended by striking '', and before October 1, 2005''.

(3) EFFECTIVE DATES.—The amendment made by paragraph (1) shall be effective as if enacted on October 30, 2004, and the amendment made by paragraph (2) shall be effective as if enacted on October 1, 2005.

(d) COORDINATION WITH SECOND HIGHER EDUCATION EXTENSION ACT OF 2005.—

(1) REPEAL.—Section 2 of the Second Higher Education Extension Act of 2005 is amended by striking subsections (b) and (c).

(2) EFFECT ON AMENDMENTS.—The amendments made by subsections (a) and (c) of this section shall be effective as if the amendments made subsections (b) and (c) of section 2 of the Second Higher Education Extension Act of 2005 had not been enacted.

(e) ADDITIONAL CHANGES TO TEACHER LOAN FORGIVENESS PROVISIONS.—

(1) FFEL PROVISIONS.—Section 428J (20 U.S.C. 1078–10) is amended—

(A) in subsection (b)(1)(B), by inserting after ''1965'' the following: '', or meets the requirements of subsection (g)(3)''; and

(B) in subsection (g), by adding at the end the following new paragraph:

''(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (b)(1)(B), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher shall be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test shall equal or exceed the average passing score of those 5 States.''.

(2) DIRECT LOAN PROVISIONS.—Section 460 (20 U.S.C. 1087j) is amended—

(A) in subsection (b)(1)(A)(ii), by inserting after ''1965'' the following: '', or meets the requirements of subsection (g)(3)''; and

(B) in subsection (g), by adding at the end the following new paragraph:

''(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (b)(1)(A)(ii), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher shall be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test shall equal or exceed the average passing score of those 5 States.''.

SEC. 8014. ADDITIONAL ADMINISTRATIVE PROVISIONS.

(a) INSURANCE PERCENTAGE.—

(1) AMENDMENT.—Subparagraph (G) of section 428(b)(1) (20 U.S.C. 1078(b)(1)(G)) is amended to read as follows:

''(G) insures 98 percent of the unpaid principal of loans insured under the program, except that—

''(i) such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(j) or 439(q);

''(ii) for any loan for which the first disbursement of principal is made on or after July 1, 2006, the preceding provisions of this subparagraph shall be applied by substituting '97 percent' for '98 percent'; and

''(iii) notwithstanding the preceding provisions of this subparagraph, such program shall

insure 100 percent of the unpaid principal amount of exempt claims as defined in subsection (c)(1)(G);''.

(2) EFFECTIVE DATE OF AMENDMENT.—The amendment made by this subsection shall apply with respect to loans for which the first disbursement of principal is made on or after July 1, 2006.

(b) FEDERAL DEFAULT FEES.—

(1) IN GENERAL.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)(H)) is amended to read as follows:

''(H) provides—

''(i) for loans for which the date of guarantee of principal is before July 1, 2006, for the collection of a single insurance premium equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and ensures that the proceeds of the premium will not be used for incentive payments to lenders; or

''(ii) for loans for which the date of guarantee of principal is on or after July 1, 2006, for the collection, and the deposit into the Federal Student Loan Reserve Fund under section 422A of a Federal default fee of an amount equal to 1.0 percent of the principal amount of the loan, which fee shall be collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources, and ensures that the proceeds of the Federal default fee will not be used for incentive payments to lenders;''.

(2) UNSUBSIDIZED LOANS.—Section 428H(h) (20 U.S.C. 1078–8(h)) is amended by adding at the end the following new sentences: ''Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, in lieu of the insurance premium authorized under the preceding sentence, each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall collect and deposit into the Federal Student Loan Reserve Fund under section 422A, a Federal default fee of an amount equal to 1.0 percent of the principal amount of the loan, which fee shall be collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources. The Federal default fee shall not be used for incentive payments to lenders.''.

(3) VOLUNTARY FLEXIBLE AGREEMENTS.—Section 428A(a)(1) (20 U.S.C. 1078–1(a)(1)) is amended—

(A) by striking ''or'' at the end of subparagraph (A);

(B) by striking the period at the end of subparagraph (B) and inserting ''; or''; and

(C) by adding at the end the following new subparagraph:

''(C) the Federal default fee required by section 428(b)(1)(H) and the second sentence of section 428H(h).''.

(c) TREATMENT OF EXEMPT CLAIMS.—

(1) AMENDMENT.—Section 428(c)(1) (20 U.S.C. 1078(c)(1)) is amended—

(A) by redesignating subparagraph (G) as subparagraph (H), and moving such subparagraph 2 em spaces to the left; and

(B) by inserting after subparagraph (F) the following new subparagraph:

''(G)(i) Notwithstanding any other provisions of this section, in the case of exempt claims, the Secretary shall apply the provisions of—

''(I) the fourth sentence of subparagraph (A) by substituting '100 percent' for '95 percent';

''(II) subparagraph (B)(i) by substituting '100 percent' for '85 percent'; and

''(III) subparagraph (B)(ii) by substituting '100 percent' for '75 percent'.

''(ii) For purposes of clause (i) of this subparagraph, the term 'exempt claims' means claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender's or the institution's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits thereon.''.

(2) EFFECTIVE DATE OF AMENDMENTS.—The amendments made by this subsection shall apply with respect to loans for which the first disbursement of principal is made on or after July 1, 2006.

(d) CONSOLIDATION OF DEFAULTED LOANS.—Section 428(c) (20 U.S.C. 1078(c)) is further amended—

(1) in paragraph (2)(A)—

(A) by inserting ''(i)'' after ''including''; and

(B) by inserting before the semicolon at the end the following: ''and (ii) requirements establishing procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans under this part'';

(2) in paragraph (2)(D), by striking ''paragraph (6)'' and inserting ''paragraph (6)(A)''; and

(3) in paragraph (6)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) by inserting ''(A)'' before ''For the purpose of paragraph (2)(D),''; and

(C) by adding at the end the following new subparagraphs:

''(B) A guaranty agency shall—

''(i) on or after October 1, 2006—

''(I) not charge the borrower collection costs in an amount in excess of 18.5 percent of the outstanding principal and interest of a defaulted loan that is paid off through consolidation by the borrower under this title; and

''(II) remit to the Secretary a portion of the collection charge under subclause (I) equal to 8.5 percent of the outstanding principal and interest of such defaulted loan; and

''(ii) on and after October 1, 2009, remit to the Secretary the entire amount charged under clause (i)(I) with respect to each defaulted loan that is paid off with excess consolidation proceeds.

''(C) For purposes of subparagraph (B), the term 'excess consolidation proceeds' means, with respect to any guaranty agency for any Federal fiscal year beginning on or after October 1, 2009, the proceeds of consolidation of defaulted loans under this title that exceed 45 percent of the agency's total collections on defaulted loans in such Federal fiscal year.''.

(e) DOCUMENTATION OF FORBEARANCE AGREEMENTS.—Section 428(c) (20 U.S.C. 1078(c)) is further amended—

(1) in paragraph (3)(A)(i)—

(A) by striking ''in writing''; and

(B) by inserting ''and documented in accordance with paragraph (10)'' after ''approval of the insurer''; and

(2) by adding at the end the following new paragraph:

''(10) DOCUMENTATION OF FORBEARANCE AGREEMENTS.—For the purposes of paragraph (3), the terms of forbearance agreed to by the parties shall be documented by confirming the agreement of the borrower by notice to the borrower from the lender, and by recording the terms in the borrower's file.''.

(f) VOLUNTARY FLEXIBLE AGREEMENTS.—Section 428A(a) (20 U.S.C. 1078–1(a)) is further amended—

(1) in paragraph (1)(B), by striking ''unless the Secretary'' and all that follows through ''designated guarantor'';

(2) by striking paragraph (2);

(3) by redesignating paragraph (3) as paragraph (2); and

(4) by striking paragraph (4).

(g) FRAUD: REPAYMENT REQUIRED.—Section 428B(a)(1) (20 U.S.C. 1078–2(a)(1)) is further amended—

(1) by striking ''and'' at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following new subparagraph:

''(B) in the case of a graduate or professional student or parent who has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, such graduate or professional student or parent has completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud; and''.

(h) DEFAULT REDUCTION PROGRAM.—Section 428F(a)(1) (20 U.S.C. 1078–6(a)(1)) is amended—

(1) in subparagraph (A), by striking ''consecutive payments for 12 months'' and inserting ''9 payments made within 20 days of the due date during 10 consecutive months'';

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

''(C) A guaranty agency may charge the borrower and retain collection costs in an amount not to exceed 18.5 percent of the outstanding principal and interest at the time of sale of a loan rehabilitated under subparagraph (A).''.

(j) EXCEPTIONAL PERFORMANCE INSURANCE RATE.—Section 428I(b)(1) (20 U.S.C. 1078–9(b)(1)) is amended—

(1) in the heading, by striking ''100 PERCENT'' and inserting ''99 PERCENT''; and

(2) by striking ''100 percent of the unpaid'' and inserting ''99 percent of the unpaid''.

(k) UNIFORM ADMINISTRATIVE AND CLAIMS PROCEDURE.—Section 432(l)(1)(H) (20 U.S.C. 1082(l)(1)(H)) is amended by inserting ''and anticipated graduation date'' after ''status change''.

(2) Section 428(a)(3)(A)(v) (20 U.S.C. 1078(a)(3)(A)(v)) is amended—

(A) by striking ''or'' at the end of subclause (I);

(B) by striking the period at the end of subclause (II) and inserting ''; or''; and

(C) by adding after subclause (II) the following new subclause:

''(III) in the case of a loan disbursed through an escrow agent, 3 days before the first disbursement of the loan.''.

(3) Section 428(c)(1)(A) (20 U.S.C. 1078(c)(1)(A)) is amended by striking ''45 days'' in the last sentence and inserting ''30 days''.

(4) Section 428(i)(1) (20 U.S.C. 1078(i)(1)) is amended by striking ''21 days'' in the third sentence and inserting ''10 days''.

SEC. 8016. FUNDS FOR ADMINISTRATIVE EXPENSES.

Section 458 is amended to read as follows:

''SEC. 458. FUNDS FOR ADMINISTRATIVE EXPENSES.

''(a) ADMINISTRATIVE EXPENSES.—

''(1) MANDATORY FUNDS FOR FISCAL YEAR 2006.—For fiscal year 2006, there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

''(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part; and

''(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with subsections (b) and (c),

not to exceed (from such funds not otherwise appropriated) $820,000,000 in fiscal year 2006.

''(2) AUTHORIZATION FOR ADMINISTRATIVE COSTS BEGINNING IN FISCAL YEARS 2007 THROUGH 2011.—For each of the fiscal years 2007 through 2011, there are authorized to be appropriated such sums as may be necessary for administrative costs under this part and part B, including the costs of the direct student loan programs under this part.

''(3) CONTINUING MANDATORY FUNDS FOR ACCOUNT MAINTENANCE FEES.—For each of the fiscal years 2007 through 2011, there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for account maintenance fees payable to guaranty agencies under part B and calculated in accordance with subsection (b).

''(4) ACCOUNT MAINTENANCE FEES.—Account maintenance fees under paragraph (3) shall be paid quarterly and deposited in the Agency Operating Fund established under section 422B.

''(5) CARRYOVER.—The Secretary may carry over funds made available under this section to a subsequent fiscal year.

''(b) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under subsection (a)(3) shall not exceed the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.

''(c) BUDGET JUSTIFICATION.—No funds may be expended under this section unless the Secretary includes in the Department of Education's annual budget justification to Congress a detailed description of the specific activities for which the funds made available by this section have been used in the prior and current years (if applicable), the activities and costs planned for the budget year, and the projection of activities and costs for each remaining year for which administrative expenses under this section are made available.''.

SEC. 8017. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087ll) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4) for less than half-time students (as determined by the institution), tuition and fees and an allowance for only—

''(A) books, supplies, and transportation (as determined by the institution);

''(B) dependent care expenses (determined in accordance with paragraph (8)); and

''(C) room and board costs (determined in accordance with paragraph (3)), except that a student may receive an allowance for such costs under this subparagraph for not more than 3 semesters or the equivalent, of which not more than 2 semesters or the equivalent may be consecutive;'';

(2) in paragraph (11), by striking ''and'' after the semicolon;

(3) in paragraph (12), by striking the period and inserting ''; and''; and

(4) by adding at the end the following:

''(13) at the option of the institution, for a student in a program requiring professional licensure or certification, the one time cost of obtaining the first professional credentials (as determined by the institution).''.

SEC. 8018. FAMILY CONTRIBUTION.

(a) FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.—

(1) AMENDMENTS.—Section 475 (20 U.S.C. 1087oo) is amended—

(A) in subsection (g)(2)(D), by striking ''$2,200'' and inserting ''$3,000''; and

(B) in subsection (h), by striking ''35'' and inserting ''20''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply with respect to determinations of need for periods of enrollment beginning on or after July 1, 2007.

(b) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.—

(1) AMENDMENTS.—Section 476 (20 U.S.C. 1087pp) is amended—

(A) in subsection (b)(1)(A)(iv)—

(i) in subclause (I), by striking ''$5,000'' and inserting ''$6,050'';

(ii) in subclause (II), by striking ''$5,000'' and inserting ''$6,050''; and

(iii) in subclause (III), by striking ''$8,000'' and inserting ''$9,700''; and

(B) in subsection (c)(4), by striking ''35'' and inserting ''20''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply with respect to determinations of need for periods of enrollment beginning on or after July 1, 2007.

(c) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—

(1) AMENDMENT.—Section 477(c)(4) (20 U.S.C. 1087qq(c)(4)) is amended by striking ''12'' and inserting ''7''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to determinations of need for periods of enrollment beginning on or after July 1, 2007.

(d) REGULATIONS; UPDATED TABLES.—Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) in paragraph (1), by adding at the end the following: ''For the 2007–2008 academic year, the Secretary shall revise the tables in accordance with this paragraph, except that the Secretary shall increase the amounts contained in the table in section 477(b)(4) by a percentage equal to the greater of the estimated percentage increase in the Consumer Price Index (as determined under the preceding sentence) or 5 percent.''; and

(2) in paragraph (2)—

(A) by striking ''2000–2001'' and inserting ''2007–2008''; and

(B) by striking ''1999'' and inserting ''2006''.

(e) EMPLOYMENT EXPENSE ALLOWANCE.—Section 478(h) (20 U.S.C. 1087rr(h)) is amended—

(1) by striking ''476(b)(4)(B),''; and

(2) by striking ''meals away from home, apparel and upkeep, transportation, and housekeeping services'' and inserting ''food away from home, apparel, transportation, and household furnishings and operations''.

SEC. 8019. SIMPLIFIED NEED TEST AND AUTOMATIC ZERO IMPROVEMENTS.

(a) AMENDMENTS.—Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking clause (i) and inserting the following:

''(i) the student's parents—

''(I) file, or are eligible to file, a form described in paragraph (3);

''(II) certify that the parents are not required to file a Federal income tax return; or

''(III) received, or the student received, benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and''; and

(ii) in subparagraph (B), by striking clause (i) and inserting the following:

''(i) the student (and the student's spouse, if any)—

''(I) files, or is eligible to file, a form described in paragraph (3);

''(II) certifies that the student (and the student's spouse, if any) is not required to file a Federal income tax return; or

''(III) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and''; and

(B) in the matter preceding subparagraph (A) of paragraph (3), by striking ''A student or family files a form described in this subsection, or subsection (c), as the case may be, if the student or family, respectively, files'' and inserting ''In the case of an independent student, the student, or in the case of a dependent student, the family, files a form described in this subsection, or subsection (c), as the case may be, if the student or family, as appropriate, files'';

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking subparagraph (A) and inserting the following:

''(A) the student's parents—

''(i) file, or are eligible to file, a form described in subsection (b)(3);

''(ii) certify that the parents are not required to file a Federal income tax return; or

''(iii) received, or the student received, benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) the sum of the adjusted gross income of the parents is less than or equal to $20,000; or''; and

(B) in paragraph (2)—

(i) by striking subparagraph (A) and inserting the following:

''(A) the student (and the student's spouse, if any)—

''(i) files, or is eligible to file, a form described in subsection (b)(3);

''(ii) certifies that the student (and the student's spouse, if any) is not required to file a Federal income tax return; or

''(iii) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) the sum of the adjusted gross income of the student and spouse (if appropriate) is less than or equal to $20,000.''; and

(3) by adding at the end the following:

''(d) DEFINITION OF MEANS-TESTED FEDERAL BENEFIT PROGRAM.—In this section, the term 'means-tested Federal benefit program' means a mandatory spending program of the Federal Government, other than a program under this title, in which eligibility for the program's benefits, or the amount of such benefits, are determined on the basis of income or resources of the individual or family seeking the benefit, and may include such programs as—

''(1) the supplemental security income program under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

''(2) the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

''(3) the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

''(4) the program of block grants for States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

''(5) the special supplemental nutrition program for women, infants, and children established by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); and

''(6) other programs identified by the Secretary.''.

(b) EVALUATION OF SIMPLIFIED NEEDS TEST.—

(1) ELIGIBILITY GUIDELINES.—The Secretary of Education shall regularly evaluate the impact of the eligibility guidelines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and (c)(2)(A) of section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss(b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and (c)(2)(A)).

(2) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—For each 3-year period, the Secretary of Education shall evaluate the impact of including the receipt of benefits by a student or parent under a means-tested Federal benefit program (as defined in section 479(d) of the Higher Education Act of 1965 (20 U.S.C. 1087ss(d)) as a factor in determining eligibility under subsections (b) and (c) of section 479 of the Higher Education Act of 1965 (20 U.S.C. 1087ss(b) and (c)).

SEC. 8020. ADDITIONAL NEED ANALYSIS AMENDMENTS.

(a) TREATING ACTIVE DUTY MEMBERS OF THE ARMED FORCES AS INDEPENDENT STUDENTS.—Section 480(d)(3) (20 U.S.C. 1087vv(d)(3)) is amended by inserting before the semicolon at the end the following: ''or is currently serving on active duty in the Armed Forces for other than training purposes''.

(b) DEFINITION OF ASSETS.—Section 480(f)(1) (20 U.S.C. 1087vv(f)(1)) is amended by inserting ''qualified education benefits (except as provided in paragraph (3)),'' after ''tax shelters,''.

(c) TREATMENT OF FAMILY OWNERSHIP OF SMALL BUSINESSES.—Section 480(f)(2) (20 U.S.C. 1087vv(f)(2)) is amended—

(1) in subparagraph (A), by striking ''or'';

(2) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(C) a small business with not more than 100 full-time or full-time equivalent employees (or any part of such a small business) that is owned and controlled by the family.''.

(d) ADDITIONAL DEFINITIONS.—Section 480(f) is further amended by adding at the end the following new paragraphs:

''(3) A qualified education benefit shall not be considered an asset of a student for purposes of section 475.

''(4) In determining the value of assets in a determination of need under this title (other than for subpart 4 of part A), the value of a qualified education benefit shall be—

''(A) the refund value of any tuition credits or certificates purchased under a qualified education benefit; and

''(B) in the case of a program in which contributions are made to an account that is established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account, the current balance of such account.

''(5) In this subsection:

''(A) The term 'qualified education benefit' means—

''(i) a qualified tuition program (as defined in section 529(b)(1)(A) of the Internal Revenue Code of 1986) or other prepaid tuition plan offered by a State; and

''(ii) a Coverdell education savings account (as defined in section 530(b)(1) of the Internal Revenue Code of 1986).

''(B) The term 'qualified higher education expenses' has the meaning given the term in section 529(e) of the Internal Revenue Code of 1986.''.

(e) DESIGNATED ASSISTANCE.—Section 480(j) (20 U.S.C. 1087vv(j)) is amended—

(1) in the subsection heading, by striking ''; TUITION PREPAYMENT PLANS'';

(2) by striking paragraph (2);

(3) by redesignating paragraph (3) as paragraph (2); and

(4) by adding at the end the following new paragraph:

''(3) Notwithstanding paragraph (1) and section 472, assistance not received under this title may be excluded from both estimated financial assistance and cost of attendance, if that assistance is provided by a State and is designated by such State to offset a specific component of the cost of attendance. If that assistance is excluded from either estimated financial assistance or cost of attendance, it shall be excluded from both.''.

SEC. 8021. GENERAL PROVISIONS.

(a) ACADEMIC YEAR.—Paragraph (2) of section 481(a) (20 U.S.C. 1088(a)) is amended to read as follows:

''(2)(A) For the purpose of any program under this title, the term 'academic year' shall—

''(i) require a minimum of 30 weeks of instructional time for a course of study that measures its program length in credit hours; or

''(ii) require a minimum of 26 weeks of instructional time for a course of study that measures its program length in clock hours; and

''(iii) require an undergraduate course of study to contain an amount of instructional time whereby a full-time student is expected to complete at least—

''(I) 24 semester or trimester hours or 36 quarter credit hours in a course of study that measures its program length in credit hours; or

''(II) 900 clock hours in a course of study that measures its program length in clock hours.

''(B) The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree.''.

(b) DISTANCE EDUCATION: ELIGIBLE PROGRAM.—Section 481(b) (20 U.S.C. 1088(b)) is amended by adding at the end the following new paragraphs:

''(3) An otherwise eligible program that is offered in whole or in part through telecommunications is eligible for the purposes of this title if the program is offered by an institution, other than a foreign institution, that has been evaluated and determined (before or after the date of enactment of the Higher Education Reconciliation Act of 2005) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—

''(A) is recognized by the Secretary under subpart 2 of part H; and

''(B) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3).

''(4) For purposes of this title, the term 'eligible program' includes an instructional program that, in lieu of credit hours or clock hours as the measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others, if such assessment is consistent with the accreditation of the institution or program utilizing the results of the assessment. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be an eligible program.''.

(c) CORRESPONDENCE COURSES.—Section 484(l)(1) (20 U.S.C. 1091(l)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''for a program of study of 1 year or longer''; and

(B) by striking ''unless the total'' and all that follows through ''courses at the institution''; and

(2) by amending subparagraph (B) to read as follows:

''(B) EXCEPTION.—Subparagraph (A) shall not apply to an institution or school described in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998.''.

SEC. 8022. STUDENT ELIGIBILITY.

(a) FRAUD: REPAYMENT REQUIRED.—Section 484(a) (20 U.S.C. 1091(a)) is amended—

(1) by striking the period at the end of paragraph (5) and inserting ''; and''; and

(2) by adding at the end the following new paragraph:

''(6) if the student has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, have completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud.''.

(b) VERIFICATION OF INCOME DATE.—Paragraph (1) of section 484(q) (20 U.S.C. 1091(q)) is amended to read as follows:

''(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the information specified in section 6103(l)(13) of the Internal Revenue Code of 1986 reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.''.

(c) SUSPENSION OF ELIGIBILITY FOR DRUG OFFENSES.—Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is amended by striking everything preceding the table and inserting the following:

''(1) IN GENERAL.—A student who is convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance for conduct that occurred during a period of enrollment for which the student was receiving any grant, loan, or work assistance under this title shall not be eligible to receive any grant, loan, or work assistance under this title from the date of that conviction for the period of time specified in the following table:''.

SEC. 8023. INSTITUTIONAL REFUNDS.

Section 484B (20 U.S.C. 1091b) is amended—

(1) in the matter preceding clause (i) of subsection (a)(2)(A), by striking ''a leave of'' and inserting ''1 or more leaves of'';

(2) in subsection (a)(3)(B)(ii), by inserting ''(as determined in accordance with subsection (d))'' after ''student has completed'';

(3) in subsection (a)(3)(C)(i), by striking ''grant or loan assistance under this title'' and inserting ''grant assistance under subparts 1 and 3 of part A, or loan assistance under parts B, D, and E,'';

(4) in subsection (a)(4), by amending subparagraph (A) to read as follows:

''(A) IN GENERAL.—After determining the eligibility of the student for a late disbursement or post-withdrawal disbursement (as required in regulations prescribed by the Secretary), the institution of higher education shall contact the borrower and obtain confirmation that the loan funds are still required by the borrower. In making such contact, the institution shall explain to the borrower the borrower's obligation to repay the funds following any such disbursement. The institution shall document in the borrower's file the result of such contact and the final determination made concerning such disbursement.'';

(5) in subsection (b)(1), by inserting ''not later than 45 days from the determination of withdrawal'' after ''return'';

(6) in subsection (b)(2), by amending subparagraph (C) to read as follows:

''(C) GRANT OVERPAYMENT REQUIREMENTS.—

''(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), a student shall only be required to return grant assistance in the amount (if any) by which—

''(I) the amount to be returned by the student (as determined under subparagraphs (A) and (B)), exceeds

''(II) 50 percent of the total grant assistance received by the student under this title for the payment period or period of enrollment.

''(ii) MINIMUM.—A student shall not be required to return amounts of $50 or less.'';

(7) in subsection (d), by striking ''(a)(3)(B)(i)'' and inserting ''(a)(3)(B)''; and

(8) in subsection (d)(2), by striking ''clock hours—'' and all that follows through the period and inserting ''clock hours scheduled to be completed by the student in that period as of the day the student withdrew.''.

SEC. 8024. COLLEGE ACCESS INITIATIVE.

Part G is further amended by inserting after section 485C (20 U.S.C. 1092c) the following new section:

''SEC. 485D. COLLEGE ACCESS INITIATIVE.

''(a) STATE-BY-STATE INFORMATION.—The Secretary shall direct each guaranty agency with which the Secretary has an agreement under section 428(c) to provide to the Secretary the information necessary for the development of Internet web links and access for students and families to a comprehensive listing of the postsecondary education opportunities, programs, publications, Internet web sites, and other services available in the States for which such agency serves as the designated guarantor.

''(b) GUARANTY AGENCY ACTIVITIES.—

''(1) PLAN AND ACTIVITY REQUIRED.—Each guaranty agency with which the Secretary has an agreement under section 428(c) shall develop a plan, and undertake the activity necessary, to gather the information required under subsection (a) and to make such information available to the public and to the Secretary in a form and manner as prescribed by the Secretary.

''(2) ACTIVITIES.—Each guaranty agency shall undertake such activities as are necessary to promote access to postsecondary education for students through providing information on college planning, career preparation, and paying for college. The guaranty agency shall publicize such information and coordinate such activities with other entities that either provide or distribute such information in the States for which such guaranty agency serves as the designated guarantor.

''(3) FUNDING.—The activities required by this section may be funded from the guaranty agency's Operating Fund established pursuant to section 422B and, to the extent funds remain, from earnings on the restricted account established pursuant to section 422(h)(4).

''(4) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require a guaranty agency to duplicate any efforts under way on the date of enactment of the Higher Education Reconciliation Act of 2005 that meet the requirements of this section.

''(c) ACCESS TO INFORMATION.—

''(1) SECRETARY'S RESPONSIBILITY.—The Secretary shall ensure the availability of the information provided, by the guaranty agencies in accordance with this section, to students, parents, and other interested individuals, through Internet web links or other methods prescribed by the Secretary.

''(2) GUARANTY AGENCY RESPONSIBILITY.—The guaranty agencies shall ensure that the information required by this section is available without charge in printed format for students and parents requesting such information.

''(3) PUBLICITY.—Not later than 270 days after the date of enactment of the Higher Education Reconciliation Act of 2005, the Secretary and guaranty agencies shall publicize the availability of the information required by this section, with special emphasis on ensuring that populations that are traditionally underrepresented in postsecondary education are made aware of the availability of such information.''.

SEC. 8026. WAGE GARNISHMENT REQUIREMENT.

Section 488A(a)(1) (20 U.S.C. 1095a(a)(1)) is amended by striking ''10 percent'' and inserting ''15 percent''.

Subtitle B—Pensions

SEC. 8201. INCREASES IN PBGC PREMIUMS.

(a) FLAT-RATE PREMIUMS.—

(1) SINGLE-EMPLOYER PLANS.—

(A) IN GENERAL.—Clause (i) of section 4006(a)(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended by striking ''$19'' and inserting ''$30''.

(B) ADJUSTMENT FOR INFLATION.—Section 4006(a)(3) of such Act (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F) For each plan year beginning in a calendar year after 2006, there shall be substituted for the premium rate specified in clause (i) of subparagraph (A) an amount equal to the greater of—

''(i) the product derived by multiplying the premium rate specified in clause (i) of subparagraph (A) by the ratio of—

''(I) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the first of the 2 calendar years preceding the calendar year in which such plan year begins, to

''(II) the national average wage index (as so defined) for 2004; and

''(ii) the premium rate in effect under clause (i) of subparagraph (A) for plan years beginning in the preceding calendar year.

If the amount determined under this subparagraph is not a multiple of $1, such product shall be rounded to the nearest multiple of $1.''.

(2) MULTIEMPLOYER PLANS.—

(A) IN GENERAL.—Section 4006(a)(3)(A) of such Act (29 U.S.C. 1306(a)(3)(A)) is amended—

(i) in clause (iii)—

(I) by inserting ''and before January 1, 2006,'' after ''Act of 1980,''; and

(II) by striking the period at the end and inserting '', or''; and

(ii) by adding at the end the following:

''(iv) in the case of a multiemployer plan, for plan years beginning after December 31, 2005, $8.00 for each individual who is a participant in such plan during the applicable plan year.''.

(B) ADJUSTMENT FOR INFLATION.—Section 4006(a)(3) of such Act (29 U.S.C. 1306(a)(3)), as amended by this subsection, is amended by adding at the end the following new subparagraph:

''(G) For each plan year beginning in a calendar year after 2006, there shall be substituted for the premium rate specified in clause (iv) of subparagraph (A) an amount equal to the greater of—

''(i) the product derived by multiplying the premium rate specified in clause (iv) of subparagraph (A) by the ratio of—

''(I) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the first of the 2 calendar years preceding the calendar year in which such plan year begins, to

''(II) the national average wage index (as so defined) for 2004; and

''(ii) the premium rate in effect under clause (iv) of subparagraph (A) for plan years beginning in the preceding calendar year.

If the amount determined under this subparagraph is not a multiple of $1, such product shall be rounded to the nearest multiple of $1.''.

(b) PREMIUM RATE FOR CERTAIN TERMINATED SINGLE-EMPLOYER PLANS.—Subsection (a) of section 4006 of such Act (29 U.S.C. 1306) is amended by adding at the end the following:

''(7) PREMIUM RATE FOR CERTAIN TERMINATED SINGLE-EMPLOYER PLANS.—

''(A) IN GENERAL.—If there is a termination of a single-employer plan under clause (ii) or (iii) of section 4041(c)(2)(B) or section 4042, there shall be payable to the corporation, with respect to each applicable 12-month period, a premium at a rate equal to $1,250 multiplied by the number of individuals who were participants in the plan immediately before the termination date. Such premium shall be in addition to any other premium under this section.

''(B) SPECIAL RULE FOR PLANS TERMINATED IN BANKRUPTCY REORGANIZATION.—In the case of a single-employer plan terminated under section 4041(c)(2)(B)(ii) or under section 4042 during pendency of any bankruptcy reorganization proceeding under chapter 11 of title 11, United States Code, or under any similar law of a State or a political subdivision of a State (or a case described in section 4041(c)(2)(B)(i) filed by or against such person has been converted, as of such date, to such a case in which reorganization is sought), subparagraph (A) shall not apply to such plan until the date of the discharge or dismissal of such person in such case.

''(C) APPLICABLE 12-MONTH PERIOD.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'applicable 12-month period' means—

''(I) the 12-month period beginning with the first month following the month in which the termination date occurs, and

''(II) each of the first two 12-month periods immediately following the period described in subclause (I).

''(ii) PLANS TERMINATED IN BANKRUPTCY REORGANIZATION.—In any case in which the requirements of subparagraph (B)(i)(I) are met in connection with the termination of the plan with respect to 1 or more persons described in such subparagraph, the 12-month period described in clause (i)(I) shall be the 12-month period beginning with the first month following the month which includes the earliest date as of which each such person is discharged or dismissed in the case described in such clause in connection with such person.

''(D) COORDINATION WITH SECTION 4007.—

''(i) Notwithstanding section 4007—

''(I) premiums under this paragraph shall be due within 30 days after the beginning of any applicable 12-month period, and

''(II) the designated payor shall be the person who is the contributing sponsor as of immediately before the termination date.

''(ii) The fifth sentence of section 4007(a) shall not apply in connection with premiums determined under this paragraph.

''(E) TERMINATION.—Subparagraph (A) shall not apply with respect to any plan terminated after December 31, 2010.''.

(c) CONFORMING AMENDMENT.—Section 4006(a)(3)(B) of such Act (29 U.S.C. 1306(a)(3)(B)) is amended by striking ''subparagraph (A)(iii)'' and inserting ''clause (iii) or (iv) of subparagraph (A)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to plan years beginning after December 31, 2005.

(2) PREMIUM RATE FOR CERTAIN TERMINATED SINGLE-EMPLOYER PLANS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment made by subsection (b) shall apply to plans terminated after December 31, 2005.

(B) SPECIAL RULE FOR PLANS TERMINATED IN BANKRUPTCY.—The amendment made by subsection (b) shall not apply to a termination of a single-employer plan that is terminated during the pendency of any bankruptcy reorganization proceeding under chapter 11 of title 11, United States Code (or under any similar law of a State or political subdivision of a State), if the proceeding is pursuant to a bankruptcy filing occurring before October 18, 2005.

TITLE IX—LIHEAP PROVISIONS

SECTION 9001. FUNDING AVAILABILITY.

(a) IN GENERAL.—In addition to amounts otherwise made available, there are appropriated, out of any money in the Treasury not otherwise appropriated, to the Secretary of Health and Human Services for a 1-time only obligation and expenditure—

(1) $250,000,000 for fiscal year 2007 for allocation under section 2604(a) through (d) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(a) through (d)); and

(2) $750,000,000 for fiscal year 2007 for allocation under section 2604(e) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(e)).

(b) SUNSET.—The provisions of this section shall terminate, be null and void, and have no force and effect whatsoever after September 30, 2007. No monies provided for under this section shall be available after such date.

TITLE X—JUDICIARY RELATED PROVISIONS

Subtitle A—Civil Filing Adjustments

SEC. 10001. CIVIL CASE FILING FEE INCREASES.

(a) CIVIL ACTIONS FILED IN DISTRICT COURTS.—Section 1914(a) of title 28, United States Code, is amended by striking ''$250'' and inserting ''$350''.

(b) APPEALS FILED IN COURTS OF APPEALS.—The $250 fee for docketing a case on appeal or review, or docketing any other proceeding, in a court of appeals, as prescribed by the Judicial Conference, effective as of January 1, 2005, under section 1913 of title 28, United States Code, shall be increased to $450.

(c) EXPENDITURE LIMITATION.—Incremental amounts collected by reason of the enactment of this section shall be deposited in a special fund in the Treasury to be established after the enactment of this Act. Such amounts shall be available for the purposes specified in section 1931(a) of title 28, United States Code, but only to the extent specifically appropriated by an Act of Congress enacted after the enactment of this Act.

(d) EFFECTIVE DATE.—This section and the amendment made by this section shall take effect 60 days after the date of the enactment of this Act.

Subtitle B—Bankruptcy Fees

SEC. 10002. BANKRUPTCY FEES.

(a) BANKRUPTCY FILING FEES.—Section 1930(a) of title 28, United States Code, is amended—

(1) in paragraph (1)—

(A) in subparagraph (A) by striking ''$220'' and inserting ''$245''; and

(B) in subparagraph (B) by striking ''$150'' and inserting ''$235''; and

(2) in paragraph (2) by striking ''$1,000'' and inserting ''$2,750''.

(b) EXPENDITURE LIMITATION.—Incremental amounts collected by reason of the amendments made by subsection (a) shall be deposited in a special fund in the Treasury to be established after the enactment of this Act. Such amounts shall be available for the purposes specified in section 1931(a) of title 28, United States Code, but only to the extent specifically appropriated by an Act of Congress enacted after the enactment of this Act.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect 60 days after the date of the enactment of this Act.

And the House agree to the same.

For consideration of the Senate bill, and the House amendment thereto, and modifications committed to conference:

JIM NUSSLE,
JIM RYUN,
ANDER CRENSHAW,
ADAM PUTNAM,
ROGER F. WICKER,
KENNY C. HULSHOF,
PAUL RYAN,
ROY BLUNT,
TOM DELAY,

From the Committee on Agriculture, for consideration of title I of the Senate bill and title I of the House amendment, and modifications committed to conference:

BOB GOODLATTE,
FRANK D. LUCAS,

From the Committee on Education and the Workforce, for consideration of title VII of the Senate bill and title II and subtitle C of title III of the House amendment, and modifications committed to conference:

JOHN BOEHNER,
HOWARD P. MCKEON,

From the Committee on Energy and Commerce, for consideration of title III and title VI of the Senate bill and title III of the House amendment, and modifications committed to conference:

JOE BARTON,
NATHAN DEAL,

From the Committee on Financial Services, for consideration of title II of the Senate bill and title IV of the House amendment, and modifications committed to conference:

MICHAEL G. OXLEY,
SPENCER BAUCUS,
(Provided that Mr. Ney is appointed in lieu of Mr. Bachus for consideration of subtitles C and D of title II of the Senate bill and subtitle B of title IV of the House amendment:)

From the Committee on the Judiciary, for consideration of title VII of the senate bill and title V of the House amendment, and modifications committed to conference:

F. JAMES SENSENBRENNER, Jr.,
LAMAR SMITH,

From the Committee on Resources, for consideration of title IV of the Senate bill and title VI of the House amendment, and modifications committed to conference:

RICHARD POMBO,
JIM GIBBONS,

From the Committee on Transportation and Infrastructure, for consideration of title V and division A of the Senate bill and title VII of the House amendment, and modifications committed to conference:

DON YOUNG,
FRANK LOBIONDO,

From the Committee on Ways and Means, for consideration of sections 6039, 6071, and subtitle B of title VI of the Senate bill and title VIII of the House amendment, and modifications committed to conference:

WILLIAM THOMAS,
WALLY HERGER,
Managers on the Part of the House.

JUDD GREGG,
PETE DOMENICI,
CHUCK GRASSLEY,
MICHAEL B. ENZI,
WAYNE ALLARD,
JEFF SESSIONS,
TED STEVENS,
RICHARD SHELBY,
ARLEN SPECTER,
SAXBY CHAMBLISS,
MITCH MCCONNELL,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1932), to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95), submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck all of the Senate bill after the enacting clause and inserted a substitute text:

The Senate recedes from its disagreement to the amendment of the House with an amendment that is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The managers representing authorizing committees submitted separate joint statements explaining the provisions within their respective jurisdictions: Committee on Agriculture, Committee on Education and the Workforce, Committee on Energy and Commerce, Committee on Financial Services, Committee on Transportation and Infrastructure, Committee on Ways and Means.

TITLE I—COMMITTEE ON AGRICULTURE

(1) Short title

The Senate bill cites this Title as the ''Agricultural Reconciliation Act of 2005.'' (Section 1001)

The House amendment cites this Title as the ''Agricultural Reconciliation Act of 2005'' and contains a table of contents. (Section 1001)

The Conference substitute adopts the Senate provision.

Subtitle A—Commodity Programs

(2) Reduction of commodity program payments

The Senate bill adds a new section to Title I of the Farm Security and Rural Investment Act to reauthorize direct payments, counter-cyclical payments and marketing assistance loans through 2011 and reduce these program payments 2.5 percent for crop years 2006 through 2010. It also reduces by 2.5 percent payments to dairy producers pursuant to section 1502 of the Farm Security and Rural Investment Act (known as ''MILC'') during the period of October 1, 2005, through September 30, 2007. The reauthorization does not include 1104(f) and 1304(g) which specify the times at which the Secretary is required to make partial counter-cyclical payments. It also does not include section 1307(a)(6) which requires the Secretary to pay storage, handling, and other costs for peanut crops. Further, the Senate bill extends the period during which the prevailing world market price for upland cotton must be further adjusted to July 31, 2012, and extends the extra long staple competitiveness program through July 31, 2012. (Section 1101)

The House amendment amends section 1103 of the Farm Security and Rural Investment Act to reduce the total amount of direct payments to be paid to producers of covered commodities by 1 percent for crop years 2006 and 2007, and for crop years 2008 and 2009 if direct payments are made in these years. The House amendment also amends section 1303 of the Farm Security and Rural Investment Act to reduce the total amount of the direct payments to be paid to producers of peanuts by 1 percent for crop years 2006 and 2007, and for crop years 2008 and 2009 if direct payments are made in these years. (Section 1101)

The Conference substitute adopts neither provision.

(3) Forfeiture penalty for nonrecourse sugar loans

The Senate bill amends the Federal Agriculture Improvement and Reform (FAIR) Act of 1996 to require that a penalty be assessed on the forfeiture of any sugar from the 2006 through 2010 crops of sugar beets and sugarcane pledged as collateral for a nonrecourse loan. It provides that the penalty is 1.2 percent of the loan rate established under section 156 of the FAIR Act. Further, it reduces payments owed to a producer by a processor that forfeits sugar pledged as collateral in proportion to the penalty incurred by the processor. (Section 1102)

The House amendment has no comparable provision.

The Conference substitute deletes the Senate provision.

(4) Cotton competitiveness provisions

The Senate bill amends the Farm Security and Rural Investment Act to eliminate authority for the establishment of the upland cotton user marketing certificate program known as ''Step 2.'' It also repeals section 136 of the Federal Agriculture Improvement and Reform Act of 1996 which has duplicate language for the establishment of Step 2. Further, it provides that the above amendments take effect on August 1, 2006. (Section 1103)

The House amendment has identical language. (Section 1103)

The Conference substitute adopts the Senate provision with an amendment that eliminates the language repealing section 136 of the Federal Agriculture Improvement and Reform Act of 1996.

(5) National dairy market loss payments

The Senate bill amends the MILC Program (section 1502 of the Farm Security and Rural Investment Act) by extending until September 30, 2007, the period during which the Secretary must offer to enter into contracts with producers. It also includes a new provision that decreases the multiplier used to calculate payments from 45 percent to 34 percent during the period of October 1, 2005, through September 30, 2007. In addition it extends until September 30, 2007, the period during which eligible production must be covered in any contract entered into by a producer. It also strikes section 1502(h) of the Farm Security and Rural Investment Act and strikes an obsolete reference to section 1502. (Section 1104)

The House amendment has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that will decrease the multiplier used to calculate payments from 45 percent to 34 percent during the period from October 1, 2005, through August 31, 2007, and from 34 percent to 0 percent after September 1, 2007.

(6) Advance direct payments

The Senate bill reduces the direct payment amounts that producers are eligible to receive in advance for the 2006 through 2011 crop years. It gives producers the option of receiving up to 40 percent of their direct payments in advance for the 2006 crop year and up to 20 percent of their direct payments in advance for any of the 2007 through 2011 crop years.

The Senate bill provides for a corresponding reduction in the direct payment amount that peanut producers may receive in advance for any of the 2006 through 2011 crop years. It gives peanut producers the option of receiving up to 40 percent of their direct payments in advance for the 2006 crop year and up to 29 percent of their direct payments in advance for any of the 2007 through 2011 crop years. (Section 1105)

The House amendment reduces the direct payment amounts that producers are eligible to receive in advance for the 2006 and 2007 crop years. It gives producers the option of receiving up to 40 percent of their direct payments in advance for the 2006 and 2007 crop years.

The House amendment provides for a corresponding reduction in the direct payment amounts that producers of peanuts are eligible to receive in advance for the 2006 and 2007 crop years. It gives peanut producers the option of receiving up to 40 percent of their direct payments in advance for the 2006 and 2007 crop years. (Section 1102)

The Conference substitute adopts the House provision with an amendment that reduces the direct payment amounts that producers are eligible to receive in advance from 50 percent to 40 percent for the 2006 crop year and to 22 percent for the 2007 crop year. Advance direct payments to peanut producers are reduced in an identical fashion.

Subtitle B—Conservation

(7) Conservation reserve program

The Senate bill extends the Conservation Reserve Program (CRP) through 2011. It decreases the amount of acres that the Secretary is authorized to maintain in the conservation reserve program to 36.4 million acres through calendar year 2010, and 38.3 million acres in 2011. It extends the period during which the Secretary may enroll acres, and it extends the requirement to enroll wetland and buffer acreage in reserve through 2011.

It also requires the Secretary, in implementing the amendments made by this section, to achieve the new maximum acreage enrollment limit not later than 2 years after the date of enactment of the bill without affecting conservation reserve existing contracts. (Section 1201)

The House amendment has no comparable provision.

The Conference substitute deletes the Senate provision.

(8) Conservation security program

The Senate bill extends the authorization for the Conservation Security Program (CSP) through 2011. It strikes the current limitation on funding and inserts a new limitation with two restraints. The new limits are $1,954,000,000 for fiscal years 2006 through 2010 and $5,200,000,000 for fiscal years 2006 through 2015. (Section 1202).

The House amendment extends the authorization for the Conservation Security Program through 2011, strikes the current limitation on funding and inserts a new limitation with two restraints. The new limits are $2,213,000,000 for fiscal years 2006 through 2010 and $5,729,000,000 for fiscal years 2006 through 2015. (Section 1202)

The Conference substitute adopts the Senate provision with an amendment that provides for a limit of $5,650,000,000 for fiscal years 2006 through 2015.

(9) Environmental quality incentives program

The Senate bill extends the authorization for the Environmental Quality Incentives Program (EQIP) through 2011, and extends the aggregate payment limit for all EQIP payments through 2011. It also amends the funding provisions to provide: $1,017,000,000 for fiscal year 2005; $1,185,000,000 for fiscal year 2006; $1,270,000,000 for fiscal year 2007 through 2010; and $1,300,000,000 for fiscal year 2011. (Section 1203)

The House amendment has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that provides for $1,270,000,000 in each of fiscal years 2007 and 2009 and $1,300,000,000 in fiscal year 2010, limits payments under this program to $450,000 during any six-year period, and extends the authorization for EQIP through fiscal year 2010.

(10) Limitation on use of Commodity Credit Corporation funds to carry out watershed rehabilitation program

The Senate bill has no comparable provision.

The House amendment removes the requirement that funds for the watershed rehabilitation program remain available to the Secretary until expended. It reduces funding for the watershed rehabilitation program by $15 million in fiscal year 2007, and it rescinds funds that are previously made available and are unobligated as of September 30, 2006. (Section 1201)

The Conference substitute adopts the House provision with an amendment that cancels the authority to obligate funds previously made available for a fiscal year and unobligated as of October 1, 2006, but permits funding to remain available until expended and maintains funding at $65,000,000 for fiscal year 2007.

(11) Limitation on use of Commodity Credit Corporation funds to carry out the agricultural management assistance program

The Senate bill has no comparable provision.

The House amendment eliminates funding for the agricultural management assistance program in 2007. (Section 1203)

The Conference substitute deletes the House provision.

Subtitle C—Miscellaneous (Senate Bill)

Subtitle E—Research (House Amendment)

(12) Initiative for future agriculture and food systems

The Senate bill reduces the amount of funds the Secretary is required to transfer on October 1, 2005, to $104 million and on October 1, 2006 through 2009 to $130 million. It provides $200,000,000 of funding in 2010 and in subsequent fiscal years, and provides that the amendments take effect on October 1, 2005. (Section 1301)

The House amendment eliminates funding for the Initiative for Future Agriculture and Food Systems in fiscal years 2007, 2008, and 2009. It provides $200,000,000 of funding in 2010 and in subsequent fiscal years, and limits availability of fiscal year 2006 funds to the one year period beginning on October 1, 2005, while maintaining the two-year period of availability for funds made available in other fiscal years. (Section 1501)

The Conference substitute adopts the House provision.

Subtitle C—Energy

(13) Termination of use of commodity credit funds to carry out renewable energy systems and energy efficiency improvement program

The Senate bill has no comparable provision.

The House amendment eliminates the requirement that the Secretary make funding available for loans and grants under the renewable energy systems and energy efficiency improvements program. (Section 1301)

The Conference substitute adopts the House provision with an amendment that maintains $3,000,000 of funding for this program in fiscal year 2007.

Subtitle D—Rural Development

(14) Enhanced access to broadband telecommunication services in rural areas

The Senate bill has no comparable provision.

The House amendment eliminates the requirement that the Secretary provide loans for enhanced broadband access in fiscal year 2007, prohibits funding for this program from remaining available until expended, and rescinds all funding that is available and unobligated as of September 30, 2006. (Section 1401)

The Conference substitute adopts the House provision with an amendment that cancels funding previously made available for a fiscal year and unobligated as of October 1, 2006, but permits funding to remain available until expended and maintains the funding for fiscal year 2007.

(15) Value-added agricultural product market development grants

The Senate bill has no comparable provision.

The House amendment eliminates funding for value-added agricultural product grants in fiscal year 2007, prohibits funding for this program from remaining available until expended, and rescinds all funding that is available and unobligated as of September 30, 2006. (Section 1402)

The Conference substitute adopts the House provision with an amendment that cancels funding previously made available for a fiscal year and unobligated as of October 1, 2006, but permits funding to remain available until expended and maintains the funding for fiscal year 2007.

(16) Rural business investment program

The Senate bill has no comparable provision.

The House amendment eliminates funding for the rural business investment program in fiscal year 2007, prohibits funding for this program from remaining available until expended, and rescinds all funding that is available and unobligated as of September 30, 2006. (Section 1403).

The Conference substitute adopts the House provision with an amendment that eliminates funding in fiscal year 2007 and rescinds all funding that is available and unobligated as of October 1, 2006, but permits funding to remain available until expended.

(17) Rural business strategic investment grants

Senate bill has no comparable provision.

The House amendment eliminates funding for rural business strategic investment grants in fiscal year 2007 and rescinds all funding that is available and unobligated as of September 30, 2006. (Section 1404)

The Conference substitute adopts the House provision with an amendment that cancels funding previously made for a fiscal year and unobligated as of October 1, 2006, but maintains the funding for fiscal year 2007.

(18) Rural firefighters and emergency personnel grants

The Senate bill has no comparable provision.

The House amendment eliminates funding for rural firefighter and emergency personnel grants in fiscal year 2007, prohibits funding for this program from remaining available until expended, and rescinds all

funding that is available and unobligated as of September 30, 2006. (Section 1405).

The Conference substitute adopts the House provision with an amendment that permits funding to remain available until expended, but eliminates funding in fiscal year 2007, and rescinds all funding that is available and unobligated as of October 1, 2006.

Subtitle F—Nutrition

(19) Eligible households

The Senate bill has no comparable provision.

The House amendment amends the Food Stamp Act to restrict categorical eligibility status, during fiscal years 2006 through 2010, to only those households in which each member receives cash benefits under the Temporary Assistance for Needy Families program (TANF). It provides an exception to the ''cash benefits'' rule for households in which each member receives substantial and ongoing non-cash benefits under TANF. It further provides that such non-cash benefits must be provided for purposes of shelter, utilities, child care, health care, transportation, or job training, and it requires that such households must have a monthly income that does not exceed 150 percent of the poverty line.

The House amendment reauthorizes provisions in the Food Stamp Act through 2011 (except assistance for community food projects (section 25(b)) and innovative programs for addressing common community problems (section 25(h)). It also amends the eligibility categories for free school lunch and breakfast to provide a new eligibility category that will include a child who is a member of a household: (1) in which each member receives or is eligible to receive non-cash or in-kind benefits under TANF; and (2) that has a gross monthly income at or below 200 percent of the Federal poverty level. (Section 1601)

The Conference substitute deletes the House provision.

(20) Availability of commodities for the emergency food assistance program

The Senate bill has no comparable provision.

The House amendment reauthorizes the purchase of $140,000,000 worth of commodities per year for the Emergency Food Assistance Program through 2011, and it authorizes the purchase of an additional $12,000,000 worth of commodities in 2006 to be distributed to States affected by Hurricanes Katrina and Rita. (Section 1602)

The Conference substitute deletes the House provision.

(21) Residency requirement

The Senate bill has no comparable provision.

The House amendment amends the Personal Responsibility and Work Opportunity Reconciliation Act to require that, until fiscal year 2010, non-citizens must reside in the U.S. for 7 years or more before becoming eligible for food stamp benefits. It provides an exemption, however, for aliens who currently receive food stamp benefits and who are 60 years of age or older or have petitioned for naturalization as a U.S. citizen. It also provides that on October 1, 2010, these provisions will expire. (Section 1603)

The Conference substitute deletes the House provision.

(22) Disaster food stamp program

The Senate bill has no comparable provision.

The House amendment authorizes the Secretary of Agriculture to pay to state agencies 100 percent of the administrative costs incurred in the delivery of food stamp benefits under the disaster food stamp program initiated in response to Hurricanes Katrina and Rita (Section 1604)

The Conference substitute deletes the House provision.

TITLE II—SENATE COMMITTEE ON BANKING AND HOUSE COMMITTEE ON FINANCIAL SERVICES

Subtitle A—FHA Asset Disposition

SUMMARY OF FHA RECONCILIATION LANGUAGE (DECEMBER 15, 2005)

The House Financial Services and Senate Banking Committees approved reconciliation language that will make several FHA multifamily authorities subject to appropriations. This move to discretionary spending will enable the Administration and Congress to set the level of activity for these FHA authorities and better control their use. This legislation authorizes $100 million to be appropriated for fiscal year 2006 to make these reforms.

Bill Summary

Originally proposed in the President's budget, the FHA Asset Disposition Act of 2005 will make several FHA multifamily authorities subject to appropriations, including (1) discount property sales; (2) discount loan sales; and (3) up-front grant assistance.

The Congressional Budget Office estimate of total savings in outlays are as follows (in millions):

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total
$30	$60	$60	$60	$60	$270

The savings from this proposal, taken together with Deposit Insurance Reform, constitute the reconciliation recommendations of the House Financial Services and Senate Banking Committees. Together the proposals will save an estimated $520 million over fiscal years 2006–10, with $30 million in fiscal 2006. This amount is the savings target for these committees contemplated in the budget resolution.

Background

Since 1934, FHA and HUD have insured almost 33 million home mortgages and multifamily project mortgages. Within HUD, FHA provides mortgage insurance to lenders to protect against losses as a result of borrower default. Currently, FHA has the authority to sell, at below-market rates, properties taken over by the agency because of mortgage defaults. FHA also has the authority to sell discount loans. This legislation will make these mandatory authorities discretionary and subject to appropriations. Additionally, FHA can provide up-front grants to rehabilitate dilapidated multifamily properties. Funding for the grants currently comes from the General Insurance Fund, which collects money from premiums and servicing of insured mortgages. The amount spent on the grants is left to the discretion of FHA. Under this legislation, funding for these grants will no longer be drawn from the General Insurance Fund and would be subject to appropriations. Finally, this proposal is effective during fiscal years 2006 through 2010.

Subtitle B—Deposit Insurance

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 2101. Short title; table of contents

This section establishes the short title of the subtitle, the 'Federal Deposit Insurance Reform Act of 2005,' and provides a table of contents.

Section 2102. Merging the BIF and SAIF

This section amends provisions of the Federal Deposit Insurance Act to merge the Bank Insurance Fund and the Savings Association Insurance Fund no later than the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

Section 2103. Increase in deposit insurance coverage

This section provides for an inflation index for general depositors and a higher level of deposit insurance coverage for certain individual retirement accounts. Credit unions are provided with complete parity in coverage with other insured depository institutions.

The section also retains the $100,000 deposit insurance limit on accounts at insured depository institutions, to be known as the ''standard maximum deposit insurance amount,'' subject to future cost of living adjustments.

Beginning April 1, 2010, and every succeeding five years, the Board of Directors of the FDIC and the National Credit Union Administration Board shall jointly determine whether an increase in the standard maximum deposit insurance is appropriate after considering certain factors. If appropriate, the new standard maximum deposit insurance limit would be increased by a cost of living adjustment. This adjustment would be calculated according to the Personal Consumption Expenditures Chain-Type Index (PCE) published by the Department of Commerce and rounded down to the nearest $10,000. The FDIC and National Credit Union Administration (NCUA) Boards of Directors are required to publish the new standard maximum deposit insurance amount in the Federal Register and provide a corresponding report to Congress by April 5, 2010, and April 5 of every succeeding fifth year. The approved adjustment in the standard maximum deposit insurance amount would automatically occur unless a Congressional act provides otherwise and would take effect on January 1 of the year immediately succeeding the calendar year in which the new amount is calculated.

The section also provides pass-through coverage to certain employee benefit plans, even if the institution is not authorized to accept employee benefit plan deposits because it is not well-capitalized or adequately capitalized.

The section also increases the deposit insurance limit for certain retirement accounts to $250,000, also subject to future cost-of-living adjustments.

Section 2104. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance

This section allows the FDIC Board to set assessments in such amounts as it may determine to be necessary or appropriate. This provision also eliminates the existing restrictions on the FDIC's authority to levy assessments on any institution above amounts needed to achieve and maintain the existing DRR of 1.25 percent. The minimum statutory rate (23 basis point cliff rate) applicable in certain circumstances is eliminated.

This section also provides that under the FDIC's risk-based assessment system, no depository institution shall be barred from the lowest-risk category solely because of size.

The section also requires insured depository institutions to maintain all records that the FDIC may require for verifying the accuracy of any assessment for 3 years or, in the case of disputed assessments, until the dispute has been resolved, and increases the fees that the FDIC can impose for late payments of premium assessments from $100 to 1 percent of assessments per day, for institutions with assessments greater than $10,000. Institutions with assessments lower than $10,000 would face a maximum penalty of $100 for each day they were delinquent in paying their premium assessments.

The bill repeals a number of provisions requiring the FDIC to set premiums on a semi-annual basis, replacing them with a provision granting the FDIC greater flexibility in the timing of those evaluations.

Section 2105. Replacement of fixed designated reserve ratio with reserve range

This section eliminates the current 1.25 percent 'hard target' DRR and provides the FDIC Board with the discretion to set the DRR within a range of 1.15 to 1.50 percent for any given year, using the following criteria as a basis for making these determinations: (1) present and future risk of losses to the deposit insurance fund; (2) economic conditions; and (3) any other factors the Board may determine to be appropriate.

In designating the reserve ratio, the FDIC must follow notice-and-comment rulemaking procedures, and is required to publish a thorough analysis of the data and projections if it proposes to change the DRR.

Section 2106. Requirements applicable to the risk-based assessment system

This section directs the FDIC to collect information from all appropriate sources in determining risk of losses to the DIF. This provision does not authorize the FDIC to impose additional recordkeeping requirements on insured depository institutions.

The FDIC is required to consult with the appropriate Federal banking agency in assessing the risk of loss to the DIF with respect to any insured depository institution. This risk of loss evaluation may be done on an aggregate basis for institutions that are determined to be well-capitalized and well-managed.

The FDIC is also required to provide notice and opportunity for comment prior to revising or modifying the risk-based assessment system.

Section 2107. Refunds, dividends, and credits from Deposit Insurance Fund

This section provides for refunds or credits of any assessment payment that was made by an insured depository institution in excess of the amount due the FDIC.

The section specifies two circumstances under which the FDIC is required to pay dividends to insured depository institutions: (1) whenever the reserve ratio of the DIF equals or exceeds 1.35 percent of estimated insured deposits and is less than or equal to 1.5 percent of such deposits, the FDIC is required to pay dividends equal to 50 percent of the amount in excess of what is required to maintain the reserve ratio at 1.35 percent unless the FDIC determines that a significant risk of losses to the DIF exists and such losses justify the growth of the reserve ratio; and (2) whenever the reserve ratio of the DIF exceeds 1.5 percent of estimated insured deposits, the FDIC is required to pay dividends in the amount of the excess of what is necessary to maintain the ratio at 1.5 percent.

The section also provides for a transitional credit of 10.5 basis points of the total assessment base as of December 31, 2001 (or about $4.7 billion) to eligible insured depository institutions based on their respective percentage of total industry assessable deposits held as of December 31, 1996. Eligible insured depository institutions had to be in existence at December 31, 1996, or be a successor to such an institution, and to have paid a deposit insurance assessment prior to that date.

For purposes of allocating dividends, the FDIC is required to determine each insured depository institution's relative contribution to the DIF (or any predecessor deposit insurance fund), taking into account the institution's share of the assessment base as of December 31, 1996; the total amount of deposit insurance assessments paid by the institution after December 31, 1996; that portion of assessments paid by an institution that reflects higher levels of risk assumed by the institution; and such other factors as the FDIC deems appropriate. The FDIC's calculation, declaration and payment of dividends are made subject to notice-and-comment rulemaking.

For any insured depository institution that exhibits financial, operational or compliance weaknesses ranging from moderately severe to unsatisfactory at the beginning of the assessment period, credits may not exceed the amount calculated by applying to that institution the average assessment rate on all insured depository institutions for that assessment period.

In promulgating regulations establishing a system for dividends and credits, the FDIC is required to include provisions allowing insured depository institutions a reasonable opportunity to challenge administratively the amount of their dividends or credits.

In determining the appropriate distribution of dividends, the FDIC must weigh a number of factors in its rulemaking process. The calculation should recognize past contributions to the deposit insurance funds by incorporating the ratio determined for an institution in the calculation of the institution's one-time credit based on total assessment base at year-end 1996, as well as the actual assessments paid since that time. In establishing the dividend system, the FDIC should also take into account and make adjustments that reflect the higher risk profiles of some institutions so that they are not rewarded for riskier behavior. The FDIC is given the discretion to incorporate additional factors, through the rulemaking process, as it deems appropriate.

Section 2108. Deposit Insurance Fund restoration plans

Whenever the reserve ratio falls or is projected to fall below the low end of the range within which the FDIC is authorized to set the DRR, the FDIC is required, within 90 days, to establish and implement a plan for restoring the DIF to that level within five years or a longer period in extraordinary circumstances. While such a restoration plan is in effect, the FDIC has the authority to restrict the use of assessment credits by insured depository institutions, but is required to apply to an institution's assessment an amount that is the lesser of the institution's assessment or 3 basis points of an institution's assessment base. The FDIC must publish the details of its restoration plan in the Federal Register within 30 days of its implementation.

Section 2109. Regulations required

This section provides that the FDIC has 270 days after the date of enactment to prescribe final regulations, after notice and opportunity for public comment, establishing the DRR, implementing increases in deposit insurance coverage, implementing the dividend requirement and the one-time assessment credit, and providing for premium assessments under the amended Act.

Section 2010. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system

This section provides that within one year of enactment, reports must be submitted to Congress on the following issues:

(1) The efficiency and effectiveness of the administration of the prompt corrective action (PCA) program, including the degree of effectiveness of the Federal banking agencies in identifying troubled depository institutions and the degree of accuracy of the risk assessments made by the FDIC;

(2) The appropriateness of the FDIC's organizational structure for the mission of the FDIC, to take into account the current size and complexity of the business of insured depository institutions; the extent to which the organizational structure contributes to or reduces operational inefficiencies that increase operational costs; and the effectiveness of internal controls;

(3) The feasibility of establishing a voluntary deposit insurance system for deposits in excess of the maximum amount of deposit insurance for any depositor;

(4) The feasibility of increasing the limit on deposit insurance for deposits of municipalities and other units of general local government;

(5) The feasibility of privatizing all deposit insurance at insured depository institutions and insured credit unions; and,

(6) The feasibility of using an alternative to estimated insured deposits in calculating the DIF's reserve ratio and the DRR.

(7) The section directs the FDIC to conduct a study of the reserve methodology and loss accounting for insured depository institutions in a troubled condition over the period January 1, 1992 through December 31, 2004, and report its findings and conclusions to Congress within one year of the date of enactment. The FDIC is required to obtain comments on the design of this study from the Government Accountability Office (GAO), and to provide a draft of the final report to GAO prior to its submission to Congress.

(8) The section directs the Comptroller General to report to the Committee on Financial Services of the House and the Committee on Banking, Housing, and Urban Affairs in the Senate, the potential impact on the United States financial system, the implementation of the new Basel Capital Accord and the proposed revisions to current reserve requirement regulations for non-Basel II banks.

Section 2111. Bi-annual FDIC survey and report on increasing the deposit base by encouraging use of depository institutions by the unbanked

This section requires the FDIC to conduct a bi-annual survey on efforts by insured depository institutions to bring the 'unbanked' into the conventional finance system, and report its findings and conclusions to the House Committee on Financial Services and the Senate Committee on Banking, Housing and Urban Affairs, together with any recommendations for legislative or administrative action.

Section 2112. Technical and Conforming Amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF

This section makes numerous amendments to ensure the technical conformity of the Federal Deposit Insurance Reform Act to various provisions in the Federal Deposit Insurance Act and other banking laws, to include the authority of the DIF to borrow from insured depository institutions and the Federal Home Loan Banks.

In particular, this section repeals section 5(d)(2) of the Federal Deposit Insurance Act, dealing with exit fees collected from institutions leaving the Savings Association Insurance Fund (SAIF). These funds will be returned to the DIF upon the repeal of this provision.

Section 2113. Other Technical and Conforming Amendments relating to the merger of the BIF and SAIF

This section ensures the technical conformity of the Federal Deposit Insurance Reform Act to various provisions in the Federal Deposit Insurance Act and other banking laws.

The managers on the part of the House and Senate at the conference on the disagreeing

votes of the two Houses on the amendment of the Senate to bill (S. 1932), to expedite the digital television (DTV) transition while helping consumers to continue to use their analog televisions, to free spectrum for public safety and commercial use, to improve emergency communications, to provide resources for the design and deployment of a temporary digital television broadcast system for New York City in response to the destruction of the World Trade Center during the terrorist attacks of September 11, 2001, and to ensure continued air service to rural communities through the Essential Air Service program and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

CONGRESSIONAL DIRECTIVES

The statement of the managers remains silent on provisions that were in both the House and Senate bills that remain unchanged by this conference agreement, except as noted in this statement of the managers.

The conferees agree that executive branch wishes cannot substitute for Congress' own statements as to the best evidence of congressional intentions—that is, the official reports of the Congress.

TITLE III—DIGITAL TELEVISION TRANSITION

Section 3001. Short title

Section 3001 would provide that this Title may be cited as the ''Digital Television Transition and Public Safety Act of 2005.''

Sec. 3002. Analog spectrum recovery; firm deadline

Section 3002 directs the Federal Communication Commission (FCC) to take all steps necessary to require, by February 18, 2009, that full-power television stations stop analog broadcasting, and that Class A stations, whether broadcasting in analog or digital format, and full-power television stations broadcasting in digital format, conduct such broadcasting on channels 2 to 36 and 38 to 51. This enables channels 52 to 62 and 65 to 67 to be auctioned, and channels 63, 64, 68, and 69 to be used for public-safety purposes. Among the necessary steps the FCC will need to take are to issue a report and order on the digital television table of channel allotments, and to coordinate those allotments with Canada and Mexico to resolve any international interference issues.

Section 3002 also clarifies that only full-power stations, not low-power stations, must cease analog broadcasting by February 18, 2009. Low-power stations, including Class A stations, may continue broadcasting in analog format after February 18, 2009, subject to future decisions by the FCC on how to complete the digital television transition for such stations. Low-power stations other than Class A stations may also continue such analog broadcasting above channel 51, subject to future FCC decisions, so long as those stations' use of those channels is secondary to the use of those channels by the auction winners and public safety officials.

Section 3003. Auction of recovered spectrum

Section 3003 would amend the Communications Act of 1934 to require the FCC to conduct an auction of the recovered spectrum commencing by January 28, 2008. The FCC's auction authority would be extended through September 30, 2011.

Sec. 3004. Reservation of auction proceeds

This provision requires that the proceeds from the auction of analog spectrum be deposited in a single separate fund in the Treasury, to be called the ''Digital Television Transition and Public Safety Fund,'' in order to fund several programs. On September 30, 2009, $7,363,000,000 shall be transferred from the Digital Television Transition and Public Safety Fund to the general fund of the Treasury.

Section 3005. Digital transition and public safety fund

To help consumers who wish to continue receiving broadcast programming over the air using analog-only televisions not connected to cable or satellite service, the bill authorizes the National Telecommunications and Information Administration (NTIA) to create a digital-to-analog converter box assistance program. Under the program, the NTIA is initially allocated up to $990 million of the spectrum auction revenues to send by U.S. mail up to two $40 coupons to each U.S. household that requests to participate in the program. Consumers may use the coupons toward the purchase of eligible digital-to-analog converter-boxes. Such boxes, and over-the-air digital televisions in general, can work with the antennas consumers already use in their homes for analog over-the-air broadcasts. The NTIA may use up to $100 million of the $990 million for administrative costs. Up to $5,000,000 of the administrative funds may be used to educate consumers about the digital television transition and the digital-to-analog converter-box program. If, as the program progresses, it appears the NTIA will need additional funds, the NTIA may certify to Congress that it cannot operate the program without more money, at which point the funds available for the program shall increase to $1.5 billion and the cap on administrative expenses shall increase to $160 million. The NTIA would be allowed access to the additional funds 60 days after the certification.

Even if NTIA spends $100 million on administrative costs, the remaining $890 million in converter-box program proceeds would fund 22,250,000 coupons. And each additional $40 the NTIA does not spend on administration is another coupon it can make available to consumers. Thus, the Managers expect in any NTIA certification to raise the caps that the NTIA explain in detail why access to additional funds is necessary, whether those funds are to be used for administrative costs or for the coupons themselves, and why the NTIA was unable to operate the program within the $990 million overall cap and $100 million administrative cap.

The Managers note that the February 17, 2009, firm deadline will have little impact on most television households. Only consumers relying on over-the-air broadcasts should need to participate in the converter-box program. Only 14.86 percent of U.S. television households relied exclusively on over-the-air transmission as of June 2004, according to the FCC. By contrast, the FCC reports that 92.3 million households, representing 85.14 percent, subscribed to a multichannel video programming distribution (MVPD) service, such as those offered by a cable or satellite operator.

The coupon structure of the program and requiring consumers to make affirmative requests for coupons takes into account that many consumers will neither need nor want a subsidized converter box. By contrast, if converter-boxes were made directly available at subsidized rates at stores, or coupons were automatically sent to every U.S. household, impulse participation by consumers who do not really need either a converter-box or a subsidy would cause the program to run out of funds before consumers who really do need a subsidized box avail themselves of the program.

The Managers expect NTIA to promulgate regulations within nine months of enactment governing: (1) the content and distribution of coupon request forms and coupons; (2) consumer redemption of, and retailer reimbursement for, the coupons; (3) the types of converter boxes that shall be eligible for purchase with a coupon; (4) certification, education, and auditing of retailers involved in the program; and (5) consumer and retailer appeals. The requirement to send the coupons through the U.S. mail is designed to help NTIA administer the two-coupon per household limit. That limit would be much more difficult to implement if the coupons themselves were distributed electronically or simply made available at government buildings such as post offices. The U.S. mail requirement is also intended to reduce fraud that might occur with electronically distributed coupons. The Managers expect NTIA to take additional measures to reduce fraud and abuse, such as including anti-counterfeit measures and perhaps unique serial numbers on the coupons. The Managers do expect NTIA to use the efficiencies of electronic media and networks, however, to make other aspects of the program more efficient, such as outreach efforts, the distribution of coupon request forms, and the reimbursement of retailers for coupons that consumers redeem. NTIA should also take measures to protect consumer privacy in the use of information provided in conjunction with participation in the program.

Sec. 3006. Public safety interoperable communications

Section 3006 provides funding in the amount of $1,000,000,000 to help ensure interoperability for our nation's first responders. In order to obtain a grant under this section, a public safety agency shall—(1) submit an application to the Assistant Secretary at such time, in such form, and containing or accompanied by such information and assurances as the Assistant Secretary shall require; (2) agree that, if awarded a grant, the public safety agency will submit annual reports to the Assistant Secretary for the duration of the grant award period with respect to—(A) the expenditure of grant funds; and (B) progress toward acquiring and deploying interoperable communications systems funded by the grant; and (3) agree to remit to the Assistant Secretary any grant funds that remain unexpended at the end of the 3-year period of the grant.

Grants under this section shall be awarded in the form of a single grant for a period of not more that 3 years. At the end of 3 years, any grant funds that remain unexpended should be remitted by the grantee to the Assistant Secretary, and, may be awarded to other eligible grant recipients. At the end of fiscal year 2010, any such re-awarded grant funds that remain unexpended shall be remitted by the grantee to the Assistant Secretary and may not be re-awarded to other grantees.

In order to ensure consistency amongst various federal interoperable communications grant programs, the Managers expect the Assistant Secretary, in consultation with the Secretary of the Department of Homeland Security, to administer the grant program in a manner consistent with the recommended guidance for public safety communications and interoperability grants established by the Office of Grant and Training of the Preparedness Directorate and the SAFECOM Program of the Office for Interoperability and Compatibility of the Science and Technology Directorate of the Department of Homeland Security. In addition, the Managers expect that the Assistant Secretary, in consultation with the Secretary of the Department of Homeland Security, will ensure that the grants awarded under this program are utilized by public safety agencies in a manner which is consistent with applicable state interoperable communications

plans, state and urban area homeland security strategies, and the National Preparedness Goal and accompanying guidance.

Moreover, in order to minimize the paperwork and administrative burden of public safety agencies applying for funds under this grant program, the Managers expect the Assistant Secretary, in consultation with the Secretary of the Department of Homeland Security, to enable a public safety agency to utilize, to the maximum extent practicable, the identical application such public safety agency may have submitted to the Department of Homeland Security for any interoperable communications funding from the Department of Homeland Security and to take any other steps to minimize the administrative burden of public safety agencies that may be applying both for funds under this grant program and funds for interoperable communications from the Department of Homeland Security.

The Managers intend that grants under this section may be used for the acquisition costs associated with designing an interoperable communications system so that the system is properly engineered based upon the topography, population density, or other characteristics of the area in which the system will operate. The Managers note that there is a diverse array of technological and engineering solutions that enable interoperable communications systems.

The Managers encourage the Assistant Secretary, in consultation with the Secretary of the Department of Homeland Security, to consider distributing a limited portion of grant funds under this section in a manner that gives priority to those public safety agencies in areas designated as at high risk for natural disasters and threats of terrorism to the agriculture, food, banking, and chemical industries; the defense industrial base; emergency services; energy; government facilities; postal, shipping, public health, health care, information technology, telecommunications, and transportation systems; water; dams; commercial facilities; and national monuments and icons.

Section 3007. NYC 9/11 digital transition

The funding provided under this section, $30,000,000, would enable New York City broadcasters can build interim facilities to ensure that the New York metropolitan area could receive an adequate digital broadcast signal until the new facilities atop the Freedom tower can be completed. The Managers do not intend this program to alter or affect the FCC's authority with respect to licensing, interference, or other regulation.

Sec. 3008. Low-Power television and translator digital to analog conversion

Section 3008 provides funding to facilitate continued service for the viewers of low power television stations over their analog TVs. The Assistant Secretary shall determine the maximum amount of compensation such a low-power television station may receive based on the average cost of such digital-to-analog conversion devices during the time period such low-power broadcast television station purchased the digital-to-analog conversion device, but in no case shall such compensation exceed $1,000.

Section 3009. Low-power and translator upgrade program

The funding provided under this section would make available $65,000,000 for a program to convert low-power television stations and television translator stations from analog to digital transmissions.

Sec. 3010. National alert and tsunami warning program

The funding provided under this section, $156,000,000, will provide for a modern all hazards alert and warning program to provide alerts in response to natural disasters, man-made accidents, and terrorist incidents. The program will encourage, but not mandate, new technologies such as wireless communication devices, satellite radios, and personal computers to enhance the nation's current emergency warning capability. The goal of the program will be to help ensure that regardless of what communication technology an individual relies upon they will get an alert to a threat to public safety.

The funding will be used to develop technologies to allow emergency managers to precisely geographically target their alerts to only populations at risk. Research and development will be encouraged, but not mandated, to be conducted through a cooperative research program with the telecommunications industry. The funds should also be used to provide emergency managers with the tools necessary to input alerts into a national alerting system and have them retransmitted across all appropriate communication mediums. There should be established a procedure to provide credentials to emergency managers who wish to use the system to ensure the integrity of emergency alert communications to the public. The office responsible for managing the system should also ensure that personnel using the system are appropriately trained on how and when to use the system and understand that the system should only be used for grave threats to public safety. Personnel should also be trained to issue alerts that provide the public with information on what to do to protect themselves from the threat.

Section 3011. ENHANCE 911

The funding provided under this section would make available $43,500,000 in grants to implement the ENHANCE 911 Act of 2004.

Section 3012. Essential air service program

The funding provided under this section would make $30,000,000 in grants to the Essential Air Service program.

Section 3013. Supplemental license fees

This section provides for additional fees to be assessed by the Federal Communications Commission in the aggregate amount of $10,000,000 during fiscal year 2006.

TITLE V—MEDICARE

Subtitle A—Part A

Hospital Quality Improvement (Section 5001 of the Conference Agreement, Section 6110 of the Senate Bill and no provision in the House Bill)

Current Law

Each year, Medicare's operating payments to hospitals are increased or updated by a factor that is determined in part by the projected annual change in the hospital market basket (MB), a measure that estimates price inflation affecting hospitals. Congress establishes the update for Medicare's inpatient prospective payment system (IPPS) for operating costs in acute care hospitals, often several years in advance. Currently, through FY2007, the IPPS operating update has been established as the MB for hospitals that submit specific quality information and as the MB minus 0.4 percentage points for hospitals that do not provide such information. The required data are those ten quality indicators established by the Secretary of the Department of Health and Human Services (the Secretary) as of November 1, 2003. Starting in FY2008, the IPPS update will be the hospital MB. Any MB reduction does not apply when computing the applicable percentage increase in subsequent years.

Outlier payments are intended to protect IPPS hospitals from the risk of financial losses associated with patients with exceptionally high costs or unusually long stays. Medicare cases qualify for outlier payments if they exceed a threshold or fixed loss amount that is established each year. As directed by statute, the total amount of any outlier payments for any year should equal no less than 5% nor more than 6% of total projected operating diagnosis related group (DRG) payments. Outlier payments are financed by a reduction in the national average standardized amount, typically set at 5.1%.

For the purpose of establishing the correct IPPS payment, Medicare discharges are classified into diagnosis related groups (DRGs) primarily on the basis of the diagnosis and procedure code information included on the beneficiary's claim. The information includes the principal diagnosis (or main problem requiring inpatient care), up to eight secondary diagnoses codes as well as up to six procedures performed during the stay. Medicare pays for inpatient hospital services using per discharge rates that will vary by the DRG (and its calculated weight) to which a patient's stay is assigned. Each DRG weight represents the average resources required to provide care for cases in that specific DRG relative to the average resources used to treat cases in all DRGs. The Center for Medicare and Medicaid Services (CMS) annually reviews the DRG definitions and relative weights to (1) reflect changes in treatment patterns and technology improvements and (2) ensure that cases with clinically similar conditions requiring comparable resources are grouped together.

Under the DRG classification system, certain secondary diagnoses are considered to be complications or comorbidities (CC). When present as a secondary condition (with a specific principal diagnosis), these diagnosis codes are considered to increase the length of stay by at least one day in at least 75% of the patients. In FY2006, there are 3,285 diagnosis codes on the CC list. 524 DRGs are used for Medicare payment purposes and 121 paired DRGs are split into higher and lower paid DRGs on the presence or the absence of a CC. CMS has added and deleted codes from the standard list of CCs, but has never conducted a comprehensive review of the list. It is planning to review systematically the CC list for FY2007 Medicare payments.

Senate Bill

The Medicare statute would be amended by adding a new Section 1860E–2 which establishes the hospital value-based purchasing program for inpatient hospital services, starting FY2007. The program would make value-based payments to hospitals based on data reported under the quality measurement system established by the Secretary. Hospitals paid under Medicare's prospective payment system (PPS) that have substantially improved the quality of care over the prior year or exceeded an established quality threshold would receive a value-based payment as determined by the Secretary. A majority of the total amount available for value-based payments in any fiscal year would be paid to hospitals that are receiving such payments for exceeding a quality threshold. Starting in FY2008, the percentage of the total amount for value-based payments in any fiscal year that is paid to such hospitals would be greater than the equivalent percentage paid in the previous year. Hospitals would be required to comply with all the quality data reporting requirements and attest to the accuracy of the data in order to be eligible for a value-based payment. The total amount of value-based payments in a fiscal year would equal the total amount of available funding for such payments for that year. The payments would be based on the methods determined by the Secretary and would be made to hospitals no later than the close of the following fiscal

year. No later than January 1, 2007, the Secretary would provide each hospital with a description of how its payments for FY2006 would have been affected had the valuebased payment program been in effect that fiscal year.

Value-based payments in a fiscal year would be made from Medicare's Part A Trust fund and would equal specified reductions in those trust fund expenditures as established in Section 6110(b) of the bill. Specifically, IPPS outlier payments would be established as no less than 5 percent and no more than 6 percent for fiscal years prior to 2007. In FY2007, outlier payments would be established as no less than 4 percent and no more than 5 percent. In FY2008, outlier payments would be established as no less than 3.75 percent and no more than 4.75 percent. In FY2009, outlier payments would be established as no less than 3.5 percent and no more than 4.5 percent. In FY2010, outlier payments would be established as no less than 3.25 percent and no more than 4.25 percent. In FY2011 and in subsequent years, outlier payments would be established as no less than 3 percent and no more than 4 percent.

The Secretary would be directed to reduce the average standardized amount by certain percentages to fund outlier payments and the hospital value-based purchasing program. The reduction factor would be equal to a calculation where the numerator is the sum of the additional outlier payments (as discussed in the preceding paragraph) plus a specified percentage of total projected DRG prospective payment rates divided by the total projected DRG prospective payment rates. The specific percentages would be 0 percent for fiscal years prior to 2007, 1 percent in FY2007, 1.25 percent in FY2008, 1.5 percent in FY2009, 1.75 percent in FY2010, and 2 percent in FY2011 and in subsequent years.

Acute care hospitals that do not submit required quality data would receive the MB minus 2 percentage points for FY2007 and each subsequent fiscal year. The reduction would apply only with respect to the fiscal year involved and would not be taken into account when computing subsequent updates. The required quality data would be that determined by the Secretary to be appropriate for the measurement of health care quality, including data necessary for the operation of the IPPS hospital value-based purchasing program.

House Bill

No provision.

Conference Agreement

Hospitals that do not submit the required data in FY2007 and each subsequent year will have the applicable MB percentage increase reduced by 2 percentage points. Each IPPS hospital is required to submit data on measures selected by the Secretary in the established form, manner, and specified time. Any reduction applies only to the fiscal year in question and does not affect subsequent fiscal years.

The conference agreement establishes that the Secretary will expand the number of quality indicators required to be reported by acute care hospitals. Beginning October 1, 2006 the Secretary will begin to adopt the baseline set of performance measures set forth in the November 2005 Institute of Medicine report that was required by section 238(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Beginning October 1, 2007, the Secretary will add other measures that reflect consensus among the affected parties. To the extent feasible and practicable, these measures will include those established by national consensus building entities. The Secretary is permitted to vary and replace any measures in appropriate cases, such as where all hospitals are effectively in compliance or where measures have been shown not to represent the best clinical practice.

The Secretary is required to establish procedures for making the submitted quality data available to the public. These procedures will ensure that a hospital has the opportunity to review the data before they are made available to the public. The Secretary is required to report quality measures of process, structure, outcome, patients' perspective on care, efficiency, and costs of care that relate to inpatient services on the Internet website of CMS.

The Secretary is required to develop a plan to implement a value-based purchasing program for IPPS payments to acute care hospitals beginning with FY2009. The plan will include consideration of (1) the on-going development, selection, and modification process for measures of quality and resource use in hospital inpatient settings; (2) the reporting, collection, and validation of the data; (3) the structure of value-based payment adjustments such as the determination of thresholds for a payment adjustment, the size of the payment adjustment and the sources of funding for the value-based payments; and (4) the disclosure of information on hospital performance. The Secretary will consult with relevant affected parties and consider experience with applicable demonstration programs.

The Secretary is required to submit a report to Congress on the plan for the value-based purchasing program no later than August 1, 2007. The Medicare Payment Advisory Commission (MedPAC) is required to submit a report with detailed recommendations on the structure of the valued based payment adjustments no later than June 1, 2007. The report will include (1) a determination of thresholds, size of payments, sources of funds, and relationship of payments to quality measures; (2) analyses of hospital efficiency measures such as costs per discharge, related services (including physician services) within an episode of care; and (3) an identification of other changes that are needed within the IPPS payment structure.

Starting for discharges on October 1, 2007, hospitals are required to report any secondary diagnosis codes applicable to patients at their admission. By October 1, 2007, the Secretary is required to identify at least 2 high cost or high volume (or both high cost and high volume) diagnoses codes with a DRG assignment that has a higher payment weight when present with secondary diagnoses. These diagnoses codes represent conditions, including certain hospital acquired infections, that could reasonably have been prevented through the application of evidence-based guidelines. Starting for discharges on October 1, 2008, the DRG assigned to a discharge with the identified diagnosis codes will be the DRG that does not result in higher payments based on the presence of these secondary diagnosis codes. This assignment of the lower paid DRG applies to discharges, where, at the time of the patient's admission, the beneficiary had none of the identified diagnosis codes. Adjustments to the relative weight that occur because of this action are not budget neutral. Specifically, aggregate payments for discharges in a fiscal year could be changed as a result of such adjustments.

The list of selected diagnosis may be revised from time to time as long as there are at least two conditions selected for discharges occurring during any fiscal year. The Secretary is required to consult with the Centers for Disease Control and Prevention and other appropriate entities when selecting and revising the identified diagnosis codes. The list of diagnosis codes and DRGs are not subject to judicial review.

Clarification of Determination of Medicaid Patient Days for DSH Computation (Section 5002 of the Conference Agreement, no provision in the Senate Bill and no provision in the House Bill)

Current Law

Hospitals that serve a certain number of low income Medicare and Medicaid beneficiaries will receive a disproportionate share hospital (DSH) adjustment that increases their Medicare IPPS payments. Most DSH hospitals receive the additional payments based on their DSH patient percentage which is the proportion of the hospital's total days provided to Medicaid recipients added to the proportion of the hospital's Medicare inpatient days provided to poor Medicare beneficiaries (those who are eligible for Part A and receive Supplemental Security Income.) After a minimum threshold of 15 percent is met, a hospital's DSH adjustment will vary by the hospital's bed size or urban or rural location.

The policy of whether inpatient days provided to a patient covered under a demonstration project established by Section 1115 waivers could be included in the Medicare DSH calculation has changed over time. Prior to January 20, 2000, hospitals could not include the inpatient hospital days attributable to patients made eligible for Medicaid pursuant to a state's Social Security Act Section 1115 waiver. Starting on January 20, 2000, hospitals could include days for populations under the section 1115 waiver who were or could have been made eligible under a State Medicaid plan. This policy was corrected for discharge starting on October 1, 2003, when hospital inpatient days attributed to patients who do not receive coverage for inpatient benefits under Section 1115 demonstration projects could not be counted in the Medicare DSH calculation. These policies were established by regulation in January, 2000 and August, 2003.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement permits the Secretary to include inpatient hospital days of patients eligible for medical assistance under a Section 1115 demonstration waiver in the Medicare DSH calculation. These days will be counted as if they were provided to patients who were eligible for medical assistance under an approved Medicaid state plan. The existing regulations and their effective date are ratified. No hospital cost reports that are closed on the enactment date will be reopened to implement this provision.

Improvements to the Medicare-Dependent Hospital (MDH) Program (Section 5003 of the Conference Agreement, Section 6101 of the Senate Bill, and no provision in the House Bill)

Current Law

Certain rural hospitals with 100 beds or less that have at least 60 percent of its inpatient days or discharges during FY1987 or during two of the three most recently audited cost reporting periods (for which there is a settled cost report) are attributed to patients covered under Medicare qualify for special treatment under the inpatient prospective payment system as Medicare dependent hospitals (MDH). MDH hospitals are paid at national standardized rate or, if higher, 50 percent of their adjusted FY1982 or FY1987 hospital-specific costs. This special treatment will lapse for discharges starting on October 1, 2006.

Certain hospitals that serve a high proportion of Medicaid patients or poor Medicare

beneficiaries qualify for a disproportionate share hospital (DSH) adjustment to their inpatient payments. Small urban and most rural hospitals (except for rural referral centers) have their DSH adjustment capped at 12 percent.

Senate Bill

The MDH status for qualifying rural hospitals would be extended through discharges occurring before October 1, 2011. Starting for discharges on October 1, 2006, a MDH would be able to elect payments based of its FY2002 hospital-specific costs if that would result in higher Medicare payments. MDH's payments would be based on 75 percent of their adjusted hospital-specific costs starting for discharges on October 1, 2006. MDH's that qualify for a disproportionate share hospital (DSH) adjustment would not have the adjustment capped at 12 percent.

House Bill

No provision.

Conference Agreement

The conference agreement adopts the Senate provision.

Reduction in Payments to Skilled Nursing Facilities for Bad Debt (Section 5004 of the Conference Agreement, Section 6102 of the Senate Bill, and no provision in the House Bill)

Current Law

Medicare pays for the costs of certain items outside of the Prospective Payment System on a reasonable costs basis. Section 1861(v)(1)(A)(I) of the Social Security Act states that the costs for individuals covered by the Medicare program must not be borne by individuals not covered by the program, and the costs for individuals not covered by the program must not be borne by Medicare. Under this authority, the Secretary adopted a bad debt policy in 1966. Under this policy, Medicare reimburses certain providers for debt unpaid by beneficiaries for coinsurance and deductibles. Historically, CMS has reimbursed certain providers for 100 percent of this bad debt. SNFs are among the Medicare entities that are currently being reimbursed for 100 percent of beneficiary's bad debt.

Effective beginning with cost reports starting in FY2001, Medicare began reimbursing hospitals for 70 percent of the reasonable costs associated with beneficiaries' bad debt. In 2003, CMS issued a proposed rule (42 CFR Part 413, Medicare Program; Provider Bad Debt Payment) in which it described its intent to reduce reimbursement of bad debt for certain providers, including SNFs, by 30 percent. Within the rule, CMS explained that it believed that reducing the amount of Medicare debt reimbursement would encourage accountability and foster an incentive to be more efficient in bad debt collection efforts. It also stated that it believed that Medicare bad debt policy should be applied consistently and fairly among all providers eligible to receive bad debt reimbursement.

Senate Bill

The provision would amend Section 1861(v)(1) of the Social Security Act to reduce the payment for the allowable bad debts attributable to Medicare deductibles and coinsurance amounts by 30 percent for services furnished in SNFs on or after October 1, 2005.

House Bill

No provision.

Conference Agreement

The conference agreement reduces payments for allowable bad debts attributable to Medicare coinsurance by 30 percent for those individuals who are not dually eligible for Medicare and Medicaid. Bad debt payments for individuals who are dually eligible for Medicare and Medicaid remain at 100 percent.

Extended Phase-in of the Inpatient Rehabilitation Facility Classification Criteria (Section 5005 of the Conference Agreement, Section 6103 of the Senate Bill, and no provision in the House Bill)

Current Law

Inpatient rehabilitation facilities (IRFs) are either freestanding hospitals or distinct part units of other hospitals that are exempt from Medicare's inpatient prospective payment system (IPPS) used to pay short-term general hospitals. The Medicare statute gives the Secretary discretion to establish the criteria that facilities must meet in order to be considered an IRF. Since 1983, CMS has required that a facility must treat a certain proportion of patients with specified medical conditions in order to qualify as an IRF and receive higher Medicare payments. The rule was suspended temporarily and reissued in 2004 with a revised set of qualifying conditions and a transition period for the compliance threshold as follows: at 50 percent from July 1, 2004 and before July 1, 2005; at 60 percent from July 1, 2005 and before July 1, 2006; at 65 percent from July 1, 2006 and before July 1, 2007; and at 75 percent from July 1, 2007 and thereafter. In April 2005, the Governmental Accountability Office issued a final report recommending that the Centers for Medicare and Medicaid Services (CMS) refine the rule to describe more thoroughly the subgroups of patients within a condition that require IRF services, possibly using functional status or other factors in addition to condition, to help ensure that IRFs can be classified appropriately and that only patients needing IRF services are admitted.

Senate Bill

The provision would establish the compliance threshold at 50 percent from July 1, 2005 through June 30, 2007. The Secretary would not be permitted to change the designation of an IRF that is in compliance with that threshold. The Secretary would be required to restore the status of a facility as an IRF from July 1, 2005 through the effective date of this provision because of not meeting the 60 percent threshold. The Secretary would be required to make appropriate payments to those facilities. IRFs that failed to meet the 50 percent compliance threshold would be deemed to meet that threshold while an additional 6 months of claims data is examined. If the review of the new data indicates that the IRF is not in compliance with the 50 percent threshold, the IRF's deemed status would be revoked retroactively to the beginning of the 6 month period. The Secretary would collect any overpayments made to the IRF. The Inspector General would be required to analyze the types of patients treated in IRFs that have a compliance rate between 50 percent and 60 percent. A report would be submitted to Congress and the Secretary by January 1, 2005. A Rehabilitation Advisory Council would be established until September 30, 2010 to provide advice and recommendations concerning coverage of rehabilitation services under the Medicare program.

House Bill

No provision.

Conference Agreement

The conference agreement establishes the compliance threshold at 60 percent during the 12-month period beginning on July 1, 2006; at 65 percent during the 12-month period beginning on July 1, 2007; and at 75 percent beginning on July 1, 2008 and subsequently. The conferees encourage CMS to conduct additional research and study on this issue.

Development of a strategic plan regarding physician investment in specialty hospitals (Section 5006 of the Conference Agreement, Section 6104 of the Senate Bill, and no provision in the House Bill)

Current Law

Physicians are generally prohibited from referring Medicare and Medicaid patients to facilities in which they (or their immediate family member) have financial interests. Physicians, however, are not prohibited from referring patients to hospitals where they have ownership or investment interest in the whole hospital itself (and not merely in a subdivision of the hospital). Section 507 of the Medicare Prescription Drug Improvement, and Modernization Act of 2003 (MMA) established that the exception for physician investment and self-referral would not extend to specialty hospitals for a period of 18-months from enactment (or until June 8, 2004). In this instance, a specialty hospital is primarily or exclusively engaged in the care and treatment of patients with a cardiac condition, an orthopedic condition, those receiving a surgical procedure, or other specialized category of patient or cases that the Secretary designates as inconsistent with the purpose of permitting physician investment in a hospital. A specialty hospital does not include any hospital that is determined by the Secretary to be in operation or under development as of November 18, 2003, with the same number of physician investors as of such date that meets other specified requirements. For instance, an increase in the number of beds could only occur on the main campus of the hospital and could not exceed the greater of 50 percent of the number of beds in the hospital as of November 18, 2003, or 5 beds. The Secretary was directed to consider the certain factors in determining whether a hospital is under development, such as the completion of architectural plans, and the status of funding, zoning requirements, and necessary approvals from State agencies.

Senate Bill

The prohibition on Medicare and Medicaid referrals to specialty hospitals by physician investors would be effective on and after December 8, 2003. The exception to the definition of specialty hospital would be modified to include those: (1) where the percent investment by physician investors is no greater than the percentage on June 8, 2005; (2) where the percent investment by any physician investor is no greater than the percentage on June 8, 2005; and (3) where the number of operating rooms is not greater than the number on June 8, 2005. The existing requirement concerning permissible changes in the number of beds in order to qualify for the specialty hospital exception would be modified. From December 8, 2003 through June 7, 2005, an acceptable increase in the number of beds would only occur on the main campus of the hospital and could not exceed the greater of 50 percent of the number of beds in the hospital as of November 18, 2003, or 5 beds. After June 8, 2005, the number of beds at the specialty hospital would not be able to increase. These amendments would be effective on June 8, 2005.

House Bill

No provision.

Conference Agreement

The conference agreement directs the Secretary to develop a strategic and implementing plan regarding physician investment in specialty hospitals that addresses issues related to proportionality of investment return, bona fide investments, annual disclosure of investment information, and the provision of Medicaid and charity care by specialty hospitals. An interim report is

due within three months and a final report no later than six months after date of enactment. The Secretary will continue the suspension on enrollment of new specialty hospitals until the earlier of the date of submission of the report or 6 months after date of enactment. If the Secretary fails to comply with the statutory requirement to submit the final report within the six month time period, then the suspension on enrollment will be extended an additional two months. In developing the strategic and implementing plan the Secretary may waive certain requirements under the Administrative Procedures Act.

Medicare demonstration projects to permit gainsharing arrangements (Section 5007 of the Conference Agreement, no provision in the Senate bill, and no provision in the House Bill)

Current Law

No provision.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement establishes a gainsharing demonstration project to test and evaluate arrangements between hospitals and other providers, including physicians, and practitioners, that govern the utilization of inpatient hospital resources to improve the quality and efficiency of care provided to Medicare beneficiaries and to improve operational efficiency and performance. The Secretary will solicit applications 90 days after enactment, will approve not more than 6 demonstration projects with at least 2 of which will be in a rural area, and will begin on January 1, 2007.

The projects will meet certain requirements to maintain or improve quality while achieving cost savings. Such requirements include arrangements that provide remuneration as a share of savings, a written plan agreement, patient notification, quality and efficiency monitoring, independent review, and referral limitations. Restrictions on incentive payments in a project are waived, and similar protections extend to existing arrangements.

Not later than December 1, 2006, the Secretary will report to Congress on the number of demonstration projects. Not later than December 1, 2007, the Secretary will provide a project update to Congress including improvements toward quality and efficiency. By December 1, 2008, the Secretary will report to Congress on quality improvement and savings from the program. A final report will be submitted to Congress by May 1, 2010.

Post-acute care payment reform demonstration (Section 5008 of the Conference Agreement, no provision in the Senate bill, and no provision in the House Bill)

Current Law

No provision.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

By January 1, 2008, the Secretary shall establish a demonstration program to better understand costs and outcomes across different post-acute care sites. Under the program, for certain diagnoses specified by the Secretary, an individual receiving treatment for such diagnosis shall receive a comprehensive assessment on the date of discharge of clinical characteristics and patient needs, to determine appropriate placement of the patient in a post-acute care site. The Secretary shall use a standardized patient assessment instrument across all post-acute sites, to measure functional status and other factors during treatment and discharge from each provider. Participants shall provide information on the fixed and variable cost for each individual, and an additional comprehensive assessment shall be provided at the end of the individual's episode of care. The program will operate for a three year period, and shall be conducted with sufficient numbers to determine statistically reliable results.

No later than 6 months after the end of the program, the Secretary will submit a report to Congress on results and recommendations.

Subtitle B—Provisions Relating to Part B

CHAPTER 1—PAYMENT PROVISIONS

Beneficiary Ownership of Certain DME (Section 5101 of the Conference Agreement, Sections 6109 and Section 6116 of Senate bill, no provision in the House bill)

Current Law

Medicare Part B pays for certain items of durable medical equipment such as hospital beds, nebulizers and power-driven wheelchairs under the capped rental category. Most items in this category are provided on a rental basis for a period that cannot exceed fifteen months. After using the equipment for ten months, beneficiaries must be given the option of purchasing it effective thirteen months after the start of the rental period. If they choose the purchase option, the title to the equipment is transferred to beneficiaries. If the purchase option is not chosen, the supplier retains ownership of the equipment. Beneficiaries can continue to use it, but Medicare rental payments to the supplier are terminated. In the case of a power-driven wheelchair, the supplier must offer the beneficiary the option of purchasing the equipment when it is first furnished.

Medicare payments to suppliers for maintenance and servicing differ based on whether the beneficiary has purchased the equipment or whether the supplier continues to own it. In the case of a purchase agreement, payment for repairs and extensive maintenance recommended by the manufacturer is covered. When the equipment remains in the ownership of the supplier and continues to be used by a beneficiary after the fifteen month rental period, Medicare makes a payment to the supplier every six months for servicing and maintenance regardless of whether any maintenance and servicing is performed.

Senate Bill

The Senate bill would require the supplier to transfer the title of durable medical equipment in the capped rental category to the beneficiary after a thirteen month rental period. The option for a fifteen month rental period with the supplier retaining ownership of the item would be eliminated. The option for beneficiaries to purchase power-driven wheelchairs when initially furnished would be retained.

Automatic payments to the supplier every six months for maintenance and servicing would be eliminated. Such payments (for parts and labor not covered by the supplier's or manufacturer's warranty) would only be made if the Secretary determined them to be reasonable and necessary. This amendment would apply to items for which the first rental month occurred on or after January 1, 2006.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate bill. The provisions apply to items for which the first rental month occurs on or after January 1, 2006.

The agreement further provides that rental payments for oxygen equipment (including portable oxygen equipment) are converted to ownership at 36 months. The supplier is required to transfer the title of the equipment to the beneficiary after a 36 month rental period. After transfer of the title, monthly payments for oxygen contents (in the case of gaseous and liquid oxygen) will continue to be made, as provided for under current law, for the period of medical need. Payments for maintenance and servicing (for parts and labor not covered by the supplier's or manufacturer's warranty) will be made if the Secretary determines them to be reasonable and necessary. The agreement specifies that the provision takes effect on January 1, 2006. In the case of an individual receiving oxygen equipment as of December 31, 2005, the 36-month period begins January 1, 2006.

Adjustments in Payments for Imaging Services (Section 5102 of the Conference Agreement, no provision in the Senate Bill and no provision in the House Bill)

Current Law

Medicare has a long-standing policy of reducing payment for multiple surgical procedures performed by the same physician, on the same patient on the same day. Full payment is made for the highest priced procedure, with any subsequent procedure paid at 50%. In 1995, the policy was extended to certain nuclear medicine diagnostic procedures.

Under the physician fee schedule, diagnostic imaging procedures are priced as follows: (1) the professional component (PC) represents the physician work, i.e. the interpretation; (2) the technical component (TC) represents practice expenses including clinical staff, supplies, and equipment; and (3) the global service which represents both the PC and TC. Diagnostic imaging services, even those paid on contiguous body parts, are generally paid at 100% for each procedure.

In its March 2005 report, Medicare Payment Policy, the Medicare Payment Advisory Commission recommended that CMS expand its coding edit policy to help the program pay more accurately for multiple imaging services performed during the same encounter. It noted that a number of private plans use coding edits to adjust payments for multiple imaging services performed on contiguous body parts. Private insurers usually pay the full amount for the first service but a reduced amount (usually half) for the technical component of any additional study that is of the same modality. This is based on the premise that there are savings in clerical time, preparation, and supplies.

In August 2005, CMS issued its proposed physician fee schedule for 2006 (Federal Register, vol. 70, no. 151, 45764–46064). CMS noted that its analysis supported a 50% reduction in the TC for the subsequent imaging procedure performed on contiguous body parts. It did not propose to apply the multiple procedure reduction to PC services because it believed that physician work is not significantly affected for multiple procedures. When a global service code is billed, the TC portion, but not the PC portion, would be reduced. CMS identified 11 families of imaging procedures by imaging modality. It recommended extending the multiple procedure TC payment reduction only to procedures involving contiguous body parts within a family of codes, not across families.

On November 21, 2005, CMS issued its final physician fee schedule regulation for 2006 (Federal Register, vol 70, no. 223, 70116–70476). It retained the proposed reduction with modifications. The payment reduction is to be phased-in with a 25% reduction in 2006 and a 50% reduction in 2007. Further, the budget neutrality adjustment is to be applied only to practice expense relative value units rather than to both work and practice expense relative value units.

When the Secretary revises the relative values for the work, practice expense and malpractice components of physician payments, the revisions may not change the amount of physician expenditures by more than $20 million. Thus, changes must be budget neutral. When reducing practice expenses for imaging, the Secretary is required to increase practice expenses for other physician services to maintain budget neutrality.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement specifies that, effective for fee schedules established beginning with 2007, the reduced expenditures attributable to the multiple procedure payment reduction for imaging (under the final rule published November 21, 2005) will not be taken into account for purposes of the budget neutrality calculation for fee schedules for 2006 and 2007.

The agreement further provides that for specified imaging services furnished on or after January 1, 2007, the technical component (including the technical component of the global fee) for a service will be reduced if it exceeds (without regard to the geographic wage adjustment factor) the outpatient department (OPD) fee schedule amount for the service established under the prospective payment system for hospital outpatient departments. In such cases, the Secretary will provide for the use of that OPD amount, adjusted by the geographic adjustment factor under the physician fee schedule. The services this policy applies to are: imaging and computer-assisted imaging services, including X-ray, ultrasound (including echocardiography), nuclear medicine (including positron emission tomography), magnetic resonance imaging, computed tomography, and fluoroscopy. Not included are diagnostic and screening mammography. This change will not be taken into account for purposes of the budget neutrality calculation beginning in 2007.

This provision moves toward payment neutrality across sites of service delivery.

Limitation on Payments for Procedures in Ambulatory Surgical Centers (Section 5103 of the Conference Agreement, no provision in the Senate Bill, and no provision in the House Bill)

Current Law

Medicare uses a fee schedule to pay for the facility services related to a surgery provided in an ambulatory care surgery center (ASC). The associated physician services (surgery and anesthesia) are reimbursed under the physician fee schedule. CMS maintains a list of approved ASC procedures which is required to be updated every two years. The approved ASC procedures are categorized into one of nine payment groups that comprise the ASC facility fee schedule. The nine payment rates reflect the national median cost of procedures in that group adjusted to reflect geographic price variation.

The Secretary is required under the MMA to implement a new payment system for ASCs no later than January 2008.

Medicare reimbursement for hospital outpatient department (OPD) services is based on a fee schedule established by a separate prospective payment system (OPPS). Under OPPS, the unit of payment is the individual service or procedure as assigned to an ambulatory payment classification (APC). The payment rate for each service is determined by multiplying the relative weight for the service's APC by the conversion factor.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

Beginning on January 1, 2007, when the ASC facility payment (without application of any geographic price differences) is greater than the Medicare OPD fee schedule amount established under OPPS (without application of any geographic adjustment) for the same service, the ASC will be paid the OPD fee schedule amount. This adjustment applies to ASC payments until the revised ASC payment system is implemented. Total payments to ASCs will be held budget neutral between the year prior to implementation of the new payment system and the first year of the new payment system.

This provision moves toward payment neutrality across sites of service delivery.

Update for Physicians' Services for 2006 (Section 5104 of the Conference Agreement, Section 6105 of Senate bill, and no provision in the House Bill)

Current Law

Medicare payments for services of physicians and certain nonphysician practitioners are made on the basis of a fee schedule. The fee schedule assigns relative values to services that reflect physician work (i.e., the time, skill, and intensity it takes to provide the service), practice expenses, and malpractice costs. The relative values are adjusted for geographic variations in costs. The adjusted relative values are then converted into a dollar payment amount by a conversion factor. The conversion factor for 2005 is $37.8975.

The conversion factor is the same for all services. It is updated each year according to a formula specified in law. The intent of the formula is to place a restraint on overall spending for physicians' services. Several factors enter into the calculation of the formula. These include: (1) the sustainable growth rate (SGR) which is essentially a cumulative target for Medicare spending growth over time (with 1996 serving as the base period); (2) the Medicare economic index (MEI) which measures inflation in the inputs needed to produce physicians services; and (3) the update adjustment factor which modifies the update, which would otherwise be allowed by the MEI, to bring spending in line with the SGR target. In no case can the adjustment factor be less than minus seven percent or more than plus three percent.

The law specifies a formula for calculating the SGR. It is based on changes in four factors: (1) estimated changes in fees; (2) estimated change in the average number of Part B enrollees (excluding Medicare Advantage beneficiaries); (3) 10-year rolling average change in real gross domestic product (GDP) growth per capita; and (4) estimated change in expenditures due to changes in law or regulations.

The SGR target is not a limit on expenditures. Rather, the fee schedule update reflects the success or failure in meeting the target. If expenditures exceed the target, the update for a future year is reduced. This is what occurred for 2002. It was also slated to occur in 2003 and 2004; however, the MMA prevented this from occurring through 2005. A negative 4.4 percent update is slated to occur in 2006.

Senate Bill

The Senate bill would specify that the update to the conversion factor in 2006 could not be less than one percent. The provision would further specify that these amendments would not be considered as a change in law for purposes of calculating the SGR.

House Bill

No provision.

Conference Agreement

The conference agreement specifies that the update for 2006 is zero percent. These amendments are not considered as a change in law for purposes of calculating the SGR.

MedPAC is required to report to Congress by March, 2007 on mechanisms to replace the Sustainable Growth Rate system.

Three-year Transition of the Hold Harmless Payments for Small Rural Hospitals Under the Prospective Payment System For Hospital Outpatient Department Services (Section 5105 of the Conference Agreement, Section 6106 of the Senate Bill, and no provision of the House Bill)

Current Law

The prospective payment system for services provided by hospital outpatient departments (OPO) was implemented in August 2000 for most acute care hospitals. Under hold harmless provisions, as modified by the MMA, rural hospitals with no more than 100 beds and sole community hospitals (SCH) located in rural areas are paid no less under this payment system than they would have received under the prior reimbursement system for covered OPO services provided before January 1, 2006.

Senate Bill

The hold harmless provisions governing OPO reimbursement for small rural hospitals and rural SCH would be extended to January 1, 2007.

House Bill

No provision.

Conference Agreement

The conference agreement establishes that small rural hospitals (with no more than 100 beds that are not SCHs) can receive additional Medicare payments, if their outpatient payments under the prospective payment system are less than under the prior reimbursement system. For calendar year (CY) 2006, these hospitals will receive 95 percent of the difference between the prospective payment system and the prior reimbursement system. The hospitals will receive 90 percent of the difference in CY2007 and 85 percent of the difference in CY2008

On November 10, 2005, CMS issued its final hospital outpatient prospective payment system regulation for CY2006 (Federal Register, vol. 70, no. 217, 68516–68980). Under this rule, rural sole community hospitals will receive a 7.1 percent increase on January 1, 2006.

Update to the Composite Rate Component of the Basic Case-Mix Adjusted Prospective Payment System for Dialysis Services (Section 5106 of the Conference Agreement, Section 6107 of the Senate Bill, no provision in the House Bill)

Current Law

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) required the Secretary to establish a basic case-mix adjusted prospective payment system for dialysis services furnished either at a facility or in a patient's home, for services furnished beginning on January 1, 2005. The basic case-mix adjusted system has two components: (1) the composite rate, which covers services, including dialysis; and (2) a drug add-on adjustment for the difference between the payment amounts for separately billable drugs and biologicals and their acquisition costs, as determined by the Inspector General Report.

The Secretary is required to update the basic case-mix adjusted payment amounts annually beginning with 2006, but only for that portion of the case-mix adjusted system that is represented by the add-on adjustment and not for the portion represented by the composite rate.

Senate Bill

The provision would increase the composite rate component of the basic case-mix

adjusted system for services beginning January 1, 2006 by 1.6 percent above the amount paid for such services furnished on December 31, 2005.

House Bill

No provision.

Conference agreement

The conference agreement follows the Senate bill.

Revisions to Payments for Therapy Services (Section 5107 of the Conference Agreement, Section 6108 of Senate Bill and no provision in the House Bill)

Current Law

The Balanced Budget Act of 1997 established annual per beneficiary payment limits for all outpatient therapy services provided by non-hospital providers. The limits applied to services provided by independent therapists as well as to those provided by comprehensive outpatient rehabilitation facilities (CORFs) and other rehabilitation agencies. The limits did not apply to outpatient services provided by hospitals.

Beginning in 1999, there were two beneficiary limits. The first was a $1,500 per beneficiary annual cap for all outpatient physical therapy services and speech language pathology services. The second was a $1,500 per beneficiary annual cap for all outpatient occupational therapy services. Beginning in 2002, the amount would increase by the Medicare economic index (MEI) rounded to the nearest multiple of $10.

The Balanced Budget Refinement Act of 1999 (BBRA) suspended application of the limits for 2000 and 2001. The Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) extended the suspension through 2002. Implementation of the provision was delayed until September 2003. The caps were implemented from September 1, 2003 through December 7, 2003. MMA reinstated the moratorium from December 8, 2003 through December 31, 2005. The caps are slated to go into effect beginning January 1, 2006. In the November 2005 final physician fee schedule regulation for 2006 CMS announced that the caps would be $1,740 in 2006.

Senate Bill

The Senate bill would extend the moratorium for an additional year, through 2006.

House Bill

No provision.

Conference Agreement

The conference agreement would not extend the therapy cap moratorium. However, the Secretary would be required to implement an exceptions process for expenses incurred in 2006. Under the process, a Part B enrollee, or a person acting on behalf of the enrollee, may request an exception from the physical therapy/speech language pathology and occupational therapy caps. The individual may obtain such exception if the provision of services is determined medically necessary. If the Secretary does not make a decision on a request within 10 business days of receipt, the Secretary is deemed to have found the services medically necessary. The provision may be implemented by program instruction or otherwise. The agreement specifies that there can be no administrative or judicial review of the exceptions process (including establishment of the process).

The agreement requires the Secretary, by July 1, 2006, to implement clinically appropriate coding edits for physical therapy services, occupational therapy services, and speech language pathology services. The edits are to identify and eliminate improper payments. The edits are to include edits of clinically illogical combinations of procedure codes and other edits to control inappropriate billings.

CHAPTER 2—MISCELLANEOUS

Accelerated Implementation of Income-Related Reduction in Part B Premium Subsidy (Section 5111 of the Conference Agreement, no provision in the Senate Bill, no provision in the House Bill)

Current Law

The MMA increased the Part B premiums for higher income enrollees beginning in 2007. In 2007, individuals whose modified adjusted gross income (AGI) exceeds $80,000 and couples whose modified AGI exceeds $160,000 will be subject to higher premium amounts. The increase will be phased-in over five years. During the first year, higher income enrollees will pay premiums ranging from 27 percent to 36 percent of the value of Part B. When fully phased-in, higher income individuals will pay premiums ranging from 35 percent to 80 percent of the value of Part B.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The agreement accelerates the phase-in period from five years to three years, with the provision fully effective in 2009. In 2007, higher income enrollees will pay total premiums ranging from 28 percent to 43 percent of the total value of Part B. In 2008, enrollees will pay total premiums ranging from 32 percent to 62 percent of the total value of Part B. When fully phased-in in 2009, higher income individuals will pay total premiums ranging from 35 percent to 80 percent of the total value of Part B.

Medicare Coverage of Ultrasound Screening for Abdominal Aortic Aneurysms (Section 5112 of the Conference Agreement, Section 6117 of the Senate Bill and no provision in the House Bill)

Current Law

Medicare provides coverage for services which are reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member. In addition, Medicare covers certain preventive services specified in law.

Senate Bill

The Senate bill would authorize Medicare coverage of ultrasound screening for abdominal aortic aneurysms for individuals who: 1) received referrals for such screenings as a result of an initial preventive physical exam performed for new Medicare enrollees; 2) who had not previously had such a test covered by Medicare; and 3) who had a family history of abdominal aortic aneurysms or who manifested risk factors included in a beneficiary category (not related to age) identified by the United States Preventive Services Task Force.

An ultrasound screening for abdominal aortic aneurysms would be defined as a procedure using sound waves provided for the early detection of abdominal aortic aneurysms. The Secretary could specify other procedures using alternative technologies which were of commensurate accuracy and cost. The term would include the physician's interpretation of the results of the procedure. Ultrasound screening for abdominal aortic aneurysms would be included in the package of services (including related education, counseling and referral) provided in the initial preventive service exam offered to new Medicare enrollees.

Payment for services would be made under the physician fee schedule. The provision would specify that payment would not be made for screenings performed more frequently than specified above. The Part B deductible would not apply to these services.

The Secretary would be required to establish quality assurance standards, in consultation with national medical, vascular technologist and sonographer societies, with respect to individuals (other than physicians) performing ultrasound screening for abdominal aortic aneurysms and diagnostic laboratories. Such standards would specify that the individual or laboratory was certified by the appropriate state licensing or certifying agency or (in the case of a state which did not license or certify such individuals or laboratories) by a national accreditation agency recognized by the Secretary. Medicare payment would not be made where individuals or laboratories performing the screening did not meet the quality assurance standards.

The bill would require the Secretary (after consultation with national medical, vascular technologist and sonographer societies) to conduct a national education and information campaign to promote awareness among health care practitioners and the general public with respect to the importance of early detection and treatment of abdominal aortic aneurysms. The section would authorize the appropriation of such funds as may be necessary, beginning in FY 2006 and each fiscal year thereafter. The Secretary could use such amounts to make grants to national medical, vascular technologist and sonographer societies to enable them to educate practitioners and providers about matters relating to such aneurysms. Such grants would be made in accordance with procedures and criteria specified by the Secretary.

The amendments would apply to ultrasound screenings for abdominal aortic aneurysms performed on or after January 1, 2007.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate bill with modifications. The agreement does not specify that beneficiary categories recommended for screening cannot include categories related to age. The agreement does not provide for the development of quality assurance standards. Further, it does not include the national education and information campaign.

Improving Patient Access to, and Utilization of, Colorectal Cancer Screening Under Medicare (Section 5113 of the Conference Agreement, Section 6118 of the Senate Bill and no provision in the House Bill)

Current Law

Medicare covers certain cancer screening tests, subject to coverage limitations based on the type of test and the individual's level of risk. Covered tests are fecal occult blood test, flexible sigmoidoscopy, screening colonoscopy, and barium enema. Payments for services are made under the physician fee schedule which assigns relative values to services based on physician work, practice expense costs, and malpractice costs. The relative values are then adjusted for geographic variations in costs. These adjusted relative values are converted into dollar payment amounts by a conversion factor.

The Secretary is required to review and adjust relative values for specific services periodically, and has established a process for this review and adjustment.

Senate Bill

The Senate bill would require the Secretary to establish minimum payment amounts for CPT codes 45378 (diagnostic colonoscopy), 45380 (colonoscopy and biopsy), and 45385 (lesion removal, colonoscopy) and HCPCS codes G0105 (colorectal screen, high risk individual) and G0121 (colon cancer screen, not high risk individual) for items and services furnished after January 1, 2007. The amounts would reflect a 5 percent increase above the relative value units in effect as the non-facility rates for such codes

on December 31, 2006; the revised payment levels would apply to items and services furnished in non-facility settings. Similarly, the provision would require the Secretary to establish minimum payment amounts for the same CPT and HCPCS codes for items and services furnished after January 1, 2007 which would reflect a 5 percent increase above the relative value units in effect as the facility rates for such codes on December 31, 2006; the revised payment levels would apply to items and services furnished in facility settings. The payment amounts would be adjusted annually in accordance with the payment update rules under the fee schedule. The Secretary would not take into account the revised payment amounts in determining the amount of payment under the prospective payment system for covered hospital outpatient department services.

The bill would also authorize Medicare coverage for an office visit or consultation prior to a screening colonoscopy or in connection with a beneficiary's decision to obtain such a screening. The visit or consultation would be for the purpose of beneficiary education, assuring selection of the proper screening test, and securing information relating to the procedure and sedation of the beneficiary. The visit or consultation would be covered regardless of whether the screening was medically indicated for the beneficiary. Payments would equal 80 percent of the lesser of the actual charge or the amount established under the physician fee schedule. Payment amounts established under the fee schedule would be consistent with those established for CPT codes 99203 (office/outpatient visit, new patient) and 99243 (office consultation). The provision would apply to services furnished on or after January 1, 2007.

The Part B deductible would not apply to colorectal cancer screening tests, effective January 1, 2007.

House Bill

No provision.

Conference Agreement

The conference agreement only includes the Senate provision waiving the Part B deductible.

Delivery of Services at Federally Qualified Health Centers (Section 5114 of the Conference Agreement, Section 6115 of the Senate Bill, and no provision in the House Bill)

Current Law

The Omnibus Budget Reconciliation Act (OBRA) of 1989 amended the Social Security Act (SSA) to create a new category of facility under Medicare and Medicaid known as a federally qualified health center (FQHC). An FQHC is required to provide certain primary care services by physicians and appropriate mid-level practitioners as well as other preventive health services including those required under certain sections of the Public Health Service (PHS) Act (specifically Sections 329, 330, and 340 of the PHS).

Prior to the enactment of MMA, FQHC services were covered by a skilled nursing facility's (SNF) consolidated billing requirement. FQHC services were bundled into the SNF comprehensive per diem payment for the covered stay and not separately billable. MMA specified that a SNF Part A resident who receives FQHC services from a physician or appropriate practitioner would be excluded from SNF consolidated billing and be paid separately.

Senate Bill

The provision would add diabetes self-management training and nutrition therapy benefits, as covered under Medicare, as additional services that may be covered under the all-inclusive per visit payment rate for FQHCs. It would allow FQHCs to receive payments for services provided through a health care professional who contracts with the center and would remove restrictions on receipt of homeless grants.

House Bill

No provision.

Conference Agreement

The conference agreement adopts the Senate provision.

Waiver of Part B Late Enrollment Penalty for Certain International Volunteers (Section 5115 of the Conference Agreement, Section 6114 of the Senate Bill and no provision in the House Bill)

Current Law

Medicare Part B is a voluntary program. Individuals generally enroll in Part B when they turn 65. Individuals who delay enrollment in the program after their initial enrollment period are subject to a premium penalty. This penalty is a surcharge equal to 10 percent of the premium amount for each 12 months of delayed enrollment. There is no upper limit on the amount of the surcharge that may apply. Further, the penalty continues to apply for the entire time the individual is enrolled in Part B. The law establishes certain exceptions to the delayed enrollment penalty. One exception applies to the ''working aged.'' Delayed enrollment is also permitted for certain disabled persons who have group health insurance coverage based on their own or a family member's current employment with a large group health plan.

Individuals who are permitted to delay enrollment have their own special enrollment periods. A special enrollment period begins when current employment ends or when coverage under the plan ends. The special enrollment period ends eight months later. Individuals who fail to enroll in this period are considered to have delayed enrollment and could become subject to the penalty.

Senate Bill

The Senate bill would permit certain individuals to delay enrollment in Part B without a delayed enrollment penalty. Those individuals who volunteer outside of the United States for at least 12 months through a program sponsored by a tax-exempt organization defined under section 501(c)(3) of the Internal Revenue Code would be permitted to delay enrollment under Medicare Part B. They would have a 6 month special Part B enrollment period beginning on the first day of the month the individual was no longer in the program. Coverage would begin the month after the individual enrolled. This section would apply to months and special enrollment periods beginning January 2007.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate bill with a modification. The provision applies to individuals who can demonstrate health insurance coverage while volunteering outside the United States..

Coverage of Marriage and Family Therapist Services and Mental Health Counselor Services Under Part B of the Medicare Program (No provision in the Conference Agreement, Section 6119 of the Senate Bill and no provision in the House Bill)

Current Law

Medicare provides coverage for mental health services, subject to certain limitations. Medicare Part B will make direct payments to physicians, psychologists, and clinical social workers for such services. Medicare does not make direct payments for services provided by marriage and family therapists and mental health counselors. Their services are generally paid as incident to a physician's professional services. They may also be included as part of covered facility services such as those provided by a skilled nursing facility.

Senate Bill

The Senate bill would include ''marriage and family therapist services'' and ''mental health counselor services'' within the definition of ''medical and other health services'' covered under Medicare Part B. The term marriage and family therapist services would be defined as services performed by marriage and family therapists for the diagnosis and treatment of mental illnesses. Such services would be those which the individual was legally authorized to perform under state law (or the state regulatory mechanism provided by state law) of the state in which the services were performed. Such services would also have to be of the type which would otherwise be covered if furnished by a physician or as incident to a physician's professional services. Payment would only be made if no facility or other provider charged or was paid for such services.

The term marriage and family therapist would be defined as an individual who: (1) possessed a master's or doctoral degree which qualified the individual for licensure or certification as a marriage and family therapist pursuant to state law; (2) performed at least 2 years of clinical supervised experience in marriage and family therapy after obtaining the degree; (3) was licensed or certified as a marriage and family therapist in the state if such state provided for licensure and certification of marriage and family therapists.

The provision would define mental health counselor services as services performed by mental health counselors for the diagnosis and treatment of mental illnesses. Such services would be those which the individual was legally authorized to perform under state law (or the state regulatory mechanism provided by state law) of the state in which the services were performed. Such services would also have to be of the type which would otherwise be covered if furnished by a physician or as incident to a physician's professional services. Payment would only be made if no facility or other provider charged or was paid for such services.

The term mental health counselor would be defined as an individual who: (1) possessed a master's or doctoral degree in mental health counseling or a related field; (2) performed at least 2 years of supervised mental health counselor practice after obtaining the degree; (3) was licensed or certified as a mental health counselor or professional counselor in the state if such state provided for licensure and certification of mental health counselors or professional counselors.

Payment for covered services would be made under Medicare Part B. Payment would equal the lesser of 80 percent of the actual charge for the service or 75 percent of the amount paid to a psychologist for such services. All services provided by marriage and family therapists and mental health counselors would be paid on an assignment basis. Further, services provided by marriage and family therapists and mental health counselors would be added to the list of services excluded from payment as part of the skilled nursing facility prospective payment system.

The bill would include services provided by marriage and family therapists and mental health counselors in the definition of covered rural health clinic services. It would modify the definition of the required interdisciplinary team for a hospice program to

permit a marriage or family therapist to be on the team instead of a social worker.

The provision would apply to services provided on or after January 1, 2007.

House Bill

No provision.

Conference Agreement

No provision.

Subtitle C—Provisions Relating to Parts A and B

Home Health Payments. (Section 5201 of the Conference Agreement, Section 6110 of the Senate Bill—with respect to quality of home health services, and no provision in the House Bill)

Current Law

The Medicare home health prospective payment system, which was implemented on October 1, 2000, provides a standardized payment for a 60-day episode of care furnished to a Medicare beneficiary. Medicare's payment is adjusted to reflect the type and intensity of care furnished and area wages as measured by the hospital wage index.

Each year Medicare's payment to home health agencies is updated by the projected annual change in the home health market basket (HHMB), with specified reductions in some years. For the last three calendar quarters of 2004 through 2006, the home health update is the HHMB minus 0.8 percentage points. In 2007 and subsequent years, the payment update for home health agencies is equal to the full HHMB.

The Medicare Prescription Drug Improvement and Modernization act of 2003 provided for a one-year 5% additional payment for home health services furnished in rural areas. The temporary payment began for episodes and visits ending on or after April 1, 2004 and before April 1, 2005. It was made without regard to certain budget neutrality provisions and was not included in the base for determination of payment updates.

Senate Bill

The Medicare statute would be amended by adding a new Section 1860E–6 which establishes the Home Health Agency Value-Based Purchasing Program. In 2008 and in subsequent years, the Secretary would make value-based payments to those home health agencies that, based on data submitted under the quality measurement system, have either substantially improved quality of care over the prior year, or exceed a threshold established by the Secretary. A majority of the total amount available for value-based payments in any fiscal year would be paid to home health agencies that qualify for payments because they exceed a quality threshold. Starting in 2009 and in each subsequent year, the percentage of total value-based payments made to agencies that exceed the quality threshold would be greater than the percentage made in the previous year. To be eligible for a value-based payment, home health agencies would be required to submit the required quality data and attest that it is complete and accurate.

The total amount of value-based payments made in a year would equal the total funds available for such payments. The Secretary would determine the most appropriate method for making payments. Payments for a year would be required to be made no later than December 31 of the subsequent year. By January 1, 2008, the Secretary would be required to provide each home health agency with a description of how its payments for 2007 would have been affected had the value-based purchasing system been in effect that year.

Value-based payments would be made from Part A and Part B in the same proportion as payments for home health services are made.

In 2007 and subsequent years, a home health agency that does not submit to the Secretary the required quality data would receive an update of the market basket minus two percentage points. This reduction would only apply to the fiscal year in question. For 2007 and subsequently, each home health agency would be required to submit data necessary for a value-based purchasing system in the form, manner, and time period specified by the Secretary. Procedures for making the data available to the public would be established.

To fund the program, spending under the trust funds for home health services would be reduced by a percent applied to the standard prospective payment amount made to all agencies that comply with the data submission requirements. The percent reduction would be 1% in 2008, 1.25% in 2009, 1.5% in 2010, 1.75% in 2011, and 2% in 2012 and subsequent years.

House Bill

No provision.

Conference Agreement

The conference agreement eliminates the update for home health payments in 2006. It also provides for a one-year 5% additional payment for home health episodes or visits furnished in a rural area during calendar year 2006.

The Conference agreement accepts the Senate language with respect to (1) the collection of health care quality data, as determined appropriate by the Secretary, (2) procedures for making the data available to the public, and (3) the reduction of payments to home health agencies that do not submit quality data in 2007 and beyond. The reduction in payments is equal to the market basket minus two percentage points. However the reduction will not be taken into account for calculation of the payment rate in subsequent years.

The conference agreement directs the Medicare Payment Advisory Commission to submit a report to Congress no later than June 1, 2007 on a value-based purchasing program for home health services. The report is to include recommendations on the structure of the program, the determination of thresholds, the size of value-based payments, sources of funds, and the relationship of payments for improvements in health care quality.

Revision of Period for Providing Payment for Claims that are not Submitted Electronically (Section 5202 of the Conference Agreement, no provision in the Senate Bill, and no provision in the House Bill)

Current Law

Mandatory electronic claims submission went into effect on July 1, 2005 for all providers, with a few exceptions. The exceptions include: (1) small providers with fewer than 25 full-time equivalent (FTEs) employees and physicians, practitioners, or suppliers with fewer than 10 FTEs, (2) dentists, and (3) other providers as specified by the Centers for Medicare and Medicaid Services (CMS). Medicare contractors must pay 95% of all ''clean'' paper claims within 27–30 days of receipt.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The Conference agreement directs Medicare contractors to delay the payment of claims that are not submitted electronically. The contractors are directed to pay 95% of all ''clean'' claims within 29–30 days of receipt for paper claims.

Timeframe for Part A and B Payments (Section 5203 of the Conference Agreement, Section 6112(b) of the Senate Bill, and no provision in the House Bill)

Current Law

Medicare contractors accept, process and pay claims submitted by providers for Medicare-covered services. Medicare contractors must pay interest on claims that are not promptly paid. The contractors must pay 95% of all ''clean'' claims within 14–30 days of receipt for electronically submitted claims, or within 27–30 days of receipt for paper claims. If the payment is not made within that time, interest begins accruing on the day after the required payment date and ends on the date on which the payment is made. The interest rate is set at the higher of the ''private consumer rate,'' or the ''current value of the funds.''

Senate Bill

The Senate bill would delay Medicare Part A and B payments by 9 days. Claims that would otherwise be paid on September 22, 2006, through September 30, 2006 would be paid on the first business day of October 2006. No interest or late penalty would be paid to an entity or individuals for any delay in a payment during the period.

House Bill

No provision.

Conference agreement

The conference agreement accepts the Senate provision.

Medicare Integrity Program Funding (Section 5204 of the Conference Agreement, no provision in the Senate Bill and no provision in the House Bill)

Current Law

As part of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Congress acted to increase and stabilize federal funding for anti-fraud activities. As required by Section 1817(k) of the Medicare law, an expenditure account was established within the Federal Hospital Insurance Trust Fund (the HCFAC account). Certain amounts were appropriated from the Trust Fund for specific activities, including the Medicare Integrity Program (MIP). These amounts have been established as not less than $710 million and not more than $720 million for FY2002 and subsequently.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement would increase MIP funding amounts by $100 million for FY2006.

Subtitle D—Provisions Relating to Part C

Phase-out of Risk adjustment budget neutrality in determining the amount of payments to Medicare Advantage organizations. (Section 5301 of the Conference Agreement, Section 6111 of the Senate Bill, and no provision in the House Bill)

Current Law

Medicare Advantage payment rates are risk adjusted to control for the variation in the cost of providing health care among beneficiaries. Rates are adjusted by demographic and health status indicators. In the report language to the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, Congress urged the Secretary to implement a more clinically-based risk adjustment methodology without reducing overall payments to plans. To keep payments from being reduced overall, the Secretary applied a budget neutrality adjustment to the risk adjusted rates. However, the Secretary has

proposed to phase-out the budget neutrality adjustment citing studies that show a difference in the reported health status of Medicare Advantage enrollees compared to the reported health status of beneficiaries in traditional Medicare.

Senate Bill

Beginning in 2007, this section would specify an adjustment to the benchmarks to phase-out overall increases in MA rates that result from the budget neutral implementation of risk adjustment. In 2007, if the Secretary does not rebase rates to 100% of per capita fee-for-service costs, the MA benchmarks would be equal to the 2006 rates as announced by the Secretary on April 4, 2005, with four adjustments—(1) exclusion of any national adjustments for coding intensity, (2) exclusion of risk adjustment budget neutrality, (3) increase based on the national per capita MA growth percentage, and (4) omission of any adjustments to account for errors in previous years' projections of the national per capita MA growth percentage. If the Secretary does rebase the rates in 2007, the MA benchmark would be set at the greater of either the rate calculated above, or 100% of per capita fee-for-service spending in the area. After 2007, if the Secretary does not rebase rates, the MA benchmarks would be the previous year's benchmark increased by the national per capita MA growth percentage without adjusting for errors in the estimation of the growth percentage for a year before 2004. After 2007, if the Secretary rebases rates, the benchmark would be equal to the greater of either the rate calculated above, or 100% of per capita fee-for-service spending.

The benchmarks described above would be free of the budget neutral risk adjustment. However, the benchmarks would be adjusted so that budget neutrality would be phased-out over 4 years. The applicable phase-out factors would be equal to .55 in 2007, .40 in 2008, .25 in 2009 and .05 in 2010. This means that in 2007, 55% of the payment to plans would be based on payment rates including the budget neutral risk adjustment, and 45% of the payment to plans would be based on a rate without the budget neutral adjustment. The budget neutrality factor is calculated through a formula that equals the Secretary's estimate of the total amount of payments that would have been made to plans under the demographic risk adjustment system, minus the Secretary's estimate of the payments that would have been made to plans under the health status risk adjustment system without the budget neutrality adjustment, divided by the Secretary's estimate of the total amount of payments that would be made under the health status risk adjustment system without the budget neutrality adjustment. When making this calculation, the Secretary would (a) use a complete set of the most recent and representative MA risk scores available, (b) adjust the risk scores to reflect changes in treatment and coding practices in fee-for-service, and (c) adjust the risk scores for differences in coding patterns under Medicare Part A and B compared to Medicare Part C, to the extent the Secretary has identified differences and (d) as necessary, adjust for late data submissions, lagged cohorts, and changes in MA enrollment. The Secretary could take into account estimated health risk of enrollees in preferred provider organizations (including MA regional plans) for the year. The Secretary would be required to conduct an analysis of differences in coding patterns between MA plans and providers under Parts A and B of Medicare using data starting in 2004, and incorporate, to the extent such differences are identified, the findings into calculations of MA benchmarks no later than 2008. Adjustments would be terminated if the total amount of payments adjusted for health status exceeded payments adjusted for demographics.

The Secretary could not make any adjustments to the budget neutrality factor, other than those specified above. The Secretary's authority to risk adjust MA benchmarks based on 100 percent of per capita fee-for-service spending would not be limited by these changes.

This section also refines adjustments for health status when plans are paid based on their bid amounts (rather than the benchmark). The Secretary would ensure that such risk adjustments reflect changes in the treatment and coding practices between Medicare Part A and Part B relative to Medicare Part C to the extent that the Secretary has identified differences.

House Bill

No provision.

Conference Agreement

The conference agreement accepts the Senate language in part, with modifications. The conference agreement codifies the phase-out of the budget neutrality factor over 2006 to 2010 and outlines the adjustments that can be made to that factor. Under the agreement, the Secretary must conduct an analysis to identify differences in coding patterns between Medicare Advantage plans and fee for service. To the extent that the Secretary identifies any differences, they are to be incorporated into calculations of the risk rates and the budget neutrality factor in 2008, 2009, and 2010. The conferees intend that any adjustments made for differences in coding patterns be made for differences resulting from inaccurate coding. The conference agreement makes no permanent change to Medicare Advantage payment calculations.

Rural Pace Provider Grant Program (Section 5302 in the Conference Agreement, Section 6113 of the Senate Bill, and no provision in the House Bill)

Current Law

PACE is a program providing comprehensive Medicare and Medicaid services under a managed care arrangement to individuals over age 55 who are eligible for a nursing home level of care. PACE organizations, which are public or private non-profit entities, receive a fixed monthly Medicare and Medicaid payment to cover a comprehensive set of services for PACE participants. The PACE service package must include all Medicare and Medicaid covered services, and other services determined necessary by the multidisciplinary team for the care of the PACE participant.

Senate Bill

This provision would create site development grants, provide technical assistance to established rural PACE providers, and establish a fund to reimburse rural PACE providers for certain outlier costs. A rural area would be a county that is not part of a Metropolitan Statistical Areas (as defined by the Office of Management and Budget) as established for Medicare IPPS payments to acute care hospitals. The Secretary would establish a procedure to award site development grants to be used for expenses incurred in relation to establishing or delivering services in rural areas. Up to 15 qualified PACE providers that serve a rural area, in whole or in part can receive a grant not to exceed $750,000. The Secretary would be appropriated $7.5 million in FY2006 and FY2007 out of the Treasury for these development grants. The appropriated funds would remain available for expenditure until FY 2010. The Secretary would establish a technical assistance program to provide 1) outreach and education to specified entities interested in starting rural PACE programs, and 2) technical assistance necessary to support rural PACE pilot sites. The Secretary would establish an outlier fund for inpatient and related physician and ancillary costs incurred for an eligible participant within a given 12-month period. Outlier costs would be those costs for inpatient and related physician and ancillary services in excess of $50,000 incurred within a given 12-month period for an eligible participant who resides in a rural area. For the first 3 years of its operation, a rural PACE site would receive 80 percent of the outlier costs in excess of $50,000 for that period. Total outlier payments for an eligible participant could not exceed $100,000 for the 12-month period used to calculate the payment. No site may receive more than $500,000 in total outlier expense payments in a 12–month period. A rural PACE pilot site would be required to access and exhaust risk reserves held or arranged for the provider and any working capital established through a site development grant prior to receiving any payment from the outlier fund. The Secretary would be appropriated $10 million for FY2006 and FY2007 for the outlier fund. These outlier appropriations would remain available for expenditure through FY2010. The Secretary would be required to submit a report to Congress on the evaluation of the rural PACE pilot sites no later than 60 months from the date of enactment. Any amount paid under this authority would be in addition to Medicare PACE funds paid under Section 1894 of the Social Security Act or Medicaid PACE funds paid for under Section 1934 of the same act.

Conference Agreement

The conference agreement adopts the Senate provision with certain exceptions. The Secretary is required to establish a process and criteria to award site development grants to qualified PACE providers that have been approved to serve a rural area. The Secretary is appropriated $7.5 million for FY2006 for the rural site development grants. These appropriated funds would remain available for expenditure through FY2008. The Secretary is appropriated $10 million for FY2006 for the outlier funds. These appropriated funds would remain available for expenditure through FY201O. Rural PACE pilot sites must apply to receive outlier funds and document their incurred costs for the outlier participant in a manner specified by the Secretary.

Elimination of Medicare Advantage Regional Plan Stabilization Fund (No provision in Conference agreement, Section 6112(a) of the Senate Bill, and no provision in the House Bill)

Current Law

The Secretary must establish an MA Regional Plan Stabilization Fund to provide incentives for plan entry in each region and plan retention in certain MA regions with below average MA penetration. Initially, $10 billion will be available for expenditures from the Fund beginning on January 1, 2007 and ending on December 31, 2013.

Additional funds will be available in an amount equal to 12.5% of average per capita monthly savings from regional plans that bid below the benchmark.

Senate Bill

The Senate bill would repeal the stabilization fund retrospectively as of the enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

House Bill

No provision.

Conference agreement

No provision.

Establishment of Medicare Value-based Purchasing Programs. (No provision in the Conference Agreement, Section 6110 of Senate Bill and no provision in the House Bill)

Subsection (a) Establishment of Medicare Value-Based Purchasing Programs Part E Value-Based Purchasing Programs—Quality Measurement Systems for Value-Based Purchasing Programs. (No provision in the Conference Agreement, Section 6110 of the Senate Bill and no provision in the House Bill)

Current Law

No provision.

Senate Bill

Section 6110 would amend the Medicare statute by redesignating the existing Section 1860E as Section 1860F and by adding a new Section 1860E which requires the Secretary to establish value-based purchasing systems for different providers.

Subsection (a) of Section 6110 would create Section 1860E–1 in the Medicare statute and would require the Secretary to develop provider-specific quality measurement systems for making value-based payments to hospitals, physicians and practitioners, Medicare Advantage (MA) and Part D prescription drug plans, end stage renal disease providers and facilities, and home health agencies. Measures for each quality system would be required to (1) be evidence-based; (2) be easy to collect and report; (3) address process, structures, outcomes, beneficiary experience, efficiency, equity, and overuse and underuse of health care; and (4) include at least one measure of health information technology infrastructure during the first year of implementation. Additional measures would be added in subsequent years. Measures would include those that assess the quality of care furnished to older, frail individuals and those with multiple complex chronic conditions. By 2008, hospital quality systems would be required to include at least 5 measures that take into account the unique characteristics of small hospitals located in rural areas and frontier areas.

Before a measure would be used to determine whether a provider receives a value-based payment, data on the measure must have been collected for at least a twelve month period. Each set of quality measures selected for specific categories of providers would be able to vary in their application to an individual or entity depending of the type, size, scope and volume of services provided by the individual or entity.

The Secretary would be required to establish risk adjustment procedures to control for differences in beneficiaries' health status and characteristics and to assign weights to measures used by each quality system. If appropriate, measures of clinical effectiveness would be weighted more heavily than measures of beneficiary experience; and measures of risk adjusted outcomes would be weighted more heavily than measures of process. The Secretary would be required to update the quality measurement system, but not more often than every twelve months. The update would permit a comparison of data from one year to the next. The Secretary would be required to use the most recent quality data for a provider type. However, if the Secretary determines that there is insufficient data because of the low service volume, the Secretary would be able to aggregate data across more than one fiscal or calendar year.

In developing and updating each quality measurement system, the Secretary would be required to consult with provider-based groups and clinical specialty societies. The Secretary would also take into account quality measures developed by nationally recognized entities, existing quality measurement systems, reports by MedPAC required by this Act, results of relevant demonstrations, and the report on Health Care Performance Measures being developed by the Institute of Medicine under section 238 (b) of the MMA. In implementing each quality measurement system, the Secretary would be required to consult with entities that have developed strategies for quality measurement and reporting as well as a wide range of stakeholders.

By July 1, 2006, the Secretary would be required to have in place an arrangement with an entity that will provide the Secretary with advice and recommendations about the development and updating of the quality measurement systems established by this Act. This arrangement, with a private non-profit entity, would meet a specific set of requirements. For FY2006 and FY2007, $3,000,000 is authorized for this purpose, with the amount in subsequent years increased by the Consumer Price Index for urban consumers.

House Bill

No provision.

Conference Agreement

No provision.

Physician and practitioner value-based purchasing program

Current Law

No provision.

Senate Bill

A new Section 1860E–3 would direct the Secretary to establish a program under which value-based payments are provided each year to physicians and practitioners that demonstrate the provision of high quality health care to individuals enrolled under part B. In addition, MedPAC would be required to conduct five studies evaluating the new program.

The first study would examine how the Medicare value-based purchasing programs under this section will affect Medicare beneficiaries, Medicare providers, and Medicare financing, including the impact of these programs on the access of such beneficiaries to items and services, the volume and utilization of such items and services, and low-volume providers. The initial report would be due to Congress and the Secretary no later than March 1, 2008, and a final report due no later than June 1, 2012.

The second study would examine the advisability and feasibility of establishing a value-based purchasing program for critical access hospitals (CAHs). This report would be due to Congress and the Secretary no later than March 1, 2007.

The third study would address the advisability and feasibility of including renal dialysis facilities in the value-based purchasing program described in this section or establishing a separate value-based purchasing program for renal dialysis facilities under this title. This report would be required to be submitted to Congress and the Secretary no later than June 1, 2007.

The fourth study would be a report on the implementation of an end-stage renal disease (ESRD) provider and facility value-based purchasing program. This report would take into account the results to date of the demonstration of bundled case-mix adjusted payment system for ESRD services under Section 623(e) of MMA and would include issues for the Secretary to consider in operating the ESRD provider and facility value-based purchasing program as well as recommendations on such issues. This report would be required to be submitted to Congress and the Secretary no later than June 1, 2008.

The fifth study, due to Congress and the Secretary by June 1, 2007, would report on the advisability and feasibility of establishing a value-based purchasing program for skilled nursing facilities (SNFs).

The value-based purchasing program would be established so that value-based payments will be made initially in 2009 and in each subsequent year. The definition of a physician would not be changed as a result of this section and would remain as given in current law (section 1861(r)). The term 'practitioner' would mean: (i) a practitioner defined under current law; (ii) a physical therapist; (iii) an occupational therapist; and (iv) a qualified speech-language pathologist. The Secretary would be charged with establishing procedures for the identification of physicians and practitioners for payment purposes under this section, such as through physician or practitioner billing units or other units.

The value-based payments would be based on either relative or absolute standards. The Secretary would be able to make a value-based payment to a physician or a practitioner if both the quality and efficiency of care to an individual enrolled under Part B has improved substantially or has exceeded an established threshold. In determining which physicians and practitioners would qualify for a value-based payment, the Secretary would be required to use both the quality measurement system developed for this section with respect to the quality of the care provided by the physician or practitioner and the comparative utilization system developed under this section with respect to the efficiency of such care.

In determining the amount of award and the allocation of awards under the value-based purchasing program, the Secretary would determine both the amount of a value-based payment provided to a physician or a practitioner and the allocation of the total amount available for value-based payments for any year between payments with respect to physicians and practitioners that meet the quality threshold requirements described above.

In determining the amount and allocation of the value-based payments for physicians and practitioners who exceed the threshold that allows them to receive such payments, the Secretary would ensure that a majority of the total amount available for value-based payments for any year is provided to physicians and practitioners who meet the threshold for receiving such payments. Additionally, the percentage of value-based payments would not be able to decrease. For every year beginning in 2010, the Secretary would be required to ensure that the percentage of the total amount available for value-based payments for any year that is used to make payments to physicians and practitioners is greater than the previous year's percentage.

In order for a physician or a practitioner to be eligible for a value-based payment for a year, the physician or practitioner would be required to submit quality data with respect to that year, and provide the Secretary (under procedures established by the Secretary) with an attestation that the data submitted is complete and accurate.

The Secretary would be required to establish value-based payments such that the estimated total amount of the value-based payments is equal to the total amount of available funding for value-based payments for the year. The payment of value-based payments would be based on such a method as the Secretary determines appropriate, and the Secretary would ensure that value-based payments with respect to a year are made by not later than December 31 of the subsequent year.

The Secretary, in consultation with relevant unnamed stakeholders, would develop a comparative utilization system for purposes of providing value-based payments. The resulting comparative utilization system would measure the efficiency of the care

provided by a physician or practitioner. Under this comparative utilization system, the Secretary would select the measures of efficiency and review the most recent claims data with respect to services furnished or ordered by physicians and practitioners to determine utilization patterns and efficiency. The Secretary would establish risk adjustment procedures, as appropriate, to control for differences in beneficiary health status and beneficiary characteristics.

Beginning in 2007, the Secretary would provide physicians and practitioners with annual reports on the utilization of items and services under this title based upon the review of claims data. The 2007 and 2008 reports would be confidential and not be made available to the public. Not later than March 1, 2009, the Secretary would provide each physician and practitioner with a description of the Secretary's estimate of how payments to the physician or practitioner would have been affected with respect to items and services furnished in 2008 if the value-based payment program had been in effect in 2008.

Payments to physicians and practitioners under the value-based payment program would be made from the Federal Supplementary Medical Insurance (Part B) Trust Fund. The total amount available for value-based payments with respect to a year would be equal to the amount of the reduction in expenditures under the Federal Supplementary Medical Insurance Trust Fund in the year as a result of the amendments made by Section 6110(c)(2) of the bill, as estimated by the Secretary.

House Bill

No provision.

Conference Agreement

No provision.

Subsection (c) physicians and practitioners

(1) Voluntary submission of physician and practitioner quality data

Current Law

No provision.

Senate Bill

In 2007 and in subsequent years, physicians and providers who do not submit the required quality data would receive an update to the conversion factor minus two percentage points. This reduction would only apply to the fiscal year in question. In 2007 and subsequently, physicians and practitioners would be required to submit appropriate data necessary for a value-based purchasing system in the specified form, manner, and time of the data submission as determined by the Secretary. Procedures for making the data available to the public would be established. These procedures would be required to provide the physicians and practitioners with an opportunity to review the data before it is released to the public. The Secretary would be allowed to make exceptions to the requirement for making data available to the public and would take into account the size and specialty representation of the practice involved when providing such exceptions.

House Bill

No provision.

Conference Agreement

No provision.

(2) Reduction in conversion factor for physicians and practitioners that submit quality data in order to fund program

Current Law

Medicare payments under Part B are based on a fee schedule. The fee schedule reflects a set of weights that vary across the many procedures that encompass the range of activities and services that physicians and practitioners provide. These relative weights are converted to dollar amounts for payment under Medicare by applying a multiplicative conversion factor. The conversion factor is updated each year according to a formula that aims to place a restraint on overall increases in Medicare spending for Part B services.

Senate Bill

To fund the value-based purchasing program for physicians and practitioners, the conversion factor would be reduced as follows: 1.0% in 2009, 1.25% in 2010, 1.5% in 2011, 1.75% in 2012, and 2.0% in 2013 and subsequent years.

House Bill

No provision.

Conference Agreement

No provision.

ESRD provider and facility value-based purchasing program

Current Law

No provision.

Senate Bill

Section 1680E–5. Beginning in 2007, the Secretary would establish a program under which value-based payments are provided each year to providers of services and renal dialysis facilities that provide services to ESRD individuals enrolled under part B and that demonstrate the provision of high quality health care. Facilities with at least 50% of their patients under the age of 18, as well as those providers and facilities currently participating in the bundled case-mix demonstration are excluded from this program.

Value-based payments would be made to a provider or facility, if the Secretary determines that the quality of care in that year has substantially improved over the prior year or exceeds a threshold established by the Secretary, using the quality measurement system.

The Secretary would determine the amount of a value-based payment and the allocation of the total amount available for all such payments, subject to certain requirements. The Secretary would ensure that the majority of the total amount available is awarded to those providers of services and renal dialysis facilities who provide high quality services. For 2007, the entire amount would be available for those who meet the requirements. Beginning in 2009, the percentage of the total amount available would be provided to those who improved in meeting such requirements relative to the previous year.

Beginning in 2007, each provider of services and renal dialysis facility would be required to submit data that the Secretary determines is appropriate for the measurement of health outcomes and other indices of quality, including data necessary for the operation of the program. A provider or facility would be required to submit this data, in order to be eligible for a value-based payment for a year. The Secretary would establish procedures for making submitted data available to the public in a clear and understandable form and would ensure that a provider or facility first has the opportunity to review the data. The provider or facility would be required to provide an attestation that the data is complete and accurate.

The Secretary would establish payment amounts so that, as estimated by the Secretary, the total amount of value-based payments made in a year is equal to the total amount available. The payment of the awards would be based on a method as determined by the Secretary and must be paid no later than December 31 of the subsequent year. The amount available for value-based payments would be equal to the amount of the reduction in expenditures under the Federal Supplementary Medical Insurance (SMI) Trust Fund, as estimated by the Secretary. Payments to providers of services and renal dialysis facilities, under this section, would be made from the Federal SMI Trust Fund.

House Bill

No provision.

Conference Agreement

No provision.

Subsection (e) ESRD

Providers and facilities

Current Law

No provision.

Senate Bill

No later than July 31, 2006, the Secretary would establish procedures for providers of services and renal dialysis facilities, who are paid based on the case-mix adjusted prospective payment system, to submit data that permits the measurement of health outcomes and other indices of quality.

In the case of any payment for an item or service furnished on or after January 1, 2007, the case-mix adjusted prospective payment amount would be reduced by the applicable percent, but only for those providers of services or renal facilities included in the value-based program. The applicable percent would be 1% for 2007, 1.25% for 2008, 1.5% for 2009, 1.75% for 2010, and 2% for each year thereafter.

Beginning January 1, 2007, the Secretary would implement a value-based purchasing program for providers and facilities participating in the bundled case-mix demonstration (as established under Section 623 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003), in a manner similar to the value-based program established under Section 1860E–5 of this bill, including the funding of the program.

House Bill

No provision.

Conference Agreement

No provision.

PPS Hospital value-based purchasing program

Current Law

No provision.

Senate Bill

The Medicare statute would be amended by adding a new Section 1860E–2 which establishes the hospital value-based purchasing program for inpatient hospital services, starting FY2007. The program would make value-based payments to hospitals based on data reported under the quality measurement system established by the Secretary. Hospitals paid under Medicare's prospective payment system (PPS) that have substantially improved the quality of care over the prior year or exceeded an established quality threshold would receive a value-based payment as determined by the Secretary. A majority of the total amount available for value-based payments in any fiscal year would be paid to hospitals that are receiving such payments for exceeding a quality threshold. Starting in FY2008, the percentage of the total amount for value-based payments in any fiscal year that is paid to such hospitals would be greater than the equivalent percentage paid in the previous year. Hospitals would be required to comply with all the quality data reporting requirements and attest to the accuracy of the data in order to be eligible for a value-based payment. The total amount of value-based payments in a fiscal year would equal the total amount of available funding for such payments for that year. The payments would be based on the methods determined by the Secretary and would be made to hospitals no

later than the close of the following fiscal year. No later than January 1, 2007, the Secretary would provide each hospital with a description of how its payments for FY2006 would have been affected had the value-based payment program been in effect that fiscal year.

Value-based payments in a fiscal year would be made from Medicare's Part A Trust fund and would equal specified reductions in those trust fund expenditures as established in Section 6110(b) of the bill.

House Bill

No provision.

Conference Agreement

See Section 5001 of the Conference Agreement.

Plan value-based purchasing program

Current Law

No provision.

Senate Bill

A new Section 1860E–4 would require the Secretary to establish a program to award value-based payments to Medicare Advantage (MA) organizations that provide high quality health care. Payments would start in 2009, and continue each year thereafter. The program would apply to both MA regional and local plans. It also would apply to reasonable cost contract plans, except for provisions that would require plans to submit data two years prior to the start of the program, and provisions relating to plan bids.

The Secretary would make payments for each plan offered by an MA organization if the plan substantially improved over the prior year, or exceeded a minimum threshold. The Secretary would use measures of quality developed for the plan value-based payments system (Section 1860E–1) and ensure that awards are based on data from a full 12-months when making a comparison against a threshold, and 24-months when measuring improvement over a prior year.

The Secretary would determine the amount of the value-based payments, but must ensure that the majority of funds go to plans that receive a payment because their health measures exceeded a threshold. In 2010 and each subsequent year, the percentage of the total amount available is greater than the percentage in a previous year.

Value-based payments may only be used to invest in quality improvement programs or to enhance beneficiary benefits.

To be eligible for value-based payments, an MA plan or reasonable cost contract would be required to have collected, analyzed and reported the required data for the two previous years. Also, an MA plan would be required to provide the Secretary with an attestation that the value-based payment program including payment adjustments made by reason of Section 6110(d)(2)(A) had no effect on the integrity and actuarial soundness of the plan's bid.

The Secretary would ensure that the total of value-based payments is equal to the amount made available for those payments. Payments for a particular year would be required to be made not later than March 1 of the subsequent year, in a manner determined by the Secretary.

By March 1, 2009, the Secretary would provide each MA organization with an estimate of how plan payments would have been affected if the value-based payment system had been in effect in 2008.

The amount available for value-based payments would be equal to the amount of the reduction in expenditures under the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund as a result of amendments to fund the value-based payment system, as estimated by the Secretary. Payments to MA organizations would be drawn from the two trust funds in proportion to the relative weight that part A and part B benefits represent of the total actuarial value of Medicare benefits.

House Bill

No provision.

Conference Agreement

No provision.

Home Health Agency Value-based Purchasing Program

Current Law

No provision.

Senate Bill

The Medicare statute would be amended by adding a new Section 1860E–6 which establishes the Home Health Agency Value-Based Purchasing Program. In 2008 and in subsequent years, the Secretary would make value-based payments to those home health agencies that, based on data submitted under the quality measurement system, have either substantially improved quality of care over the prior year, or exceed a threshold established by the Secretary. A majority of the total amount available for value-based payments in any fiscal year would be paid to home health agencies that qualify for payments because they exceed a quality threshold. Starting in 2009 and in each subsequent year, the percentage of total value-based payments made to agencies that exceed the quality threshold would be greater than the percentage made in the previous year. To be eligible for a value-based payment, home health agencies would be required to submit the required quality data and attest that it is complete and accurate.

The total amount of value-based payments made in a year would equal the total funds available for such payments. The Secretary would determine the most appropriate method for making payments. Payments for a year would be required to be made no later than December 31 of the subsequent year. By January 1, 2008, the Secretary would be required to provide each home health agency with a description of how its payments for 2007 would have been affected had the value-based purchasing system been in effect that year.

Value-based payments would be made from Part A and Part B in the same proportion as payments for home health services are made.

House Bill

No provision.

Conference Agreement

No provision.

Subsection (b).—Hospitals

(1) Voluntary submission of hospital quality data

Current Law

Each year, Medicare's operating payments to acute general hospitals are increased or updated by a factor that is determined, in part, by the projected annual change in the hospital market basket (MB). Congress establishes the update for Medicare's inpatient prospective payment system (IPPS) for operating costs, often several years in advance. An IPPS hospital will receive an operating update of the MB from FY2005 through FY2007 if it submits data on the 10 quality indicators established by the Secretary as of November 1, 2003. The Secretary will specify the form, manner, and time of the data submission. A hospital that does not submit data to the Secretary will receive an update of the MB minus 0.4 percentage points for the fiscal year in question. The Secretary will not take into account this reduction when computing the applicable percentage increase in subsequent years. For FY2008 and subsequent fiscal years, hospitals will receive an update of the MB.

Senate Bill

In FY2007 and subsequent years, an IPPS hospital that does not submit the required quality data would receive an update of the MB minus two percentage points. This reduction would only apply to the fiscal year in question. In FY2007 and subsequently, an IPPS hospital would be required to submit appropriate data necessary for a value-based purchasing system in the specified form, manner, and time of the data submission as determined by the Secretary. Procedures for making the data available to the public would be established. These procedures would be required to provide the hospitals with an opportunity to review the data before it is released to the public.

House Bill

No provision.

Conference Agreement

No provision.

(2) Reduction in outlier payments in order to fund program

Current Law

Outlier payments are intended to protect IPPS hospitals from the risk of financial losses associated with patients with exceptionally high costs or unusually long stays. Medicare cases qualify for outlier payments if they exceed a threshold or fixed loss amount that is established each year. As directed by statute, the total amount of any outlier payments for any year should equal no less than 5 percent nor more than 6 percent of total projected operating diagnosis related group (DRG) payments. Outlier payments are financed by a reduction in the national average standardized amount, typically set at 5.1 percent.

Senate Bill

Outlier payments would be established as no less than 5 percent and no more than 6 percent for fiscal years prior to 2007. In FY2007, outlier payments would be established as no less than 4 percent and no more than 5 percent. In FY2008, outlier payments would be established as no less than 3.75 percent and no more than 4.75%. In FY2009, outlier payments would be established as no less than 3.5% and no more than 4.5 percent. In FY2010, outlier payments would be established as no less than 3.25 percent and no more than 4.25 percent. In FY2011 and in subsequent years, outlier payments would be established as no less than 3% and no more than 4%.

The Secretary would be directed to reduce the average standardized amount by certain percentages to fund outlier payments and the hospital value-based purchasing program. The reduction factor will be equal to a calculation where the numerator is the sum of the additional outlier payments (as discussed in the preceding paragraph) plus a specified percentage of total projected DRG prospective payment rates divided by the total projected DRG prospective payment rates. The specific percentages would be 0 percent for fiscal years prior to 2007, 1 percent in FY2007, 1.25 percent in FY2008, 1.5 percent in FY2009, 1.75 percent in FY2010, and 2 percent in FY2011 and in subsequent years.

House Bill

No provision.

Conference Agreement

No provision.

(3) Value-based purchasing demonstration program for critical access hospitals

Current Law

No provision.

Senate Bill

The Secretary, within six months from enactment, would be required to establish a

two-year value-based payment demonstration program at six representative CAHs, using such funds as are necessary from the Part A trust fund. The Secretary would be required to report to Congress with recommendations within six months of completing the demonstration.

House Bill

No provision.

Conference Agreement

No provision.

Subsection (d)—Plans

(1) Submission of quality data

Current Law

Each Medicare Advantage (MA) organization has an ongoing quality improvement program. MA private fee-for-service plans, MSA plans and Medicare cost reimbursement plans are exempt from this requirement. Each MA organization collects, analyses and reports health outcomes and quality data. The quality improvement program for local preferred provider organizations only applies to providers that have contracts with the organization. The Secretary can collect only the types of data that were collected by the Secretary as of November 1, 2003. The Secretary can collect other types of data only after consulting with MA organizations and private accrediting bodies, and submitting a report to Congress.

Senate Bill

Beginning on or after January 1, 2006, the Secretary would also collect data necessary for the plan value-based purchasing program (Section 1860E–4). The Secretary would establish requirements for MA private fee-for-service plans and cost reimbursement plans with respect to the collection, analysis and reporting of data on health outcomes and quality. The Secretary would establish procedures for making health outcomes and quality data available to the public in a clear and understandable form. Prior to the data being made public, the Secretary would ensure that an MA organization has the opportunity to review the data for the plans it offers. The Secretary may change the type of data collected for the value-based purchasing program after complying with requirements for the development, update and implementation of the program.

The Secretary would take into account the data reporting requirements that plans must comply with under other federal and state programs and in the commercial market when establishing a time frame for data reporting requirements under the new program.

House Bill

No provision.

Conference Agreement

No provision.

(2) Reduction in payments to organizations in order to fund program

Current Law

No provision.

Senate Bill

For those providers included in the value-based program, including reasonable cost contracts, the monthly payment to plans would be reduced by 1% in 2009, 1.25% in 2010, 1.5% in 2011, 1.75% in 2012, and 2.0% for 2013 and each subsequent year. These reductions would not have any effect on determining whether the risk adjusted benchmark exceeds a plan's risk adjusted bid, or the amount of the difference.

House Bill

No provision.

Conference Agreement

No provision.

(3) Requirements for reporting on use of value-based payments

Current Law

No provision.

Senate Bill

Beginning on or after January 1, 2011, MA plans would submit information describing how the organization will use any value-based payments received under the program. This information would be submitted by plans at the same time they submit plan bids. Beginning in 2010, not later than July 1 of each year, any reasonable cost reimbursement contract that received a value-based payment would submit a report to the Secretary describing how the organization will use the value-based payment.

House Bill

No provision.

Conference Agreement

No provision.

Subsection (1) Home Health Agencies

Value-based purchasing program for home health agencies

Current Law

No provision.

Senate Bill

In 2007 and subsequent years, a home health agency that does not submit to the Secretary the required quality data would receive an update of the market basket minus two percentage points. This reduction would only apply to the fiscal year in question. For 2007 and subsequently, each home health agency would be required to submit data necessary for a value-based purchasing system in the form, manner, and time period specified by the Secretary. Procedures for making the data available to the public would be established.

To fund the program, spending under the trust funds for home health services would be reduced by a percent applied to the standard prospective payment amount made to all agencies that comply with the data submission requirements. The percent reduction would be 1 percent in 2008, 1.25 percent in 2009, 1.5 percent in 2010, 1.75 percent in 2011, and 2 percent in 2012 and subsequent years.

House Bill

No provision.

Conference Agreement

See Section 5201 of the Conference Agreement.

Subsection (g) Skilled Nursing Facilities

(1) Requirement for skilled nursing facilities to report functional capacity of medicare residents upon admission and discharge

Current Law

Medicare law requires nursing homes to conduct a comprehensive, accurate, standardized, reproducible assessment of each resident's functional capacity. Under the law, this assessment must describe the resident's capability of performing daily life functions and significant impairments in functional capacity and be based on a uniform minimum data set specified by the Secretary, or specified by the state with the Secretary's approval. If specified by a state, it must be consistent with the minimum data set of core elements, common definitions, and utilization guidelines.

As a result, the Minimum Data Set (MDS), designed by the Secretary, consists of a core set of screening, clinical and functional status elements, including common definitions and coding categories which form the foundation of the comprehensive assessment for all residents of long-term care facilities certified to participate in Medicare or Medicaid. The items in the MDS standardize communication about resident problems and conditions within facilities, between facilities, and between facilities and outside agencies. MDS is designed to facilitate and standardize resident assessments, which are structured, problem-oriented frameworks for organizing MDS information, and examining additional clinically relevant information about an individual. These resident assessments help identify social, medical and psychological problems and form the basis for individualized care planning. MDS is also used as a data collection tool to classify Medicare and Medicaid residents into the Resource Utilization Groups (RUG–III). The RUG–III Classification system is used in the PPS for nursing facilities, hospital swing bed programs, and in many State Medicaid case mix payment systems to group residents into similar resource usage categories for the purposes of reimbursement.

In general, MDS resident assessments are conducted on the 5th, 14th, 30th, 60th, and 90th days of post-hospital SNF care. SNFS also conduct other assessments that may be needed to account for changes in patient care needs.

Senate Bill

This provision would amend section 1819(b) of the Social Security Act by adding a requirement that on or after October 1, 2006, a SNF would be required to submit a report to the Secretary on the functional capacity of each resident who is entitled to SNF benefits at the time of his or her admission and discharge. This report would be required to be submitted within 10 days of the admission or discharge as the case may be.

House Bill

No provision.

Conference Agreement

No provision.

(2) Voluntary submission of skilled nursing facility data

Current Law

As described above, the MDS submitted to CMS by states is intended to provide information on the quality of care provided to residents in SNFs. In recent years, CMS has attempted to make available additional quality measures. CMS posts data on nursing home's care records from complaint surveys, staffing levels, and number and types of residents, facility ownership and 15 quality measure scores on a website entitled Nursing Home Compare. This site is available to the public and is intended to assist individuals in choosing a Medicare- and Medicaid-certified nursing home by state, county, city, zip code, or by facility name. Additional research into the development of quality measures, staffing, and best practices is currently underway through CMS contracts with Quality Improvement Organizations (QIOs).

Senate Bill

This provision would also require SNFs to submit quality data for the measurement of health outcomes and other indices of quality to the Secretary for FY 2009 and each subsequent fiscal year. Data required would be determined by the Secretary after conducting a study in consultation with certain nationally recognized quality measurement entities, researchers, health care provider organizations, and other appropriate groups and consult with, and take into account, recommendations of, the entity that the Secretary has an arrangement with based on criteria specified in section 6110(e) of this bill. The Secretary would also be required to consult with entities that have joined together to develop strategies for quality measurement and reporting, including the feasibility of collecting and reporting meaningful data on quality measures and that involve representatives of health care providers, health

plans, consumers, employers, purchasers, quality experts, government agencies, and other individuals and groups that are interested in quality of care.

For FY 2009 and each subsequent year, SNF market basket percentage changes would be reduced by two percentage points for SNFs that do not submit this data. Such reductions would apply only with respect to the fiscal year involved and the Secretary would be prohibited from taking into account a reduction in the Federal per diem rate.

The Secretary would be required to establish procedures for making this data available to the public in a clear and understandable form. Such procedures would be required to ensure that a facility has the opportunity to review the data that is be made public with respect to the facility prior to such data being made public.

House Bill

No provision.

Conference Agreement

No provision.

TITLE VI—MEDICAID AND SCHIP

Subtitle A—Medicaid

Chapter 1—Payment for Prescription Drugs

Federal Upper Payment Limit for Multiple Source Drugs and Other Drug Payment Provisions (Section 6001 of the Conference Agreement, Section 6001 of the Senate Bill, and Section 3101 of the House Bill)

a. Modification of federal upper payment limit for multiple source drugs; definition of multiple source drugs

Current Law

States set the amounts to pay pharmacies for outpatient prescription drugs provided to Medicaid enrollees. States pay those amount to pharmacies and then seek reimbursement of the federal share of those payments. Federal reimbursements to states for state spending for certain outpatient prescription drugs are subject to ceilings called federal upper limits (FULs). The FUL applies, in the aggregate, to payments for multiple source drugs—those that have at least three therapeutically equivalent drug versions. The Centers for Medicare and Medicaid Services (CMS) calculates the FUL to be equal to 150 percent of the published price for the least costly therapeutic equivalent. The published prices that CMS uses as a basis for calculating the FULs are the lowest of the average wholesale prices (AWP) for each group of drug equivalents. Brand name drugs are subject to an upper limit equal to the amount that pharmacists must pay to acquire the drug (the acquisition cost) as estimated by the states.

Pharmaceutical manufacturers whose drugs are available to Medicaid beneficiaries must provide state Medicaid programs with rebates. Rebates are calculated based on the average manufacturer's price (AMP) of each product, and for certain other products, the best price at which the manufacturers sell the drug. The AMP is defined as the average price paid to a manufacturer by wholesalers for drugs distributed to retail pharmacies. Certain federal drug purchases as well as several other specific kinds of sales are exempt from the AMP and from the best price calculation. Sales at prices that are ''nominal'' in amount are excluded from the computation of best price. CMS defines nominal prices to be those that are below 10 percent of the AMP.

Senate Bill

The Senate bill would specify that FULs for multiple source drugs provided in pharmacies that are not critical access pharmacies would be calculated to be equal to 115 percent of the weighted AMP for those drugs. The FULs for multiple source drugs provided in critical access pharmacies would be calculated to be equal to the lesser of 140 percent of the AMP or the wholesale acquisition cost (WAC) for the drug. The bill would establish FULs for single source drugs. For those single source drugs provided in pharmacies that are not critical access pharmacies, the FUL would be calculated to be equal to 105 percent of the AMP. FULs for those single source drugs provided in critical access retail pharmacies would be calculated to be equal to the lesser of 108 percent of the AMP or the WAC for the drug.

Exceptions to the FUL would be for drugs sold during an initial sales period in which data on sales for the drug are not sufficiently available from the manufacturer to compute the AMP or the weighted AMP, and for drugs for which alternatives would not be as effective. For drugs sold during an initial sales period, the Senate bill would establish a transitional upper payment limit to apply only during such period. For a period not to exceed 2 calendar quarters, the upper limit for single source drugs would be calculated to be equal to the wholesale acquisition cost (WAC) for the drug. The bill would define WAC—the definition would be identical to the current law Medicare definition. For first non-innovator multiple source drugs, the upper limit during the transition period would be equal to the AMP for the single source drug rated as therapeutically equivalent minus 10 percent. For subsequent non-innovator multiple source drugs, if the Secretary has sufficient data to determine AMP, the FUL during the transition period would be equal to the weighted AMP for the therapeutically equivalent and bioequivalent form of the drug. If the Secretary does not have sufficient data, the FUL would be the AMP for the single source drug that is therapeutically equivalent and bioequivalent minus 10 percent.

In the case of an innovator multiple source drug that a prescribing health care provider determines is necessary for treatment of a condition and that a non-innovator multiple source drug would not be as effective for the individual or would have adverse effects for the individual or both, and for which the provider obtains prior authorization in accordance with the states' program, the upper payment limit for the innovator multiple source drug shall be equal to 105 percent of the AMP for such drug.

The Secretary would be required to update FULs on a quarterly basis, taking into account the most recent data collected for the purposes of determining such limits and the FDA's most recent publication of ''Approved Drug Products with Therapeutic Equivalence Evaluations.''

The Senate FUL provisions would become effective on the later of January 1, 2007 or the date that is 6 months after the close of the first regular session of the State legislature that begins after the date of enactment.

The Senate bill would establish interim FULs to apply during calendar year 2006, before the new FULs become effective. During the period January 1, 2006 through the effective date of the FUL provisions, the Secretary would apply the FUL as under current law and regulations except that instead of limiting federal matching to 150 percent of AWP, it would be limited to 125 percent of AWP. In the case of covered outpatient drugs that are marketed as of July 1, 2005 and are subject to FULs under current law, the Secretary would be required to use the AWPs, direct prices, and WACs as of that date to calculate the applicable FUL. New drugs first marketed between July 1, 2005 and January 1, 2007 would be subject to this interim FUL calculation.

House Bill

The House bill would specify that the FUL for the ingredient cost of a multiple source drug would be equal to 120 percent of the volume weighted average RAMP for that drug. The bill would establish upper limits for single source drugs as well. The FUL for the ingredient cost of a single source drug would be equal to the 106 percent of the RAMP for that drug. A drug product that is a single source drug and that becomes a multiple source drug would continue to be treated as a single source drug, with respect to the applicable FUL, until the Secretary determines that there is sufficient data to compile the volume weighted average RAMP.

The House bill would provide the Secretary with an option to develop an alternative methodology setting the FUL based on the most recently reported retail survey price instead of a percentage of RAMP or the volume weighted average RAMP. The House bill would allow the Secretary to use this methodology, in 2007, for a limited number of covered outpatient drugs, including both single source and multiple source drugs selected to be representative of the classes of drugs dispensed under Medicaid.

The House bill provides exceptions to the FULs for drugs sold during an initial sales period and for drugs dispensed by specialty pharmacies. For those drugs sold during an initial sales period for which data for computation of the RAMP may not be available, the House bill includes a provision similar to the Senate provision, except it would apply only to single source drugs sold during the initial sales period and the provision does not include any specification for first innovator multiple source drugs. The bill includes a definition of WAC, to be used during the initial sales period, that is identical to the definition of WAC in the Senate bill. The House bill would also allow a state to elect not to apply the new FUL to covered outpatient drugs dispensed by specialty pharmacies, such as those that dispense only immunosuppressive drugs, as defined by the Secretary, or drugs administered by a physician in a physician's office.

The House bill would require the Secretary to update the FULs at least on a quarterly basis. Otherwise, the provision regarding FUL updates is identical to the Senate provision.

The effective date for the House FUL provisions would be on the later of January 1, 2007 or the date that is 6 months after the close of the first regular session of the state legislature that begins after the date of enactment of this Act.

The House bill would provide the Secretary with the authority to delay the implementation of the new FUL limits for a period of not more than 1 year, if the Comptroller General finds that the estimated average payment amount to pharmacies for covered outpatient drugs under the new FULs are below the average prices paid by pharmacies for acquiring such drugs. If the Secretary delays the implementation of the FULs then the Secretary would be required to transmit to Congress, prior to the termination of the period of delay, a report containing specific recommendations for legislation to establish a more equitable payment system.

The House bill would clarify that the FULs would not affect maximum allowable cost limits as established by states and rebates would continue to be paid without regard to whether or not states' payments are subject to such a limit In addition, it would prohibit administrative and judicial reviews of the Secretary's determinations of FULs, RAMPs, volume weighted average RAMPs including the:

- assignment of National Drug Codes to billing and payment classes;

• Secretary's disclosure to states of AMP, RAMP, volume weighted average RAMP, and retail survey prices;

• determinations by the Secretary of covered outpatient drugs dispensed by specialty pharmacies or administered in physicians' offices;

• contracting and calculations under these provisions; and

• methods of allocating rebates, chargebacks, or other price concessions if specified by the Secretary.

The House bill would require the Comptroller General of the U.S. to provide a report to Congress no later than nine months after the date of enactment on the appropriateness of payment levels to pharmacies for dispensing fees under the Medicaid program and on whether the estimated average payment amounts to pharmacies for covered outpatient drugs under the new FUL method are below the average prices paid by pharmacies for acquiring such drugs. The bill would also require the Inspector General of HHS to provide a report to Congress, no later than two years after the date of enactment, on the appropriateness of using RAMP and retail survey prices rather than the AMP or other price measures, as the basis for establishing a FUL for reimbursement of outpatient drugs under Medicaid.

Conference Agreement

The conference agreement applies FULs to multiple source drugs for which the FDA has rated 2 or more products to be therapeutically and pharmaceutically equivalent. For those drugs, the FUL would be equal to 250% of the average manufacturer price computed without regard to prompt pay discounts for the lowest cost drug. Effective January 1, 2007.

The agreement modifies the definition of multiple source drug so that a drug qualifies as a multiple source drug if there is at least one other drug sold and marketed during the period that is rated as therapeutically equivalent and bioequivalent to it.

b. Disclosure of price information to states and the public

Current Law

AMP and best price data are required to be reported by manufacturers to CMS no later than 30 days after the date of entering into a rebate agreement and then no later than 30 days after the last day of each rebate period. Those prices are required to be kept confidential except for the purpose of carrying out the requirements of Medicaid rebates, or to permit the Comptroller General and the Director of the Congressional Budget Office to review the information.

Senate Bill

The Senate bill would modify the confidentiality requirements to allow states access to reported price information and would require the Secretary to make available to states, beginning with the first quarter of FY2006, the most recently reported AMP and weighted AMPs. The Secretary would be required to devise and implement a means of electronic distribution for these prices to state Medicaid agencies.

House Bill

The House bill would modify the confidentiality requirements to allow states access to reported price information. In addition, the bill would require the Secretary to devise and implement a means for electronic distribution to state Medicaid agencies, of retail survey prices.

Conference Agreement

The conference agreement would increase the required reporting of AMP and best prices. AMP would be reported and calculated on a monthly basis. In addition, the agreement allows states to have access to reported AMP data for multiple source drugs for the purpose of carrying out the Medicaid programs and would require the Secretary to disclose such information through a website accessible to the public. In addition, the provision requires the Secretary to provide AMPs to States on a monthly basis and to update information posted to the website on at least a quarterly basis.

c. Definition of average manufacturer price

Current Law

The AMP is defined as the average price paid to a manufacturer by wholesalers for drugs distributed to retail pharmacies. CMS instructs manufacturers to exclude certain federal drug purchases as well as free goods from the computation of AMP. Sales at nominal prices are excluded from the best price computation. Manufacturers are required to report, for each rebate period, the AMP for all Medicaid covered outpatient drug products and the best price for single source and innovator multiple source drugs to CMS.

Senate Bill

The Senate bill would modify the definition of AMP and require the modified AMP to be used to calculate the FUL for single source drugs in addition to rebates, as under current law. The provision would specify that sales exempted from inclusion in the determination of best price, nominal price sales (except for those contingent on purchase requirements or agreements), and bona fide service fees would be exempted from the computation of the AMP. Computation of AMP would include cash and volume discounts; nominal price sales contingent on a purchase agreement or requirement; free goods; chargebacks or rebates to a pharmacy (excluding mail order, nursing home pharmacies and pharmacy benefit managers), or any other direct or indirect discounts; and any other price concessions which may be based on recommendations of the Inspector General of HHS. Bona fide user fees would be defined as expenses for a service actually performed by an entity for a manufacturer that would have generally been paid for by the manufacturer at the same rate had these services been performed by another entity.

The Senate bill would define the weighted AMP, to be used in calculating the FUL for multiple source drugs, with respect to the rebate period, as the volume-weighted average of manufacturers' reported prices for all drug products that are therapeutically equivalent and bioequivalent. It would be computed by summing, for all therapeutic equivalents and bioequivalent forms of the drug, the products of the AMP and the number of units sold. The sum of those amounts would be divided by the sum of all units sold for all NDCs assigned to such products. In cases in which there is a lag in the reporting of information on rebates and chargebacks so that adequate data are not available on a timely basis to update the weighted AMP for a multiple source drug, the manufacturer of such drug would apply a methodology based on a 12-month rolling average to estimate costs attributable to rebates and chargebacks for such drugs. For years after 2006, the Secretary would be required to establish a uniform methodology to estimate and apply such costs.

The Senate bill would modify the existing price reporting requirements so that manufacturers would be required to report the modified AMP and the weighted AMP to the Secretary of CMS as well as information and data on any sales made during the reporting period at a nominal price. The bill would provide the Secretary with the authority to enter into contracts with appropriate entities to determine AMP, prices, volume, and other data necessary to calculate the FUL and payment limits for covered drugs.

The Senate modifications to the definition of AMP would become effective as if enacted on July 1, 2005 except for the provisions related to the exclusion of nominal prices from AMP. Those provisions would become effective on the later of the expiration date of a contract in effect on the date of enactment or October 1, 2006 and would apply to sales made and rebate periods beginning on or after that date.

House Bill

The House bill would not change AMP. Instead it would establish a measure of price referred to as RAMP for the purpose of calculating the FUL for single source drugs. RAMP would be defined as the average price paid to a manufacturer for the drug in the U.S. in the quarter by wholesalers for drugs distributed to retail pharmacies, excluding service fees. For this purpose, retail pharmacies would be defined to exclude mail-order only pharmacies and pharmacies at nursing facilities and homes. Specified items to be excluded from RAMP are similar to those to be excluded from AMP in the Senate bill except that the House bill allows the Secretary to define nominal sales, and free goods contingent on purchase requirements would not be excluded from RAMP. In addition, service fees that represent fair market value for a bonafide service provided by the entity would be excluded from RAMP. Items to be included in RAMP are also similar to those included in AMP in the Senate bill except that RAMP includes free goods contingent upon a purchase requirement; and does not provide for an exception for mail order, nursing home pharmacies and pharmacy benefit managers.

The volume weighted average RAMP would be defined, for all drug products in the same multiple source drug billing and payment code (or other methodology as specified by the Secretary), as the volume weighted average of the reported RAMPs. It would be computed by summing the products of the RAMPs for all product with an NDC code and multiplying by the total number of units of the drug product sold. Those amounts would be summed together and divided by the total number of units sold for all NDC codes assigned to such products.

The House bill would establish reporting requirements of drug manufacturers. Manufacturers would be required, beginning after July 1, 2006, to submit the RAMP, the total number of units required to compute the volume weighted average RAMP, the WAC for drugs sold during an initial sales period, and information on nominal price sales. The reporting would be by National Drug Code (NDC). In addition, the bill would provide the Secretary with the authority to enter into contracts with appropriate entities to determine RAMPs and other data necessary to calculate the FULs and payment limits and would modify the confidentiality provisions allowing states access to reported price information.

Conference Agreement

The conference agreement amends the definition of AMP to exclude customary prompt pay discounts extended to wholesalers from those amounts. In addition, the agreement modifies the price reporting requirements so that manufacturers would be required to submit, not later than 30 days after the last day of each rebate period, the customary prompt pay discounts extended to wholesalers in addition to the AMP and best price reporting required under current law.

The conference agreement requires the Inspector General of the Department of Health and Human Services (HHS) to, no later than

June 1, 2006, review the requirements for, and the manner in which AMP is determined and to submit to the Secretary and Congress any recommendations for changes as determined to be appropriate.

The agreement also requires the Secretary of HHS to promulgate a regulation clarifying the requirements for and the manner in which AMPs are to be determined, taking into consideration the recommendations of the Inspector General.

d. Exclusion of sales at a nominal price from determination of best price

Current Law

In addition to the AMP, pharmaceutical manufacturers are required to report to the Secretary of HHS the ''best price'' at which the manufacturer sells each of its drug products to certain purchasers for the purpose of calculating the rebate amounts. Prices that are nominal in amount are excluded from best price reporting. Nominal prices are defined by CMS to be those that are below 10% of the average manufacturer's price.

Senate Bill

The Senate bill would exclude, for the purposes of computing the AMP, sales by a manufacturer of covered outpatient drugs that are single source, innovator multiple source drugs, or are authorized generics that are made available at nominal prices to the following listed entities: (a) entities eligible for discounted prescription drug prices under Section 340(B) of the Public Health Service Act; (b) intermediate care facilities for the mentally retarded, (c) stateowned or operated nursing facilities, (d) any other facility or entity that the ''Secretary determines is a safety net provider to which sales of such drugs at nominal prices would be appropriate based on the type of facility, the services it provides, the patients served and the number of other such facilities eligible for nominal pricing in the area. The nominal price limitations would not apply to nominal drug purchases pursuant to a master agreement for procurement of drugs on the Federal Supply Schedule. In addition, the bill would modify manufacturers' price reporting requirements to include, for calendar quarters beginning on or after January 1, 2006 information on sales made at a nominal price.

House Bill

The House bill would exclude, for the purpose of computing the RAMP, sales as the Secretary identifies, that are nominal in amount. In addition, the bill would modify manufacturers' price reporting requirements to include, for calendar quarters beginning on or after July 1, 2006 information on sales made at a nominal price.

Conference Agreement

The conference agreement modifies the manufacturer price reporting requirements so that for calendar quarters beginning on or after January 1, 2007, manufacturers would be required to report information on sales of Medicaid covered drugs that are made at a nominal price.

In addition, the agreement defines the sales are to be considered nominal for the purpose of reporting nominal price sales and for computing and reporting the best price. (The agreement does not amend the AMP vis-a-vis nominal prices.) Nominal sales are those made by a manufacturer of covered drugs at nominal prices to (a) entities eligible for discounted prescription drug prices under Section 340(B) of the Public Health Service Act; (b) intermediate care facilities for the mentally retarded, (c) state-owned or operated nursing facilities, (d) any other facility or entity that the Secretary determines is a safety net provider to which sales of such drugs at nominal prices would be appropriate based on the type of facility, the services it provides, the patients served and the number of other such facilities eligible for nominal pricing in the area. The nominal price limitations do not apply to nominal drug purchases pursuant to a master agreement for procurement of drugs on the Federal Supply Schedule.

e. Retail survey prices; state payment and utilization rates; and performance rankings.

Current Law

No provision.

Senate Bill

No provision.

House Bill

The House bill would allow the Secretary to contract with a vendor to obtain retail survey prices for Medicaid covered outpatient drugs that represent a nationwide average of pharmacy sales costs for such drugs, net of all discounts and rebates. Such a contract would be awarded for a term of 2 years.

The Secretary would be required to competitively bid for an outside vendor with a demonstrated history in surveying and determining on a representative nationwide basis, retail prices for ingredient costs of prescription drugs; working with retail pharmacies, commercial payers, and states in obtaining and disseminating price information; and ''Collecting and reporting price information on at least a monthly basis. The contract would include the terms and conditions specified by the Secretary and would include a requirement that the vendor monitor the marketplace and report to the Secretary each time there is a new covered outpatient drug available nationwide; update the Secretary no less often than monthly on the retail survey prices for multiple source drugs and on the computed upper payment limit for those drugs; to independently confirm retail survey prices. Information on the retail survey prices obtained through this process, including information on single source drugs would be required to be provided to states on an ongoing and timely basis.

Conference Agreement

The conference agreement includes a provision similar to the House provision. The agreement allows the Secretary to contract for services for the determination of retail survey prices for covered outpatient drugs that represent a nationwide average of consumer purchase prices for such drugs. The conference agreement adds a provision allowing such a contract to include notification of the Secretary when a drug product that is therapeutically and pharmaceutically equivalent and bioequivalent becomes generally available. The vendor must update the Secretary no less often than monthly on the retail survey prices for covered outpatient drugs. The contract shall be effective for a term of two years. If the Secretary were to be notified that such a product has become generally available, the Secretary would be required to make a determination within 7 days as to whether the drug meets the definition of a multiple source drug subject to the application of the FUL. The agreement allows the Secretary to waive those provisions the Secretary determines are appropriate to waive, of the Federal Acquisition Regulation, for the efficient implementation of the contract.

The agreement does not require the contractor to independently confirm retail survey prices, as in the House bill, and does not require the Secretary to provide for electronic distribution to states. On the other hand, the Secretary would be required to devise and implement a means for providing access to each state Medicaid agency of collected price information and to provide information on retail survey prices, including information on single source drugs, to states at least monthly.

The agreement requires an annual report from each state agency. States are required to provide to the Secretary, the payment rates for all covered drugs, dispensing fees and utilization of innovator multiple source drugs under the state Medicaid plan. The Secretary is required to compare, on an annual basis, for the 50 most widely prescribed drugs, the national retail sales price data for each state. In addition, the Secretary is required to submit full information regarding the annual rankings to Congress. The provision becomes effective on January 1, 2007.

(f) Miscellaneous amendments

Current Law

States are required to have in place a program of prospective drug review wherein before each prescription is filled, the use of the prescription is screened for potential drug therapy problems. The requirement includes language clarifying that nothing in the provision is intended to require a pharmacist to provide this consultation when a beneficiary refuses such a consultation.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement clarifies that the requirement to provide prospective drug reviews is not intended to require verifications that consultations were offered or refused.

Effective on the date of enactment.

(g) Effective date

Current Law

No provision.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

Unless otherwise specified, the provisions in Section 6001 take effect on January 1, 2007, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

Collection and Submission of Utilization Data for Certain Physician Administered Drugs (Section 6002 of the Conference Agreement, Section 6004 of the Senate Bill, and Section 3102 of the House Bill)

Current Law

Manufacturers are required to provide rebates to states for all outpatient prescription drugs with some exceptions. Outpatient prescription drugs provided through managed care organizations are explicitly exempted from the rebate requirement. In addition, outpatient drugs dispensed by a hospital and billed at no more than the hospital's purchasing costs are exempt from the rebate requirement. Certain drugs administered by physicians in their offices or in another outpatient setting, such as chemotherapy, have often been excluded from the drug rebate program although there is no specific statutory exclusion. This is because providers use Healthcare Common Procedure Coding System (HCPCS) J-codes to bill the Medicaid program for injectible prescription drugs, including cancer drugs. The HCPCS J-codes do not, however, provide States with the specific manufacturer information necessary to enable them to seek rebates. The NDC number is necessary for the state to bill manufacturers for rebates. CMS has requested that states identify Medicaid drugs,

specifically those using HCPCS J-codes, by their NDC codes so that rebates can be collected for these drugs (Letter to State Medicaid Director, SMDL #03–002, dated March 14, 2003). CMS has concluded that because of this coding, many state Medicaid programs have not collected rebates on these drugs, resulting in millions of dollars in uncollected rebates.

Senate Bill

As a condition of receiving Medicaid payment, states would be required to submit, to the Secretary of HHS, utilization data and coding information for physician administered outpatient drugs. The Secretary would determine the drugs for which such reporting information would be required. The reporting would include J-codes and National Drug Code numbers. The purpose of the reporting would be to allow the Secretary to secure rebates for such drugs.

Effective upon enactment.

House Bill

As a condition of receiving Medicaid payment, and in order to secure rebates for physician administered drugs states would be required to submit:

—No later than January 1, 2006, utilization data and coding information for single source drugs or biologicals that are physician administered outpatient drugs. The Secretary would determine the drugs for which such reporting information would be required.

—No later than January 1, 2007, utilization data and coding information by NDC (unless the Secretary identifies an alternative coding system) for multiple source drugs.

—No later than January 1, 2008, utilization and coding information for those drugs on the list of 20 high volume physician administered drugs.

—No later than January 1, 2007, the Secretary would be required to publish a list of the 20 physician administered multiple source drugs that have the highest volume of physician administered dispensing under Medicaid. The Secretary would be able to modify such list from year.

The Secretary would be permitted to delay the application of the reporting requirements in the case of a State to prevent hardship to States that require additional time to implement such a reporting system.

Conference Agreement

The agreement includes a provision similar to the House provision. For drugs administered on or after January 1, 2006, states are required to provide for the collection and submission of utilization and coding information for each Medicaid single source drug that is physician administered. For drugs administered on or after January 1, 2008, states are required to provide for the collection and submission of utilization and coding information for each Medicaid multiple source drug that is physician administered. Submissions from states will be based on National Drug Codes unless the Secretary specified an alternative coding system. All other provisions are identical to the House bill.

Improved Regulation of Drugs Sold Under a New Drug Application Approved Under Section 505(c) of the Federal Food, Drug, and Cosmetic Act (Section 6003 of the Conference Agreement, Section 6003 of the Senate Bill, and Section 3103 of the House Bill)

Current Law

Prescription drug manufacturers participating in the Medicaid program are required to report, to the Secretary of HHS, the AMP for each pharmaceutical product offered under Medicaid and, for each brand name drug product, the best price available to any wholesaler, retailer, provider, health maintenance organization (HMO), nonprofit entity, or governmental entity. The term 'best price' is defined in the Medicaid statute but only with respect to single source and innovator multiple source drugs since the best price is part of the rebate computation for only those drugs. These reported prices are used to calculate rebates—which are generally calculated separately for brand name drug products and for generics.

Sometimes manufacturers produce both a brand name version of a prescription drug and also sell or license a second manufacturer (or a subsidiary) to produce some of the same product to be sold or re-labeled as a generic. These generics, called ''authorized generics,'' are subject to a separate rebate calculation. Rebates for brand name products, take into account the best price reported for each drug. Such price often does not include the price of the product sold as the authorized generic.

Current law defines best price with respect only to a single source drug or innovator multiple source drug, as the lowest price available from the manufacturer during the rebate period to any wholesaler, retailer, provider, HMO, nonprofit entity, or governmental entity within the U.S. excluding prices charged to specified governmental purchasers. The AMP is defined as the average price paid to a manufacturer by wholesalers for drugs distributed to retail pharmacies. Certain federal drug purchases as well as several other specific kinds of sales are exempt from the AMP and from the best price calculation.

Senate Bill

The Senate bill would modify the existing drug price reporting requirements to include, for single source drugs, innovator multiple source drugs, authorized generic drugs, and any other drugs sold under a new drug application approved (under Section 505c of the Federal Food, Drug and Cosmetic Act, FFDCA) by FDA, both the average manufacturer's price and the manufacturer's best price for such drugs. An authorized generic drug would be defined as a listed drug that has been approved by the FDA under Section 505(c) of such Act and is marketed, sold or distributed directly or indirectly to retail class of trade under a different labeling, packaging (other than repackaging the listed drug for use in institutions), product code, labeler code, trade name, or trade mark than the listed drug.

The definition of best price would be modified so that, in the case of a manufacturer that approves, allows or otherwise permits an authorized generic or any other drug to be sold under an NDA, it is inclusive of the lowest price such drug is sold to any wholesaler, retailer, provider, HMO, nonprofit or governmental entity. The definition of AMP would be modified to include, in the case of a manufacturer that approves, allows, or otherwise permits an authorized generic or any other drug of the manufacturer to be sold under an NDA to be inclusive of the average price paid for such drugs. The provision would become effective on January 1, 2006.

House Bill

The provision would modify the existing drug price reporting requirements for pharmaceutical manufacturers. No later than 30 days after the last day of each rebate period, manufacturers would be required to report,

- for each covered outpatient drug, including those sold under a new drug application approved by the FDA, the average manufacturer's price for such drugs; and,
- for single source drugs, innovator multiple source drugs, and any other drug sold under a new drug application approved by the FDA, the manufacturers best price for such drugs during the applicable rebate period.

Not later than 30 days after the date of entering into a drug rebate agreement, manufacturers would be required to report on the average manufacturer price for each of the manufacturer's covered outpatient drugs, including those sold under a new drug application approved by the FDA.

The definition of best price would be changed to apply, not only to each single source drug and innovator multiple source drug, but also to drugs sold under a new drug application (NDA) approved by (under Section 505c of FFDCA) FDA. In addition, the definition would be modified so that the best price, in the case of a manufacturer that approves, allows or otherwise permits an authorized. generic or any other drug of the manufacturer to be sold under an NDA, is inclusive of the lowest price such authorized generic or other drug is sold to any wholesaler, retailer, provider, HMO, nonprofit or governmental entity except for those entities excluded under current law. The provision would modify the current law definition of AMP to include, in the case of a manufacturer that approves, allows, or otherwise permits a drug of the manufacturer to be sold under an NDA to be inclusive of the average manufacturer price paid for such drugs. The provision would become effective on January 1, 2006.

Conference Agreement

The agreement includes a provision similar to the Senate provision. The provision is different from the Senate provision in that it does not refer to the affected drugs as ''authorized generics''. Instead, the agreement uses the phrase ''any drug of the manufacturer sold under a new drug application approved under section ''505(c) of the Federal Food, Drug, and Cosmetic Act'' to include authorized generics. The conference agreement does not include a definition of ''authorized generics.'' In addition, the definition of best price would be modified so that it is inclusive, in the case of a manufacturer that approves, allows, or otherwise permits any other drug of the manufacturer to be sold under a new drug application approved under section 505(c) of the FFDCA, of the lowest price for an authorized drug available from the manufacturer during the rebate period to any manufacturer, wholesaler, retailer, provider, health maintenance organization, nonprofit entity, or governmental entity within the U.S. The effective date would be January 1, 2007.

Children's Hospital Participation in Drug Discount Program (Section 6004 of the Conference Agreement, no provision of the Senate Bill, and Section 3104 of the House Bill)

Current Law

Section 340(B) of the Public Health Service Act allows certain health care providers, including community health centers and disproportionate share hospitals, access to prescription drug prices that are similar to the prices paid by Medicaid agencies after being reduced by manufacturer rebates.

Senate Bill

No provision.

House Bill

The House bill would include a provision adding Children's Hospitals to the list of providers that may have access to 340(B) discounted prices. The provision would become effective for drugs purchased on or after the date of enactment.

Conference Agreement

The conference agreement includes the House provision.

Dispensing Fees (No provision in the Conference Agreement, Section 6001 of the Senate Bill, and Section 3101 of the House Bill)

Current Law

States are allowed to pay pharmacies reasonable dispensing fees.

Senate Bill

The Senate bill would require states to establish dispensing fees that are (a) greater for noninnovator multiple source drugs than those for innovator multiple source drugs that are therapeutically equivalent and bioequivalent; and (b) that take into account requirements established by the Secretary to include reasonable costs associated with a pharmacist's time checking an individual's coverage or performing quality assurance; measuring or mixing of a drug; filing the container; providing the completed prescription; delivery; special packaging; physical overhead and salaries of pharmacists and other pharmacy workers; geographic factors that impact costs; patient counseling; and drugs requiring specialty pharmacy management services.

The Senate bill would require, no later than 15 months after the date of enactment, with quarterly updates thereafter, the Secretary to establish of list of covered outpatient drugs requiring specialty pharmacy care management services. The list would include only those drugs for which the Secretary determines that access to the drug would be seriously impaired without the provision of such care management services. Specialty pharmacy care management services would be defined as those services provided in connection with the dispensing of a covered drug that requires:

- significant caregiver contact, education about the disease state, prevention, treatment, drug indications, benefits, risks, complications, pharmacy counseling and explanation;
- patient compliance services including coordination of provider visits with drug delivery, compliance with dosing regimen, mailing or telephone call reminders, compiling compliance data, assistance providers with compliance programs;
- tracking services, referral processes, screening referrals, and tracking patient weight for dosage.

In addition, the Senate bill would require states to consider, in establishing dispensing fees, the costs associated with operating a critical access retail pharmacy.

House Bill

The House bill would require states to pay a dispensing fee for each covered outpatient drug. States would be allowed to vary dispensing fees to take into account the special circumstances of pharmacies serving rural and underserved areas and sole community pharmacies. Dispensing fees for drugs defined as multiple source drugs under the FUL policy would be required to be no less than $8 per prescription unit. The Secretary would be required to define what constitutes a prescription unit for this purpose.

Conference Agreement

No provision.

Increase in rebates for covered outpatient drugs (No provisions of the Conference Agreement, Sections 6001, 6002 and 6039D of the Senate Bill, and no provisions of the House Bill)

Current Law

Basic Medicaid rebates for single source and innovator multiple source drugs are equal to the greater of 15.1 percent of the AMP or the difference between the reported AMP and best price for each drug. In addition, if the prices of single source or innovator multiple source drugs rise faster than inflation, additional rebates are due. Rebates for all other multiple source drugs is equal to 11 percent of the AMP.

Senate Bill

The Senate bill would modify the formulas for prescription drug rebates under the Medicaid program. Beginning on January 1, 2006, rebates for single source and innovator multiple source drugs would be equal to the greater of 18.1 percent of the AMP or the difference between the reported AMP and the best price for each drug. (Sections 6002(a)(3) and 6001(b)(2).)

Rebates for single source and innovator multiple source drugs equal to 17.8% of the AMP or the difference between the reported AMP and the best price for each drug. (Section 6039D.)

Rebates for all other drugs would be equal to 17%. Changes to the rebate formula would begin on January 1, 2006.

House Bill

No provision.

Conference Agreement

No provision.

Extension of rebates to Medicaid MCOs (No provisions of the Conference Agreement, Sections 6001 and 6038 of the Senate Bill, and no provisions of the House Bill)

Current Law

Rebates are not required for drugs dispensed by Medicaid managed care organizations (MCO) when the drugs are paid as part of the MCO capitation rate, to drugs provided in hospitals, and sometimes in physicians', or dentists' offices.

Senate Bill

Section 6oo1(a)(5) of the Senate bill would establish rebates for drugs dispensed by Medicaid MCOs. States would have the option of collecting rebates directly from manufacturers or allowing the MCO to collect the rebates in exchange for a reduction in the prepaid payment made to the entity for Medicaid enrollees. The provision would become effective on the date of enactment and would apply to Medicaid rebate agreements entered into or renewed on or after that date.

Section 6038 would establish rebates for drugs dispensed by Medicaid MCOs except for those drugs purchased at discounted prices under the Public Health Service Act Sec. 340B drug discount program.

House Bill

No provision.

Conference Agreement

No provision.

Improving Patient Outcomes (No provision of the Conference Agreement, no provision of the Senate Bill, and Section 3105 of the House Bill)

Current Law

States may establish a prior authorization program as long as the system provides a response for a request for approval within 24 hours, and as long as the program allows for a dispensing of at least a 72 hour supply of a covered drug in an emergency situation. Other restrictions may be imposed if they are necessary to discourage waste, fraud or abuse.

Senate Bill

No provision.

House Bill

The provision would limit the ability of states to place atypical antipsychotic or antidepressant single source drugs on prior authorization lists imposing other restrictions unless a drug use review board has determined that doing so is not likely to harm patients or increase overall medical costs. It also would require states to pay for a 30 day supply of such drugs in cases where a request for authorization is not responded to within 24 hours after the prescription is transmitted. The provision would be effective on January 1, 2007.

Conference Agreement

No provision.

Chapter 2—Long-Term Care Under Medicaid

SUBCHAPTER A—REFORM OF ASSET TRANSFER RULES LENGTHENING LOOK-BACK PERIOD; CHANGE IN BEGINNING DATE FOR PERIOD OF INELIGIBILITY

Lengthening Look-back Period for all Disposals to 5 years (Section 6011(a) of the Conference Agreement, no provision in the Senate Bill, and Section 3111(a) of the House Bill)

Current Law

Current law requires states to impose penalties on individuals who transfer assets (all income and resources of the individual and of the individual's spouse) for less than fair market value (an estimate of the value of an asset if sold at the prevailing price at the time it was actually transferred). Specifically, the rules require states to delay Medicaid eligibility for certain Medicaid long-term care services for individuals applying for care in a nursing home, and, at state option, for certain people receiving care in community-based settings, who have transferred assets for less than fair market value on or after a ''look-back date.'' The ''look-back date'' is 36 months prior to application for Medicaid for income and most assets disposed of by the individual, and 60 months in the case of certain trusts.

Ineligibility for Medicaid coverage is limited to only certain long-term care services, not all services covered under the program. The services for which the penalty applies include nursing facility care; services provided in any institution in which the level of care is equivalent to those provided by a nursing facility; Section 1915(c) home and community-based waiver services; home health services; and personal care furnished in a home or other locations. States may choose to apply this ineligibility period to other state plan long-term care services. (They also currently apply to home and community care for functionally disabled elderly individuals under section 1929 of the Act. This is an optional coverage group which operates only in Texas.) In general, states do not extend the penalty to Medicaid's acute care services.

Senate Bill

No provision.

House Bill

The House bill would amend section 1917(c)(1)(B)(i) of the Social Security Act to lengthen the look-back date to 5 years, or 60 months, for all income and assets disposed of by the individual after this Act's date of enactment. For income and assets disposed of prior to the enactment date, the look back periods of 36 months for income and assets and 60 months for certain trusts would apply. The House bill would become effective on the date of the enactment of this Act.

Conference Agreement

The conference agreement includes the House provision.

Change in Beginning Date for Period of Ineligibility (Section 6011(b) of the Conference Agreement, no provision in the Senate Bill, and Section 3111(b) of the House Bill)

Current Law

The period of ineligibility, or penalty period, begins on the first day of the first month during or after which assets have been improperly transferred and which does

not occur in any other period of ineligibility. There is no limit to the length of the penalty period. Some penalties imposed on applicants who made improper transfers within the look-back period and prior to the date of Medicaid application may expire before the date of Medicaid application. For example, an improper transfer of $100,000 made 2 years prior to Medicaid application could result in a 20-month penalty period ($100,000 divided by the private rate for a nursing home state in a state of $5,000). Since the individual applies to Medicaid two years, or 24 months, after having made the transfer, the penalty has already expired before the individual applies to Medicaid. However, if the transfer of $100,000 is made one year prior to Medicaid application, the penalty of 20 months would not have expired before the applicant needed Medicaid coverage, but rather would continue for eight months after Medicaid application.

Senate Bill

No provision.

House Bill

The House bill would amend section 1917(c)(1)(D) of the Social Security Act by changing the start date of the ineligibility period for all transfers made on or after the date of the enactment, to the first day of a month during or before which assets have been transferred for less than fair market value, or the date on which the individual is eligible for Medicaid and is receiving certain long-term care services, whichever is later and which does not occur during any period of ineligibility as a result of an asset transfer policy. For transfers made prior to this Act's enactment, current law applies.

Conference Agreement

The conference agreement includes the House provision but specifies that the start date begins on the first day of a month during or after which assets have been transferred for less than fair market value, or the date on which the individual is eligible for Medicaid and would otherwise be receiving institutional level care based on an approved application for such care but for the application of the penalty period, whichever is later, and which does not occur during any period of ineligibility as a result of an asset transfer policy.

Effective Date (Sections 6011(c) of the Conference Agreement, no provision in the Senate Bill, and Section 3111(c) of the House Bill)

Current Law

Currently effective.

Senate Bill

No provision.

House Bill

The amendments made by this section would apply to transfers made on or after the date of enactment.

Conference Agreement

The conference agreement includes the House provision.

Availability of Hardship Waivers (Sections 6011(d) and (e) of the Conference Agreement, Section 6011(f) of the Senate Bill, and Sections 3111(d) and (e) of the House Bill)

Current Law

To protect beneficiaries from unintended consequences of the asset transfer penalties, current law requires states to establish procedures for not imposing penalties on persons who, according to criteria established by the Secretary, can show that a penalty would impose an undue hardship. CMS guidance specifies that undue hardship can occur when application of the penalty would deprive the individual of medical care so that his or her health or life would be endangered, or when it would deprive the individual of food, clothing, shelter, or other necessities of life. The guidance explains that undue hardship does not exist when application of the penalty would merely cause the individual inconvenience or when it might restrict his or her lifestyle but would not put him or her at risk of serious deprivation.

CMS guidance requires that state procedures, at a minimum, provide for and discuss: (I) a notice to recipients that an undue hardship exception exists; (2) a timely process for determining whether an undue hardship waiver win be granted; and (3) a process under which an adverse determination can be appealed.

Senate Bill

The Senate bill would amend Section 1917(c) of the Social Security Act by adding a requirement that states establish undue hardship procedures (in accordance with standards specified by the Secretary) that would provide for: (1) a notice that an undue hardship exception exists before the imposition of a penalty period to an applicant for Medicaid who would be subject to such a penalty; (2) a timely process before the imposition of a penalty determining whether an undue hardship waiver win be granted for the individual; (3) a process under which an adverse determination can be appealed; and (4) an application of criteria that specifies that undue hardship exists when application of the ineligibility period or counting of trusts would deprive the individual of medical care so that the individual's health or life would be endangered or when it would deprive the individual of food, clothing, shelter, or other necessities of life.

House Bill

The House bill would amend section 1917(c)(2)(D) of the Social Security Act to specify the criteria by which an application for an undue hardship waiver would be approved. Approval would be subject to a finding that the application of an ineligibility period would deprive the individual of medical care such that the individual's health or life would be endangered, or that the individual would be deprived of food, clothing, shelter, or other necessities of life. States would also be required to provide for: (A) notice to recipients that an undue hardship exception exists; (B) a timely process for determining whether an undue hardship waiver will be granted; and (C) a process under which an adverse determination can be appealed.

This provision would also amend section 1917(c)(2) of the Social Security Act to permit facilities in which institutionalized individuals reside to file undue hardship waiver applications on behalf of the individual, with the institutionalized individual's consent or the consent of his or her guardian. If the application for undue hardship of nursing facility residents meets criteria specified by the Secretary, the state would have the option of providing payments for nursing facility services to hold the bed for these individuals at a facility while an application is pending. Such payments could not be made for longer than 30 days.

Conference Agreement

The conference agreement includes the House provision.

Disclosure and Treatment of Annuities and of Large Transactions (Section 6012 of the Conference Agreement, Section 6011(d) of the Senate Bill, and Section 3112 of the House Bill)

Current Law

Current law provides that the term ''trust,'' for purposes of asset transfers and the look-back period, includes annuities only to the extent that the Secretary of DHHS defines them as such. CMS guidance (Transmittal Letter 64) asks states to determine the ultimate purpose of an annuity in order to distinguish those that are validly purchased as part of a retirement plan from those that abusively shelter assets. To be deemed valid in this respect, the life of the annuity must coincide with the average number of years of life expectancy for the individual (according to tables in the transmittal). If the individual is not reasonably expected to live longer than the guarantee period of the annuity, the individual will not receive fair market value for the annuity based on the projected return; in this case, the annuity is not ''actuarially sound'' and a transfer of assets for less than fair market value has taken place. The State Medicaid Manual provides life expectancy tables to be used by states for determining whether an annuity is actuarially sound.

States and courts interpret this guidance differently. In Mertz v. Houston, 155 F. Supp.2d 415 (E.D. Pa. 2001), for example, the court held that if an annuity was actuarially sound then the intent of the transfer was not relevant under federal law. In a recent case in Ohio, a state court ruled that it was proper to look at the intent of asset transfers, even if the annuity was actuarially sound. (Bateson v. Ohio Dept. of Job and Family (Ohio Ct. Appl., 12th, No. CA2003–09–093, Nov. 22, 2004).

Medicaid Estate Recovery. Current law requires states to recover the private assets (e.g., countable and non-countable assets) of the estates of deceased beneficiaries who have received certain long-term care services. Recovery of Medicaid payments may be made only after the death of the individual's surviving spouse, and only when there is no surviving child under age 21 and no surviving child who is blind or has a disability; Estate recovery is limited to the amounts paid by Medicaid for services received by the individual and is limited to only certain assets that remain in the estate of the beneficiary upon his or her death. As a result, estate recovery is generally applied to a beneficiary's home, if available, and certain other assets within a beneficiary's estate.

For purposes of these recovery requirements, estates are defined as all real and personal property and other assets in an estate as defined in state probate law. At the option of the state, recoverable assets also may include any other real and personal property and other assets in which the person has legal title or interest at the time of death, including assets conveyed to a survivor, heir, or through assignment through joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement. Thus assets such as living trusts, life insurance policies, certain annuities, which may pass to heirs outside of probate, would be subject to Medicaid recovery only if a state expanded its definition of ''estate.''

Senate Bill

The Senate bill would amend section 1917(c)(1) of the Social Security Act to include, in the definition of assets subject to transfer penalties, an annuity purchased by or on behalf of an annuitant who has applied for Medicaid-covered nursing facility or other long-term care services. Annuities that would not be subject to asset transfer penalties would include an annuity as defined in section 408(b) or (q) of the Internal Revenue Code (IRC), or purchased with proceeds from: (1) an account or trust described in section 408(a)(c)(p) of the IRC; (2) a simplified employee pension as defined in section 408(k) of the IRC; or (3) a Roth IRA defined in section 408A of the IRC. Annuities would also be excluded from penalties if they are irrevocable

and non-assignable, actuarially sound (as determined by actuarial publications of the Office of the Chief Actuary of the Social Security Administration), and provide for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments.

The Senate bill would amend section 1917(c)(1) of the Social Security Act by adding that the purchase of an annuity shall be treated as the disposal of an asset for less than fair market value unless the state is named as the remainder beneficiary in the first position for at least the total amount of Medicaid expenditures paid on behalf of the annuitant or is named as such a beneficiary in the second position after the community spouse and such spouse does not dispose of any such remainder for less than fair market value.

The Senate bill would amend Section 1917(b)(4) of the Social Security Act to include an annuity in the definition of estate that is subject to estate recovery unless the annuity was purchased from a financial institution or other business that sells annuities in the state as part of its regular business.

House Bill

The House bill would amend section 1917 of the Social Security Act by adding a new subsection that would require individuals, at the initial application or recertification for certain Medicaid long-term care services, to disclose to the state the following:

(A) A description of any interest the individual has in an annuity (or similar financial instrument which provides for the conversion of a countable asset to a noncountable assets, as specified by the Secretary), regardless of whether the annuity is irrevocable or is treated as an asset;

Applications or recertification forms shall include a statement that designates the state as the remainder beneficiary under such an annuity or similar financial instrument, subject to the following provisions:

(A) For institutionalized individuals who receive certain Medicaid-covered long-term care services, the state would become the remainder beneficiary in the first position of an annuity (in which he or she has an interest) for the total amount paid by Medicaid on behalf of the individual; The state becomes the remainder beneficiary in the second position when there is a spouse, minor, or disabled child as a named beneficiary.

(B) In the case of disclosure concerning an annuity, the state would notify the annuity's issuer of the state's right as a preferred remainder beneficiary in the annuity for Medicaid services furnished to the individual. This provision would not prevent the issuer from notifying persons with any other remainder of the state's interest in the remainder.

(C) The state may require an issuer to notify when there is a change in the amount of income or principal being withdrawn from the amount being withdrawn at the time of the most recent disclosure, as specified above. A state would take such information into account when determining the amount of the state's obligations for Medicaid or the individual's eligibility. Such a change in amount would be deemed as a transfer of an asset for less than fair market value unless the individual demonstrates, to the state's satisfaction, that the asset transfer was for fair market value.

The Secretary may provide guidance to states on categories of arms length transactions (such as the purchase of a commercial annuity) that could be generally treated as an asset transfer for fair market value.

The House bill would not prevent a state from denying Medicaid eligibility for an individual based on the income or resources derived from an annuity.

The House bill would apply to transactions (including the purchase of an annuity) occurring on or after the date of the enactment.

Conference Agreement

The conference agreement requires individuals, upon Medicaid application and recertification of eligibility, to disclose to the state, a description of any interest the individual or community spouse has in an annuity (or similar financial instrument, as specified by the Secretary), regardless of whether the annuity is irrevocable or is treated as an asset. Such application or recertification form includes a statement naming the state as the remainder beneficiary. In the case of disclosure concerning an annuity, the state notifies the annuity's issuer of the state's right as a preferred remainder beneficiary for Medicaid assistance furnished to the individual. Issuers may notify persons with any other remainder interest of the state's remainder interest.

States may require an issuer to notify the state when there is a change in the amount of income or principal withdrawn from the amount withdrawn at the point of Medicaid application or recertification. States take this information into account when determining the amount of the state's financial share of costs or in the individual's eligibility for Medicaid.

The Secretary may provide guidance to states on categories of transactions that may be treated as a transfer of asset for less than fair market value. States may deny eligibility for medical assistance for an individual based on the income or resources derived from an annuity.

The conference agreement amends section 1917(c)(1) of the Social Security Act by adding that the purchase of an annuity shall be treated as the disposal of an asset for less than fair market value unless the state is named as the remainder beneficiary in the first position for at least the total amount of Medicaid expenditures paid on behalf of the annuitant or is named as such a beneficiary in the second position after the community spouse or minor or disabled child and is named in the first position if such spouse or a representative of such child disposes of any such remainder for less than fair market value.

The conference agreement amends section 1917(c)(1) of the Social Security Act to include, in the definition of assets subject to transfer penalties, an annuity purchased by or on behalf of an annuitant who has applied for Medicaid-covered nursing facility or other long-term care services. Annuities that would not be subject to asset transfer penalties would include an annuity as defined in subsection (b) and (q) of section 408 of the Internal Revenue Code (IRC), or purchased with proceeds from: (1) an account or trust described in subsections (a), (c), and (p) of section 408 of the IRC; (2) a simplified employee pension as defined in section 408(k) of the IRC; or (3) a Roth IRA defined in section 408A of the IRC. Annuities would also be excluded from penalties if they are irrevocable and non-assignable, actuarially sound (as determined by actuarial publications of the Office of the Chief Actuary of the Social Security Administration), and provide for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments.

The amendments apply to transactions, including the purchase of annuity, occurring on or after the date of this Act's enactment.

Application of Income-First Rule in Applying Community Spouse's Income Before Assets in Providing Support of Community Spouse (Section 6013 of the Conference Agreement, no provision in the Senate Bill, and Section 3113 of the House Bill)

Current Law

Current law includes provisions intended to prevent impoverishment of a spouse whose husband or wife seeks Medicaid coverage for long-term care services. These provisions were added by the Medicare Catastrophic Coverage Act (MCCA) of 1988 to address the situation that would otherwise leave the spouse not receiving Medicaid (community spouse) with little or no income or assets when the other spouse is institutionalized or, at state option, receives Medicaid's home- and community-based services. Before MCCA, states could consider all of the assets of the community spouse, as well as the spouse needing Medicaid coverage, to be available to pay for care for the spouse needing Medicaid coverage. These rules created hardships for the spouse living in the community who was forced to spend down virtually all of the couple's assets to Medicaid eligibility levels so that the other spouse could qualify for coverage. MCCA established new rules for the treatment of income and assets of married couples, allowing the community spouse to retain higher amounts of income and assets (on top of non-countable assets such as a house, car, etc.) than allowed under general Medicaid rules.

Regarding income, current law exempts all of the community spouse's income (e.g., pension or Social Security) from being considered available to the other spouse for purposes of Medicaid eligibility. For community spouses with more limited income, section 1924(d) of the Social Security Act provides for the establishment of a minimum monthly maintenance needs allowance for each community spouse to try to ensure that the community spouse has sufficient income to meet his or her basic monthly needs. (The community spouse's minimum monthly maintenance needs allowance is set at a level that is higher than the official federal poverty level.) Once income is attributed to each of the spouses according to their ownership interest, the community spouse's monthly income is compared against the minimum monthly maintenance needs allowance. If the community spouse's monthly income amount is less than the minimum monthly maintenance needs allowance, the institutionalized spouse may choose to transfer an amount of his or her income or assets to make up for the shortfall (i.e. the difference between the community spouse's monthly income and the state-specified minimum monthly maintenance needs allowance). This transfer allows more income to be available to the community spouse, while Medicaid pays a larger share of the institutionalized spouse's care costs. Within federal limits, states set the maximum monthly income level that community spouses may retain. Federal requirements specify that this amount may be no greater than $2,377.50 per month, and no less than $1,561.25 per month in 2005.

Regarding assets, federal law allows states to select the amount of assets a community spouse may be allowed to retain. This amount is referred to as the community spouse resource allowance (CSRA). Federal requirements specify that this amount may be no greater than $95,100 and no less than $19,020 in total countable assets in 2005. When determining eligibility, all assets of the couple are combined, counted, and split in half, regardless of ownership. If the community spouse's share of the assets is less than the

state-specified maximum, then the Medicaid beneficiary must transfer his or her share of the assets to the community spouse until the community spouse's share reaches the maximum. All other non-exempt assets must be depleted before the applicant can qualify for Medicaid.

States have some flexibility in the way they apply these rules at the time in which a person applies through the fair hearing process to raise his or her minimum maintenance needs allowance. At this point, a state may decide to allocate more income or resources from the institutionalized spouse to the community spouse. In doing so, states have employed two divergent methods. Under the method used by most states, known as the ''income-first'' method, the state requires that the institutionalized spouse's income is first allocated to the community spouse to enable the community spouse sufficient income to meet or, if approved by the state, exceed the minimum monthly maintenance needs allowance; the remainder, if any, is applied to the institutionalized spouse's cost of care. Under this method, the assets of an institutionalized spouse (e.g. an annuity or other income producing asset) cannot be transferred to the community spouse to generate additional income for the community spouse unless the income transferred by the institutionalized spouse would not enable the community spouse's total monthly income to reach the state-approved monthly maintenance needs allowance. This method generally requires a couple to deplete a larger share of their assets than the resources-first method.

In contrast, under the other method, known as the ''resources-first'' method, the couple's resources can be protected first for the benefit of the community spouse to the extent necessary to ensure that the community spouse's total income, including income generated by the CSRA, meets or, if approved by the state, exceeds the community spouse's minimum monthly maintenance needs allowance. Additional income from the institutionalized spouse that may be, but has not been, made available for the community spouse is used toward the cost of care for the institutionalized spouse. This method generally allows the community-spouse to retain a larger amount of assets than the income-first method.

On September 7, 2001, the Secretary issued a proposed rule (Federal Register Vol. 66, No. 174) that would have codified state practices. The proposed rule would have allowed states to choose between using either the income-first or resources-first method when determining whether the community spouse has sufficient income to meet the minimum monthly maintenance needs allowance. Under the proposed rule, states would not have been able to apply different rules to different individuals, on a case-by-case basis. The Secretary has not issued a final rule.

Senate Bill

No provision.

House Bill

The House bill would amend section 1924(d) of the Social Security Act to require that any transfer or allocation made from an institutionalized spouse to meet the need of a community spouse for a community spouse's monthly income allowance be first made from income of the institutionalized spouse. Only when sufficient income is not available, could resources of the institutionalized spouse be transferred or allocated.

The House bill would apply to transfers and allocations made on or after the date of this Act's enactment by individuals who become institutionalized spouses on or after such date.

Conference Agreement

The conference agreement amends section 1924(d), and therein sections (c) and (e), of the Social Security Act to require that states consider that all income of the institutionalized spouse that could be made available to the community spouse, in accordance with the calculation of the post-eligibility allocation of income or additional income allowance allocated at a fair hearing, has been made before states allocate the community spouse an amount of resources adequate to provide the difference between the minimum monthly maintenance needs allowance and all income available to the community spouse. These amendments apply to transfers and allocations made on or after the date of this Act's enactment by individuals who become institutionalized spouses on or after such date.

Disqualification for Long-Term Care Assistance for Individuals with Substantial Home Equity (Section 6014 of the Conference Agreement, no provision in the Senate Bill, and Section 3114 of the House Bill).

Current Law

Within federal law, states set asset standards that applicants must meet to qualify for Medicaid coverage. Among other things, these standards specify a limit on the amount of countable assets a person may have to qualify, as well as define which types of assets are counted and not counted. In general, countable assets cannot exceed $2,000 for an individual applicant. States generally follow SSI rules for computing both countable and non-countable assets.

Under Medicaid and SSI rules, the value of an item may be totally or partially excluded when calculating countable resources. For example, the entire value of a car, regardless of its worth, is excluded, but life insurance is counted to the extent that the cash surrender value exceeds $1,500 (if the total value of all life insurance policies on any person does not exceed $1,500, no part of the cash surrender value of such life insurance will be counted for eligibility purposes).

Current Medicaid and SSI asset counting practices generally exclude the entire value of an applicant's home. A home is defined as any property in which an individual (and spouse, if any) has an ownership interest and which serves as the individual's principal place of residence. This property includes the shelter in which an individual resides, the land on which the shelter is located and related outbuildings. If an individual (and spouse, if any) moves out of his or her home without the intent to return, the home becomes a countable resource because it is no longer the individual's principal place of residence. However, if an individual leaves his or her home to live in an institution, the home is still considered to be the individual's principal place of residence, irrespective of the individual's intent to return, as long as a spouse or dependent relative of the eligible individual continues to live there. The individual's equity in the former home becomes a countable resource effective with the first day of the month following the month it is no longer his or her principal place of residence.

Senate Bill

No provision.

House Bill

The House bil1 would amend section 1917 of the Social Security Act to exclude from Medicaid eligibility for nursing facility or other long-term care services, certain individuals with an equity interest in their home of greater than $750,000. (The Secretary would establish a process to waive application of this provision for demonstrated cases of hardship.) This amount would be increased, beginning in 2011, from year to year based on the percentage increase in the consumer price index for all urban consumers (all items, United States city average), rounded to the nearest $1,000.

Individuals whose spouse, child under age 21, or child who is blind or disabled (as defined by the section 1614 of the Social Security Act) lawfully resides in the individual's home would not be excluded from eligibility. This provision would not prevent an individual from using a reverse mortgage or home equity loan to reduce the individual's total equity interest in the home.

The House bill would apply to individuals who are determined eligible for Medicaid with respect to nursing facility or other long-term care services based on an application filed on or after January 1, 2006.

Conference Agreement

The Conference agreement amends section 1917 of the Social Security Act to exclude from Medicaid eligibility for nursing facility or other long-term care services, certain individuals with an equity interest in their home of greater than $500,000. A state may elect an amount that exceeds $500,000, but does not exceed $750,000. These dollar amounts are increased, beginning in 2011, from year to year based on the percentage increase in the consumer price index for all urban consumers (all items, United States city average), rounded to the nearest $1,000.

Individuals whose spouse, child under age 21, or child who is blind or disabled (as defined by the section 1614 of the Social Security Act) lawfully resides in the individual's home would not be excluded from eligibility. This provision would not prevent an individual from using a reverse mortgage or home equity loan to reduce the individual's total equity interest in the home.

The House bill would apply to individuals who are determined eligible for Medicaid with respect to nursing facility or other long-term care services based on an application filed on or after January 1, 2006.

Enforceability of Continuing Care Retirement Communities (CCRC) and Life Care Community Admission Contracts (Section 6015 of the Conference Agreement, no provision in the Senate Bill, and Section 3115 of the House Bill)

Current Law

Continuing Care Retirement Communities (CCRCs) offer a range of housing and health care services to serve older persons as they age and as their health care needs change over time. CCRCs generally offer independent living units, assisted living, and nursing facility care for persons who can afford to pay entrance fees and who often reside in such CCRCs throughout their older years. The services generally offered include meals, transportation, emergency response systems, and on-site nursing and physician services. Many also offer home care, maid services and laundry. CCRCs were developed, in large part, in response to an interest among many elderly persons to age-in-place. CCRCs can be either for-profit or not-for-profit CCRCs. They are paid primarily with private funds, but a number also accept Medicaid payment for nursing facility services. Although the majority of CCRC residents do not meet the financial criteria for Medicaid, some do. Under current law, section 1919(c)(5)(A)(i)(II) of the Social Security Act prohibits Medicaid-certified nursing facility from requiring that individuals provide them with oral or written assurance that they are not eligible for, or will not apply for, Medicaid or Medicare benefits.

Senate Bill

No provision.

House Bill

The House bill would amend section 1919(c)(5)(A)(i)(II) of the Social Security Act to provide an exception for state-licensed, registered, certified, or equivalent continuing care retirement communities (CCRCs) or a life care community (including nursing facility services provided as part of that community) that are certified to accept Medicaid and/or Medicare payment to allow them to require in their admissions contracts that residents spend their resources (subject to Medicaid's rules concerning the resources allowance for community spouses, described above), declared for the purposes of admission, on their care before they apply for Medicaid.

The House bill would also amend section 1917 of the Social Security Act to consider certain entrance fees for CCRCs or life care communities to be countable resources, and thus available to the applicant, for purposes of the Medicaid eligibility determination. For applicants with community spouses, only that part of the entrance fee that is not protected for by the community spouse's resource allowance would be considered in the computation of the spousal share available to Medicaid. Entrance fees that would be considered a resource available to the individual would meet the following criteria:

(A) the individual would have the ability to use the entrance fee, or the contract provides that the entrance fee could be used, to pay for care should other resources or income of the individual be insufficient to pay for care;

(B) the individual would be eligible for a refund of any remaining entrance fee when the individual dies or terminates the CCRC or life care community contracts and leaves the community; and

(C) the entrance fee does not confer an ownership interest in the continuing care retirement community or life care community

Conference Agreement

The conference agreement includes the House provision except that a CCRC or life care community cannot retain a portion of an entrance fee, otherwise made available to spend on care before applying for Medicaid, on account of a community spouse's resource allowance.

Additional Reforms of Medicaid Asset Transfer Rules

Requirement to Impose Partial Months of Ineligibility (Section 6016(a) of the Conference Agreement, Section 6011 (a) of the Senate Bill, and no provision in the House Bill)

Current Law

Current law requires states to impose penalties on individuals applying for Medicaid who transfer assets (all income and resources of the individual and of the individual's spouse) for less than fair market value (an estimate of the value of an asset if sold at the prevailing price at the time it was actually transferred). Specifically, the roles require states to delay Medicaid eligibility for individuals receiving care in a nursing home, and, at state option, certain people receiving care in community-based settings, who have transferred assets for less than fair market value on or after a ''look-back date.'' The look-back date'' is 36 months prior to application for Medicaid for income and most assets disposed of by the individual, and 60 months in the case of certain trusts.

The length of the delay is determined by dividing the total cumulative uncompensated value of all assets transferred by the individual (or individual's spouse) on or after the look-back date by the average monthly cost to a private patient of a nursing facility in the state (or, at the option of the state, in the community in which the individual is institutionalized) at the time of application. For example, a transferred asset worth $60,000, divided by a $5,000 average monthly private pay rate in a nursing home, results in a 12–month period of ineligibility for Medicaid long-term care services. The period of ineligibility begins the first day of the first month during or after which assets have been improperly transferred and which does not occur in any other period of ineligibility. There is no limit to the length of the penalty period.

When calculating the length of the penalty period when assets are transferred for less than fair market value, current law allows states to ''round down,'' or not include in the ineligibility period the quotient amounts (resulting from the division of the value of the transferred asset by the average monthly private pay rate in a nursing home) that are less than one month. For example, in a state with an average private stay in a nursing home of $4,100, an ineligibility period for an improper transfer of $53,000 could be 12.92 months (i.e. $53,000/$4,100=12.92). Although some states would impose an ineligibility period of 12 months and 28 days (of a 31 day month), other states may round down the quotient to an ineligibility period of 12 months only.

Senate Bill

The Senate bill would amend Section 1917(c)(1)(E) of the Social Security Act by adding that a state shall not round down, or otherwise disregard any fractional period of ineligibility when determining the ineligibility period.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision.

Authority for States to Accumulate Multiple Transfers into One Penalty Period (Section 6016(b) of the Conference Agreement, Section 6011(b) of the Senate Bill, and no provision in the House Bill)

Current Law

Current law and additional CMS guidance provides that when a number of assets are transferred for less than fair market value on or after the look-back date during the same month, the penalty period is calculated using the total cumulative uncompensated value of all assets transferred during that month by the individual (or individual's spouse) divided by the average monthly cost to a private patient of a nursing facility in the state (or, at the option of the state, in the community in which the individual is institutionalized) at the time of application. When a number of assets are transferred during different months, then the rules vary based upon whether the penalty periods overlap. If a penalty period for each transfer overlaps with the beginning of a new penalty period, then states may either add together the value of the transferred assets and calculate a single penalty period or impose each penalty period sequentially. If the penalty period for each transfer does not overlap, then states must treat each transfer as a separate event and impose each penalty period starting on the first day of the month in which each transfer was made.

Senate Bill

The Senate bill would amend Section 1917(c)(1) of the Social Security Act by adding that for an individual or an individual's spouse who disposes of multiple assets in more than one month for less than fair market value on or after the applicable look-back date, states may determine the penalty period by treating the total, cumulative uncompensated value of all assets transferred by the individual (or individual's spouse) during all months as one transfer. States would be allowed to begin such penalty periods on the earliest date which would apply to such transfers.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision but refers to the disposal of multiple fractional transfers of assets instead of multiple assets.

Inclusion of Transfer of Certain Notes and Loans Assets (Section 6016(c) of the Conference Agreement, Section 6011(c) of the Senate Bill, and no provision in the House Bill)

Current Law

Under current law, states set standards, within federal parameters, for the amount and type of assets that applicants may have to qualify for Medicaid. In general, countable assets cannot exceed $2,000 for an individual. However, not all assets are counted for eligibility purposes. The standards states set also include criteria for defining non-countable, or exempt, assets. States generally follow rules for the Supplemental Security Income (SSI) program for computing both countable and non-countable assets.

Under state Medicaid and SSI rules, countable assets may include, but are not limited to, funds in a savings or money market account, stocks or other types of equities, accelerated cash benefits from certain types of insurance policies, and funds from certain types of trusts that can be obtained by the individual, the individual's spouse, or anyone acting for the individual or the individual's spouse, to pay for the individual's medical or nursing facility care, even if the funds or payments are not distributed. Under Medicaid and SSI rules, non-countable assets include an individual's primary place of residence, one automobile, household goods and personal effects,[1] property essential to income-producing activity, up to $1,500 in burial funds, life insurance policies whose total face value is not greater than $1,500, and miscellaneous other items.

Other rules defining countable and non-countable assets apply only in particular states. Their rules are generally intended to restrict the use of certain financial instruments (e.g. annuities, promissory notes, or trusts) to protect assets so that applicants can qualify for Medicaid earlier than they might otherwise.

Senate Bill

The Senate bill would amend Section 1917(c)(1) of the Social Security Act to make additional assets subject to the look-back period, and thus a penalty, if established or transferred for less than fair market value. Such assets would include funds used to purchase a promissory note, loan or mortgage, unless the repayment terms are actuarially sound, provide for payments to be made in equal amounts during the term of the loan and with no deferral nor balloon payments, and prohibit the cancellation of the balance upon the death of the lender.

In the case of a promissory note, loan, or mortgage that does not satisfy these requirements, their value shall be the outstanding balance due as of the date of the individual's application for certain Medicaid long-term care services.

[1] Under former SSI rules, there were restrictions placed on the value of the automobile and household goods and personal effects that could be excluded from countable assets. As of March 9, 2005, one automobile and all household goods and personal effects are excluded, regardless of their value. 70 Federal Register 6340, no. 24, Feb. 7, 2005.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision.

Inclusion of Transfers to Purchase Life Estates (Section 6016(d) of the Conference Agreement, Section 6011(e) of the Senate Bill, and no provision in the House Bill)

Current Law

Current law does not specify whether life estates should be treated as countable or noncountable assets for purposes of applying the Medicaid asset transfer rules. In CMS guidance, however, the Secretary specifies that the establishment of a life estate constitutes a transfer of assets. The guidance also explains that a transfer for less than fair market value occurs whenever the value of the transferred asset is greater than the value of the rights conferred by the life estate. According to CMS, a life estate is involved when an individual who owns property transfers ownership to another individual while retaining, for the rest of his or her life (or the life of another person), certain rights to that property. Generally, a life estate entitles the grantor to possess, use, and obtain profits from the property as long as he or she lives, even though actual ownership of the property has passed to another individual.

Senate Bill

The Senate bill would amend Section 1917(c)(l) of the Social Security Act to add a provision that would redefine the term 'assets,' with respect to the Medicaid asset transfer rules, to include the purchase of a life estate interest in another individual's home unless the purchaser resides in the home for at least one year after the date of purchase.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision.

Effective Date (Section 6016(e) of the Conference Agreement, Section 6011(g) of the Senate Bill, and no provision in the House Bill)

Current Law

No provision.

Senate Bill

This provision would apply to payment made under the Medicaid program for calendar quarters beginning on or after the date of this Act's enactment, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date. Amendments made by this provision would not apply to Medicaid assistance provided for services before the date of enactment, with respect to assets disposed of on or before the date of enactment, or with respect to trusts established on or before the date of enactment.

In the case of a state that the Secretary of Health and Human Services determines requires state legislation to meet the additional requirements of this provision, the state Medicaid plan would not be regarded as failing to comply with the requirements solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the state legislature that begins after the date of enactment of this Act. In the case of a state that has a two-year legislative. session, each year of the session would be considered to be a separate regular session of the state legislature. This amendment applies to provision under section 6011 of the Senate bill.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision with respect to amendments made by section 6016.

Subchapter B—Expanded Access to Certain Benefits

Expansion of State Long-Term Care Partnership Program (Section 6021 of the Conference Agreement, and Section 6012 of the Senate Bill, and Section 3133 of the House Bill)

Current Law

Under Medicaid's long-term care (LTC) insurance partnership program, certain persons who have exhausted (or used at least some of) the benefits of a private long-term care insurance policy may access Medicaid without meeting the same means-testing requirements as other groups of Medicaid eligibles. For these individuals, means-testing requirements are relaxed at: (1) the time of application to Medicaid; and (2) the time of the beneficiary's death when Medicaid estate recovery is generally applied.

In general, states allow individuals to retain no more than $2,000 in countable assets and exempt certain non-countable assets such as an individual's primary place of residence, one automobile, household goods and personal effects. Under section 1902 of the Social Security Act, a state may request the Secretary's permission to amend its Medicaid state plans to allow certain applicants to retain greater amounts of countable assets than other applicants and still qualify for Medicaid. Specifically, states that obtain the Secretary's approval may disregard some or all of the assets of persons applying for Medicaid who have purchased long-term care insurance policies.

Section 1917 of the Social Security Act (amended by the Omnibus Budget Reconciliation Act of 1993, P.L. 103–66) allows only those states with an approved state plan amendment as of May 14, 1993 to exempt individuals from Medicaid estate recovery who apply to Medicaid after exhausting their private long-term care insurance benefits. By that date, five states (California, Connecticut, Indiana, Iowa, and New York) had received CMS approval. All of these states, except Iowa, have implemented partnership programs.

The four partnership states with active programs have different models for determining the amount of assets that an eligible participant may protect. Connecticut and California use a dollar-for-dollar model, in which the amount of the assets protected is equivalent to the value of the benefit package paid by the policy purchased (e.g., $100,000 of nursing-home or assisted living benefits paid enables that individual to retain up to $100,000 in assets and still qualify for Medicaid coverage in that state). New York uses a total asset protection model in which persons who purchase certain state-approved policies may qualify for Medicaid without having to meet any of Medicaid's asset criteria. Indiana uses a hybrid model, offering both dollar-for-dollar and total asset protection (Indiana switched from the dollar-for-dollar model to the hybrid model in 1998).

Federal oversight of long-term care insurance is largely limited to provisions established by the Health Insurance Portability and Accountability Act of 1996 (HIPAA, P.L. 104–191). HIPAA established new rules regarding the tax treatment of LTC insurance and expenses, and defined the requirements for a tax-qualified LTC insurance policy. LTC insurance products are largely regulated by states. Every state and the District of Columbia has some laws governing LTC insurance. Many of these laws reflect guidance provided by the National Association of Insurance Commissioners (NAIC), an organization of state insurance regulators. This guidance, provided in the form of a Model Act and Model Regulations for LTC insurance, addresses a number of areas, including the following.

Model Regulations:

- Application forms and replacement coverage;
- Reporting requirements;
- Filing requirements for marketing;
- Standards for marketing;
- Appropriateness of recommended purchase;
- Standard format outline of coverage; and
- Requirements to deliver shopper's guide.

Model Act:

- Outline of coverage;
- Requirements for certificates under group plans;
- Policy summary;
- Accelerated death benefits; and
- Incontestability period.

HIPPA also includes requirements that tax-qualified policies comply with consumer protections regarding the delivery of policies, information on denials of claims, and disclosure. While many state laws and regulations are based largely on the NAIC standards, others have adopted only some of these standards. As a result, there is significant variation in regulatory practices across states.

National Clearinghouse for Long-Term Care. No provision in current law requires the establishment of a long-term care consumer clearinghouse.

In related activities, DHHS has funded some states to establish state-based consumer-friendly access to information about long-term care services. In FY2003 and FY2004, the Centers for Medicare and Medicaid (CMS) and AoA awarded approximately $19 million in grants to states for the purpose of assisting their efforts to create a single, coordinated system of information and access for all persons seeking long term care to minimize confusion, enhance individual choice, and support informed decision-making. In FY2005, $15 million was awarded. A total of 43 states have received grants for this purpose. Some of the common activities under this grants program include information and referral, outreach, counseling about public benefits and long-term care options, and case management. States' methods for implementing the grant may vary; some states have established an actual physical location, and other states have established a statewide clearinghouse through a toll-tree number or a web-based information site.

In addition, CMS has made available to the public, via its website, a comparison of Medicare and Medicaid-certified nursing homes and home health agencies. The information provides detailed facility and agency information and characteristics, and contains several measures of quality (e.g., improvement in mobility). This website does not cover assisted living facilities, group homes and other residential facilities that are not nursing facilities; nor does it cover non-medical, non-certified, home and community-based long-term care services.

Senate Bill

The Senate bill would exempt an additional group of persons with certain long-term care insurance plans from Medicaid estate recovery. This group would include individuals who received Medicaid under a Qualified State Long-Term Care Insurance Partnership plan meeting requirements A through G described below. The provision would also require that existing LTC insurance partnership programs satisfy requirements B through G below for LTC insurance

policies sold on or after 2 years after enactment.

The Senate bill would define LTC insurance policies as including, but not be limited to, certificates issued under group insurance contracts [also would include individual and other LTC insurance contracts]. The term ''Qualified State LTC Insurance Partnership,'' would mean a state with an approved Medicaid State plan amendment meeting the following requirements:

(A) the disregard of any assets or resources in an amount equal to the amount of payments made to, or on behalf of, an individual who is a beneficiary under any LTC insurance policy sold under such plan amendment;

(B) a state would treat benefits paid under any LTC partnership insurance policy sold under another states' Qualified LTC Insurance Partnership'' or a long-term care insurance policy, the same as the state treats benefits paid under such a policy under the state's plan amendment;

(C) any long-term care insurance policy sold would be required to be a tax-qualified policy (Meeting specifications defined in section 7702B(b) of the Internal Revenue Code of 1986) and meet the consumer protection requirements described below;

(D) any policy would be required to provide for compound annual inflation protection of at least 5 percent and asset protection that does not exceed $250,000. This amount would be increased, beginning with 2007, from year-to-year based on the percentage increase in the medical care expenditure category of the Consumer Price Index for Urban Consumers (United States city average), published by the Bureau of Labor Statistics rounded to the nearest $100;

(E) an insurer would be allowed to rescind a LTC insurance policy in effect for at least 2 years or deny an otherwise valid LTC insurance claim only upon a showing (1) of misrepresentation that is material to the acceptance of coverage; (2) pertains to the claim made; and (3) could not have been known by the insurer at the time the policy was sold;

(F) any individual who sells these policies would be required to receive training and demonstrate evidence of an understanding of the policy and how it relates to other public and private LTC coverage; and

(G) the issuer would be required to report, to the Secretary required information, and to report to the state: (1) the information or data reported to the Secretary, (2) the information or data required under the minimum reporting requirements developed under section 103(c)(1)(B) of the Improving LTC Choices Act of 2005, and (3) such additional information or data as the state may require. If a LTC insurance policy is exchanged for another such policy, the effective date of coverage under the first policy would determine when coverage first becomes effective.

LTC insurance policies would be required to meet the following requirements specified in the National Association of Insurance Commissioner's (NAIC) Long-Term Care Insurance Model Regulations and Long-Term Care Insurance Model Act (as adopted as of October 2000). The requirements include the following topics described below.

Model Regulations:

- Guaranteed renewal or noncancellability;
- Prohibitions on limitations and exclusions;
- Extension of benefits;
- Continuation or conversion of coverage;
- Discontinuance and replacement of policies;
- Unintentional lapse;
- Disclosure;
- Required disclosure of rating practices to consumer;
- Prohibitions against post-claims underwriting;
- Minimum standards;
- Application forms and replacement coverage;
- Reporting requirements;
- Filing requirements for marketing;
- Standards for marketing, including inaccurate completion of medical histories;
- Suitability;
- Prohibition against preexisting conditions and probationary periods in replacement policies or certificates;
- Contingent nonforfeiture benefits if the policyholder declines the offer of a nonforfeiture provision;
- Standard format outline of coverage; and
- Deliver shopper's guide.

Model Act:

- Preexisting conditions;
- Prior hospitalization;
- Contingent nonforfeiture benefits;
- Right of return;
- Outline of coverage;
- Requirements for certificates under group plans;
- Policy summary; and
- Monthly reports on accelerated death benefits.

These provisions of the Long-Term Care Insurance Model Regulation and Long-Term Care Insurance Model Act would be treated as including any other provision the Regulation or Act necessary to implement the provision. The determination of whether any requirement under the Model Act or Regulation have been met would be made by the Secretary.

No later than one year after enactment, the Secretary, in consultation with the NAIC, issuers of LTC insurance policies, states with experience with LTC insurance partnership plans, other states, and representatives of consumers of LTC insurance policies would be required to develop uniform standards for:

- Reciprocity. These standards would ensure that LTC insurance policies issued under the state LTC partnership (described in this provision) would be portable to other states with such-LTC insurance partnerships;
- Minimum reporting requirements. These standards would be required to specify the data and information that each issuer of LTC insurance policies under State LTC insurance partnerships shall report to the state with which it has such a partnership. The requirements developed would be required to specify the type and format of the data and information to be reported and the frequency with which such reports are to be made. States would be permitted to require an issuer of LTC insurance policy sold in the state (regardless of whether the policy is issued under a State LTC insurance partnership) to require the issuer to report information or data to the state that is in addition to the information or data required under these minimum reporting requirements;
- Suitability. These standards would be for determining whether a long-term care insurance policy is appropriate for the needs of an applicant (based on guidance of the NAIC regarding suitability).

The Secretary, in consultation with those listed above, would also be required to submit recommendations to Congress with respect to the following:

- Incontestability. Recommendations regarding whether the requirements relating to incontestability for LTC insurance policies sold under a state partnership program should be modified based on NAIC guidance;
- Nonforfeiture. Recommendations regarding whether requirements relating to nonforfeiture for issuers of LTC insurance policies under a state LTC insurance partnership program should be modified to reflect changes in an insured's financial circumstances;
- Independent certification for benefits assessment. Recommendations regarding whether uniform standards for requiring benefits assessment evaluations to be conducted by independent entities should be established for issuers of LTC insurance policies under such a state partnership program, and if so, what such standards should be;
- Rating requirements. Recommendations regarding whether uniform standards for the establishment of, and annual increases in, premiums for LTC insurance policies sold under such a state partnership program should be established and if so, what such standards should be; and
- Dispute Resolution. Recommendations regarding whether uniform standards are needed to ensure fair adjudication of coverage disputes under LTC insurance policies sold under such a state partnership program and the delivery of the benefits promised under such policies.

The DHHS Secretary would be required to annually report to Congress on the LTC insurance partnerships. Such reports would be required to include analyses of the extent to which such partnerships expand or limit access of individuals to LTC and the impact of such partnerships on Federal and State Medicaid expenditures and federal Medicare expenditures.

Effective Date. These amendments would become effective on October 1, 2007 and apply to long-term care insurance policies sold on or after that date.

House Bill

The House bill would amend section 1917(b)(1)(C)(ii) of the Social Security Act to allow additional groups of individuals in states with state plan amendments approved after May 14, 1993 to be exempt from estate recovery requirements if the amendment provides for a qualified state long-term care insurance partnership program. The term ''Qualified State LTC Insurance Partnership,'' would mean a Medicaid State plan amendment that provides for the disregard of any assets or resources in the amount equal to the amount of insurance benefit made to or on behalf of an individual who is a beneficiary under a long-term care policy (including a certificate issued under a group insurance contract), if the following requirements are met:

(I) The policy covers an insured who was a resident of such state when coverage first became effective under the policy. (In the case of a long-term care insurance policy exchanged for another such policy, this requirement would apply based on the coverage of the first such policy that was exchanged);

(II) The policy is a qualified long-term care insurance policy (meeting specifications defined in section 7702B(b) of the Internal Revenue Code of 1986) issued on or after the first day of the first calendar quarter in which the plan amendment was submitted to the Secretary;

(III) If the policy does not provide some level of inflation protection, the insured was offered, before the policy was sold, a long-term care insurance policy that provides some level of inflation protection;

(IV) The state Medicaid agency provides information and technical assistance to the state insurance department on the insurance department's role of assuring that any individual who sells a long-term care insurance policy under the partnership receives training or demonstrates evidence of an understanding of such policies and how they relate to other public and private coverage of long-term care;

(V) The issuer of the policy provides regular reports to the Secretary that include, in

accordance with the Secretary's regulations (promulgated after consultation with the states), notification regarding when all benefits provided under the policy have been paid and the amount of such benefits paid, when the policy otherwise terminates, and such other information as the Secretary determines appropriate to the administration of such partnerships;

(VI) The state does not impose any requirement affecting the terms or benefits of such a policy unless the state imposes such requirement on long-term care insurance policies without regard to whether the policy is covered under the partnership or is offered in connection with such a partnership.

The Secretary, as appropriate, would provide copies of the state reports to the state involved and would promote the education of consumers regarding qualified state long-term care insurance partnerships. In addition, in consultation with other appropriate Federal agencies, issuers of long-term care insurance, and the National Association of Insurance Commissioners, the Secretary would develop recommendations for Congress to authorize and fund a uniform minimum data set to be reported electronically by all issuers of long-term care insurance policies under qualified state long-term care insurance partnerships to a secure, centralized electronic query and report generating mechanism that State, the Secretary, and other Federal agencies can access.

To permit portability in long-term care insurance policies purchased under state long-term care insurance partnerships, the Secretary may develop, in consultation with the states and the National Association of Insurance Commissioners, uniform standards for reciprocal recognition of such policies among states with qualified state long-term care insurance partnerships.

Effective Date. A state plan amendment that provides for a qualified state long-term care insurance partnership would be effective for long-term care insurance policies issued on or after a date, specified in the amendment, that is not earlier than the first day of the first calendar quarter in which the plan amendment was submitted to the Secretary.

Conference Agreement

The conference agreement amends section 1917(b)(1)(C)(ii) of the Social Security Act to: (1) require that existing partnership programs not allow consumer protection standards, as defined in a Medicaid state plan amendment, to be less stringent (determined by the Secretary) than those applying under the state plan amendment as of December 31, 2005; and (2) allows certain individuals in states with state plan amendments approved after May 14, 1993 to be exempt from estate recovery requirements if the amendment provides for the disregard of any assets or resources in the amount equal to the amount of insurance benefits made to or on behalf of an individual who is a beneficiary under a long-term care policy (including a certificate issued under a group insurance contract), if the following requirements are met:

(I) The policy covers an insured who was a resident of such state when coverage first became effective under the policy. In the case of a long-term care insurance policy exchanged for another such policy, this requirement applies based on the coverage of the first such policy that was exchanged;

(II) The policy is a qualified long-term care insurance policy (meeting specifications defined in section 7702B(b) of the Internal Revenue Code of 1986) issued not earlier than the effective date of the Medicaid state plan amendment;

(III) The policy meets the following requirements specified in the National Association of Insurance Commissioner's (NAIC) Long-Term Care Insurance Model Regulations and Long-Term Care Insurance Model Act (as adopted as of October 2000).

Model Regulations relating to:

- Guaranteed renewal or noncancellability (including some sections of the Model Act);
- Prohibitions on limitations and exclusions;
- Extension of benefits;
- Continuation or conversion of coverage;
- Discontinuance and replacement of policies;
- Unintentional lapse;
- Disclosure;
- Required disclosure of rating practices to consumer;
- Prohibitions against post-claims underwriting;
- Minimum standards;
- Application forms and replacement coverage;
- Reporting requirements;
- Filing requirements for marketing;
- Standards for marketing, including inaccurate completion of medical histories;
- Prohibition against preexisting conditions and probationary periods in replacement policies or certificates;
- Contingent nonforfeiture benefits if the policyholder declines the offer of a nonforfeiture provision;
- Appropriateness of recommended purchase;
- Standard format outline of coverage; and
- Delivery of shopper's guide.

Model Act relating to:

- Preexisting conditions;
- Prior hospitalization;
- Contingent nonforfeiture benefits;
- Right of return;
- Outline of coverage;
- Requirements for certificates under group plans;
- Policy summary; and
- Monthly reports on accelerated death benefits.

These provisions of the Long-Term Care Insurance Model Regulation and Long-Term Care Insurance Model Act are treated as including any other provision of the Regulation or Act necessary to implement the provision. Long-term care insurance policies issued in a state shall be deemed as meeting the requirements of the model regulation or the Model Act if the state plan amendment provides that the State insurance commissioner for the state certifies (in a manner satisfactory to the Secretary) that the policy meets such requirements.

(IV) If at the date of purchase the purchaser is younger than age 61, the policy must provide for compound inflation; if the purchaser is at least age 61 but not older than age 76, the policy must provide some level of inflation protection; and if the purchaser is age 76 or older, the policy may, but is not required to, provide some level of inflation protection.

(V) The state Medicaid agency provides information and technical assistance to the state insurance department on the insurance department's role of assuring that any individual who sells a long-term care insurance policy under the partnership receives training or demonstrates evidence of an understanding of such policies and how they relate to other public and private coverage of long-term care;

(VI) The issuer of the policy provides regular reports to the Secretary that include, in accordance with the Secretary's regulations (after consultation with the National Association of Insurance Commissioners, issuers of long-term care insurance policies, states with experience with long-term care insurance partnership plans, other states, and representatives of consumers of long-term care insurance policies) notification regarding when all benefits and their amounts under the policy have been paid, when the policy otherwise terminates, and other information that the Secretary determines is appropriate to the administration of the partnership programs. These regulations shall specify the data format and information to be reported, and the frequency with which such reports are to be made. The Secretary, as appropriate, provides copies of the reports to the state involved;

(VII) The state does not impose any requirement affecting the terms or benefits of such a policy unless the state imposes such requirement on long-term care insurance policies without regard to whether the policy is covered under the partnership or is offered in connection with such a partnership.

In consultation with other appropriate Federal agencies, issuers of long-term care insurance, and the National Association of Insurance Commissioners, state insurance commissioners, states with experience with long-term care insurance partnership plans, other states, and representatives of consumers of long-term care insurance policies, the Secretary develops recommendations for Congress to authorize and fund a uniform minimum data set to be reported electronically by all issuers of long-term care insurance policies under qualified state long-term care insurance partnerships to a secure, centralized electronic query and report generating mechanism that State, the Secretary, and other Federal agencies can access.

Not later than 12 months after the National Association of Insurance Commissioners issues a revision, update or other modification of a model regulation or model act provision listed above or substantially related those listed above, the Secretary reviews these changes, determines whether incorporating such changes into the corresponding provision would improve qualified state long-term care insurance partnerships, and, if so, incorporate the changes into the provision.

States may require issuers of long-term care insurance policies sold in that state (regardless of whether the policy is issued under a qualified state long-term care insurance partnership) to report additional information or data to the state.

To permit portability in long-term care insurance policies purchased under state long-term care insurance partnerships, the Secretary develops no later than January 1, 2007, in consultation with the National Association of Insurance Commissioners, states with experience with long-term care insurance partnership plans, other state, and representatives of consumers of long-term care insurance policies, standards for uniform reciprocal recognition of such policies among states with qualified state long-term care insurance partnerships which have benefits paid under such policies will be treated the same by all such states, and states with such partnerships shall be subject to such standards unless the state notifies the Secretary of the State's election to be exempt from such standards.

The Secretary annually reports to Congress on the long-term care insurance partnerships. Such reports would include analyses of the extent to which partnership programs expand or limit access of individuals to long-term care and the impact of such partnerships on federal and state expenditures under Medicare and Medicaid. Nothing in this provision shall require the Secretary to conduct an independent review of each long-term care insurance policy offered under or in connection with a state partnership program.

A state plan amendment that provides for a qualified state long-term care insurance

partnership may provide that the amendment be effective for long-term care insurance policies issued on or after a date that is not earlier than the first day of the first calendar quarter in which the plan amendment was submitted to the Secretary.

With respect to policy exchanges, Conferees expect existing policy holders will be able to exchange existing policies for Partnership policies in accordance with policy provisions and state law after a State's plan amendment is effective.

National Clearinghouse for Long-Term Care. The Secretary establishes a National Clearinghouse for Long-Term Care Infonnation (this may be done through a contract or interagency agreement). The National Clearinghouse for Long-Term Care: (1) educates consumers with respect to the availability and limitations of Medicaid long-term care coverage, including state Medicaid eligibility and estate recovery requirements; (2) provides objective information to assist consumers with the decision-making process for determining whether to purchase long-term care insurance or to pursue other private market alternatives for purchasing long-term care; (3) provide contact information for additional objective sources on planning for long-term care services needs; and (4) maintain a list of states with state long-term care insurance partnerships.

In providing information to consumers on long-term care, the National Clearinghouse for Long-Term Care Information shall not advocate in favor of a specific long-term care insurance provider or a specific long-term care insurance policy.

Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out for the National Clearinghouse for Long-Term Care $3 million for each of fiscal years 2006 through 2010.

Expanded Access to Borne and Community-based Services for the Elderly and Disabled (Section 6022 of the Conference Agreement, no provision in the Senate Bill, and Section 3131 of the House Bill)

Current law

Medicaid home and community-based service (HCBS) waivers authorized by Section 1915(c) of the Social Security Act allow states to provide home and community-based services to Medicaid beneficiaries who would otherwise need the level of care provided in a nursing facility, intermediate care facility for persons with mental retardation (ICF–MR) or hospital. HCBS waiver services can include case management, homemaker/home health aide services, personal care, psychosocial rehabilitation, home health, private duty nursing, adult day care, habilitation, respite care, day treatment, and any other service requested by the state and approved by the Secretary. As part of the waiver, states may define the services that will be offered, target a specific population (e.g., individuals with developmental disabilities) or a specific geographic region, and limit the number of waiver participants (resulting in a waiting list for services in many states).

Approval for a HCBS waiver is contingent on a state documenting the cost-neutrality of the waiver. Cost-neutrality is met if, on average, the per person cost under the HCBS waiver is no higher than the cost if the person were residing in one of the three types of institutions identified in Medicaid law, (hospital, nursing facility or ICF–MR). The state determines which type of institution(s) it will use to make the cost-neutrality calculation.

A HCBS waiver is generally approved for a 3– or 5–year time period and is subject to additional oversight from the Centers for Medicare and Medicaid Services (CMS). In July 2003, there were 275 HCBS waivers nationwide in all states (except Arizona which offers HCBS services under a Section 1115 waiver).

Senate Bill

No provision.

House Bill

The House bill would allow states to cover a broad range of home and community-based services (HCBS) as an optional benefit under the state Medicaid plan without requiring a waiver. States would be able to define which HCBS services will be covered and could include any service authorized by federal law for existing HCBS waiver programs (as defined in Section 1915(c)(4)(B) of the Social Security Act). Similar to the existing HCBS waiver program, paying for an individual's room and board would not be permitted under this new benefit.

To qualify for this benefit the individual must meet the following criteria: (1) Age 65 or older or disabled (as defined under the Medicaid state plan) but who is not an individual with a developmental disability, mental retardation or a related condition; (2) have had a determination that, but for the provision of such services, the individual would require the level of care provided in a hospital or nursing facility (the cost of which could be reimbursed under Medicaid); and (3) meet the Medicaid eligibility standards in effect in the state (which may include an approved Medicaid waiver) as of the date of enactment of this provision.

A state would be able to cover this benefit under the Medicaid state plan if certain conditions are met: (1) Any state waiver or demonstration under Sections 1915 or 1115 of the Social Security Act with respect to such services for individuals described in this provision must have expired; and (2) the state must monitor and report to the Secretary of the Department of Health and Human Services (DHHS) on a quarterly basis the enrollment and expenditures for services provided under this option.

A state would not be required to comply with existing Medicaid requirements regarding the statewide availability of the service, the comparability of services, and the income and resource rules applicable in the community. A state may also limit the number of individuals who are eligible for services, establish waiting lists for the receipt of these services, and limit the amount, duration, and scope of services.

This section would be effective for home and community-based services furnished on or after October 1, 2006.

Conference Agreement

The conference agreement establishes home and community-based services as an optional Medicaid benefit that would not require a waiver and that meets certain other requirements for individuals whose income does not exceed 150% of the federal poverty level. The scope of services may include any services pennitted under Section 1915(c)(4)(B) of the Social Security Act which the Secretary has the authority to approve, and would not include an individual's room and board. The state may provide this option to individuals without determining that but for the provision of such services, the person would require the level of care provided in a hospital, nursing home, or ICF–MR.

States are required to establish needs-based criteria for determining an individual's eligibility for the HCBS option established by this provision, and the specific HCBS the individual will receive. The State must also establish needs-based criteria for determining whether an individual requires the level of care provided in a hospital, nursing home, ICF–MR, or under a waiver of the state plan, that is more stringent than the needs-based criteria for the HCBS option established by this provision.

The state is also required to submit to the Secretary a projection of the number of individuals to be served under the option, and may limit the number of individuals who are eligible for such services.

The needs-based criteria must be based on an assessment of an individual's support needs and capabilities, and may take into account the inability of the individual to perform two or more activities of daily living (ADLs) as defined in the Internal Revenue Service (IRS) code (i.e., bathing, dressing, transferring, toileting, eating, and continence), or the need for significant assistance to perform these activities, and other risk factors determined to be appropriate by the state.

A state is allowed to modify the needs-based criteria described above in the event that enrollment of individuals for the HCBS option exceeds projected enrollment. The state is not required to seek prior approval of the Secretary if the state wishes to modify the needs-based criteria, but must give the Secretary and the public at least 60 days notice of the proposed modification. If a state modifies the needs-based criteria, existing recipients of the HCBS optional state plan services will continue to be eligible to receive those services for at least 12 months beginning on the date the individual first received medical assistance for HCBS services. After such a modification, the state, at a minimum, must apply the level of care determination for hospitals, nursing facilities, and ICF–MRs that were in effect prior to the application of more stringent criteria.

The state is required to use an independent evaluation for determining an individual's eligibility for HCBS. The independent evaluation must include an assessment of the needs of the individual to: (1) determine a necessary level of services and supports consistent with the individual's physical and mental capacity; (2) prevent unnecessary or inappropriate care, and (3) establish an individualized care plan for the individual.

The assessment must include: (1) an objective evaluation of an individual's inability or need for significant assistance to perform two or more activities of daily living as defined in the Internal Revenue Service code; (2) a face-to-face evaluation of the individual by an individual trained in the assessment and evaluation of individuals whose physical or mental conditions trigger a potential need for HCBS; (3) where appropriate, consultation with the individual's family, spouse, guardian, or other responsible individual; (4) consultation with all treating and consulting health and support professionals caring for the individual; (5) an examination of the individual's relevant history and medical records, and care and support needs guided by best practices and research on effective strategies that result in improved health and quality of life outcomes. The assessment must also evaluate the ability of the individual or individual's representative to self-direct the purchase and control of HCBS if he/she elects this option, and if such an option is covered by the state.

The independent evaluation is to establish a written individualized plan of care. The plan must be developed in consultation with the individual, the individual's treating physician, health care or support professionals, or other appropriate individuals, and the family caregiver or individual representative if appropriate; (2) to take into account the extent, and the need for, any family or other supports for the individual; (3) to identify the HCBS services to be provided (or purchase, if the individual elects to self-direct

his/her care); (4) to be reviewed at least annually or as needed when there is a significant change in circumstances.

States may allow individual (or the individual's representative) to elect to self-direct the purchase and control of state plan HCBS. Under the self-directed option, the individual's needs, preferences, and capabilities are assessed, and based on the assessment, a service plan is developed jointly with the individual (or representative) that is approved by the state. The service plan must include certain activities such as a person-centered planning process and risk management techniques. States may also include an individualized budget that identifies a dollar value for the services and supports under the control and direction of the individual or his or her representative. States are required to provide information in the state plan amendment about how an individualized budget is developed and implemented.

The state must ensure that the provision of home and community-based services meets federal and state guidelines for quality assurance. The state must establish standards for the conduct of the independent evaluation to prevent conflicts of interest, and must allow for at least annual redetermination of eligibility and appeals using the process for appeals under the State Plan.

States may elect to provide for a period of presumptive eligibility (not to exceed 60 days) for individuals that the state has reason to believe may be eligible for home and community-based services. The covered activities include carrying out the independent evaluation and assessment and, if eligible, the specific services the individual will receive.

In covering this benefit, a state may elect not to comply with existing Medicaid requirements related to statewideness and the income and resource rules applicable in the community, but only for purposes of providing home and community-based services in accordance with this benefit. This option should not be construed as applying to those receiving Medicaid in an institution as a result of a determination that the individual requires the level of care in a hospital, nursing facility or ICF/MR.

Federal Medicaid funding will continue to be available for individuals who are receiving Medicaid in an institution or home and community-based setting (under a HCBS waiver program or Section 1115 demonstration) as of the effective date of the Medicaid state plan amendment, without regard to whether the individuals satisfy the more stringent eligibility criteria established under that paragraph until the individual is discharged from the institution or waiver program, or no longer requires such level of care.

The provision requires the Secretary acting through the Director of the Agency for Healthcare Research and Quality, to consult with consumers and health and social service providers and other professionals knowledgeable about long-term care services and supports to develop program performance indicators, client function indicators, and measures of client satisfaction regarding HCBS offered under Medicaid.

The Secretary is required to use the indicators and measures to assess HCBS and outcomes, particularly with respect to a recipient's health and welfare, and the overall system for RCBS under Medicaid. The Secretary is also required to make best practices and comparative analyses of system features available to the public.

This provision will be effective on January 1, 2007.

Optional Choice of Self-directed Personal Assistance Services (Cash and Counseling) (Section 6023 of the Conference Agreement, and no provision in the Senate Bill, and Section 3132 of the House Bill)

Current law

Under current law, state Medicaid programs offer several types of long-term care services to individuals who, because of disability or chronic illness, need assistance with activities such as eating, bathing, and dressing. Medicaid programs have the option of covering personal care services and may also cover a broad set of other services through a home and community-based services (HCBS) waiver authorized under Section 1915(c) of the Social Security Act. To qualify for a HCBS waiver, the individual must require the level of care of a hospital, nursing facility or intermediate care facility for persons with mental retardation (ICF/MR).

Traditionally, Medicaid personal care and other related services have been provided to individuals through local public or private agencies. However, in the last decade, Medicaid beneficiaries with disabilities or chronic conditions and federal and state policymakers have been increasing the discretion that beneficiaries have over key elements of the service (e.g., what time a personal care worker comes to the home to help the beneficiary, who provides the service, etc.) These types of programs are broadly known as ''self-directed'' or ''consumer-directed'' programs. The specific elements that a Medicaid beneficiary can control vary widely depending upon the state and the type of service covered. Currently, Medicaid law allows certain types of self directed programs to be implemented through the normal Medicaid state plan and HCBS waiver process. Other types of self-directed programs require a research and demonstration waiver under Section 1115 of the Social Security Act.

Under the Medicaid personal care benefit, the Centers for Medicare and Medicaid Services (CMS) explicitly permits self-direction of personal care services. The CMS State Medicaid Manual specifies, ''Medicaid beneficiaries may hire their own provider, train the provider according to their personal preferences, supervise and direct the provision of the personal care services and, if necessary, fire the provider.'' However, the state Medicaid agency maintains responsibility for monitoring service delivery and ensuring that qualified providers are delivering the personal care services. The state is not permitted to provide Medicaid funds directly to a consumer to pay for the personal care services.

Generally, CMS policy has been that payments for personal care (or similar) services delivered by legally responsible individuals (e.g., the parent of a minor child or a spouse) are not eligible for federal Medicaid matching funds. However, CMS has recently amended its policy so that under a HCBS waiver (though not the Medicaid personal care benefit), states have the option of paying legally responsible relatives in extraordinary circumstances when the provision of personal care services is determined to be necessary to ensure the health and welfare of the waiver participant and so long as the parent or spouse meets the Medicaid provider requirements established by the state.

Senate Bill

No provision.

House Bill

This proposal would aIlow a state to cover, under the Medicaid program, payment for part or all of the cost of self-directed personal assistance services (other than room and board) based on a written plan of care to individuals for whom there has been a determination that, but for the provision of such services, the individuals would require and receive personal care services under Medicaid state plan or home and community-based services under a HCBS waiver. Self-directed personal assistance services may not be provided to individuals who reside in a home or property that is owned, operated, or controlled by a provider of services, not related by blood or marriage.

The Secretary must not approve a state's self-directed personal assistance services program unless the state assures that the necessary safeguards have been taken to protect the health and welfare of individuals receiving these services and that financial accountability exists for funds expended for these services.

The state must also evaluate the need for personal care under the Medicaid state plan or personal services under a HCBS waiver for individuals who (1) are entitled to Medicaid personal care under the state plan or receive HCBS waiver services; (2) may require self-directed personal assistance services; and (3) may be eligible for self-directed personal assistance services. If covered by the state and at the choice of the individual, those who are likely to require personal care or HCBS waiver services must be informed of the feasible alternatives in the provision of Medicaid personal care services or personal assistance services under a HCBS waiver. The state must also provide a support system that ensures participants in the program are appropriately assessed and counseled prior to enrollment and are able to manage their budgets. Additional counseling and management support may be provided at the request of the participant.

The state will be required to submit an annual report to the Secretary which includes the number of individuals served and total expenditures on their behalf, in the aggregate. The state must also provide an evaluation of overall impact on the health and welfare of participants compared to non-participants every three years.

A state may provide self-directed personal assistance services under the state plan without regard to the Medicaid requirements for statewideness (under Section 1902(a)(1) of the Social Security Act), and may limit the population eligible to receive these services and the number of persons served without regard to Medicaid requirements regarding comparability (Section 1902(a)(10)(B) of the Social Security Act).

Under this provision, the term ''self-directed personal assistance services'' means personal care and related services, or HCBS waiver services that are provided to an eligible participant. Individuals participating in such services will be permitted, within an approved self-directed services plan and budget, to purchase personal assistance and related services, and hire, fire, supervise, and manage the individuals providing such services.

At the election of the state, a participant will be allowed to (1) choose as a paid service provider, any individual capable of providing the assigned tasks including legally liable relatives, and (2) use the individualized budget to acquire items that increase independence or substitute (such as a microwave oven or an accessibility ramp) for human assistance, to the extent that expenditures would otherwise be made for the human assistance.

An approved self-directed services plan and budget under this provision must meet the following requirements: (1) The participant (or his/her guardian or authorized representative if appropriate) exercises choice and control over the budget, planning, and purchase of self-directed personal assistance services, including the amount, duration, scope, provider and location of service provision; (2) There is an assessment of the needs,

strengths, and preferences of the participants for such service; (3) An individual's plan for self-directed services and supports, which has been developed and approved by the state, is based on a person-centered assessment process that builds upon the participant's capacity to engage in activities that promote community life; respects the participant's preferences, choices and abilities; and involves families, and professionals in the planning or delivery of services or supports as desired or required by the participant.

The budget for self-directed services and supports must be developed and approved by the state based on the assessment and plan (described above), and on a methodology that uses valid,reliable cost data, is open to public inspection, and includes a calculation of the expected cost of such services if those services were not self-directed. The budget may not restrict access to other medically necessary care and services furnished under the plan and approved by the state but not included in the budget

In establishing and implementing the self-directed services plan and budget, appropriate quality assurance and risk management techniques must be used which recognize the roles and sharing of responsibilities in obtaining services in a self-directed manner and which assure the appropriateness of the plan and the budget, based on the individual's resources and capabilities.

A state may employ a financial management entity to make payments to providers, track costs, and make reports under this program. Payment for the activities of the financial management entity will be reimbursed at the same rate as other Medicaid administrative activities (generally federal Medicaid administrative reimbursement is 50%, though certain activities may be eligible for 75% reimbursement).

This provision win apply to apply to services furnished on or after January 1, 2006.

Conference Agreement

The conference agreement follows the House provision except that the effective date has been changed to January 1, 2007.

Authority to continue providing certain adult day health care services or medical adult day care services (No provision in Conference Agreement, Section 6039B of Senate Bill, and no provision in the House Bill)

Current Law

Most states currently offer adult day care services to Medicaid beneficiaries through either the rehabilitation or clinic benefits of the Medicaid state plan (in about 8 states), or through a home and community-based (HCBS) waiver under Section 1915(c) of Medicaid law (in about 44 states through 102 separate HCBS programs).

Senate Bill

The Senate bill would prohibit the Secretary of HHS from denying federal Medicaid funding or withdrawing federal approval for adult day health care services or medical adult day care services under the Medicaid state plan, as defined by the state and approved by the Secretary on or before 1982.

House Bill

No provision.

Conference Agreement

No provision.

Chapter 3—Eliminating Fraud, Waste, and Abuse in Medicaid

Limitation on Use of Contingency Fee Arrangements (Section 6031 of the Conference Agreement, Section 6022 of the Senate Bill, and no provision in the House Bill)

Current Law

Federal law requires each state to designate a single state agency to administer or supervise the administration of its Medicaid program. This agency, which is usually part of a welfare, health, or human resources umbrella agency, will often contract with other public or private entities (e.g., other state agencies or departments, consulting firms) to perform various administrative functions. In some cases, contingency fee arrangements are used to pay contractors based on Medicaid dollars saved, recovered, or otherwise obtained for the state (e.g., a fee equal to 10% of third party liability collections). The federal reimbursement rate for most Medicaid administrative costs is 50%.

In determining the amount of administrative costs—including contingency fees—that may be eligible for federal reimbursement, states must comply with a number of federal statutes and regulations. In general, federal Medicaid law requires states to use methods of administration that are found by the Secretary of HHS to be necessary for the proper and efficient operation of their Medicaid programs. With regard to contingency fee contracts, guidance issued by the Centers for Medicare and Medicaid Services (CMS) to its regional offices in 2002 notes that in order to be eligible for federal reimbursement, contingency fees must: (1) be based on Medicaid cost avoidance savings or recoveries in which the federal government shares, (2) be intended to produce Medicaid program savings, not additional expenditures reported for federal reimbursement, and (3) not be contingent upon recoveries from the federal government. CMS guidance also notes that states may not claim federal reimbursement for contingency fee payments made to another government unit for Medicaid administrative activities.

Additional federal guidance is contained in Office of Management Budget (OMB) Circular A–87, which establishes principles and standards for determining allowable costs for states (and other governmental units) under federal grant programs such as Medicaid. The circular specifies that the cost of professional and consultant services are allowable when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the federal government.

Senate Bill

Under the Senate bill, states would not be eligible for federal reimbursement of amounts expended in connection with a contract or agreement (other than a Medicaid managed care contract) between the state Medicaid agency (or any state or local agency that administers a portion of the Medicaid program) and a consultant or other contractor if the terms of compensation for the consultant or other contractor do not meet standards established by the Inspector General (IG) of HHS.

Such standards would be designed by the IG to ensure prudent purchasing and program integrity with respect to federal funds. The IG would annually review the standards and revise them as necessary to promptly address new compensation arrangements that may present a risk to Medicaid program integrity. The standards would be issued no later than six months after enactment of the provision.

The provision would be effective January 1, 2007, except that in the case of a state which the Secretary of HHS determines that state legislation is required for compliance, the state would not be regarded as failing to comply solely on the basis of its failure to meet the requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the state legislature that begins after the date of enactment of the bill.

House Bill

No provision.

Conference Agreement

The conference agreement follows the House bill.

Encouraging the Enactment of State False Claims Acts (Section 6032 of the Conference Agreement, Section 6023 of the Senate Bill, and no provision in the House Bill)

Current Law

Under the federal False Claims Act, anyone who knowingly submits a false claim to the federal government is liable for damages up to three times the amount of the government's damages plus mandatory penalties of $5,500 to $11,000 for each false claim submitted. Under *qui tam* (whistleblower) provisions of the act, private citizens with knowledge of potential violations (''relators'') may file suit on behalf of the government and are entitled to receive a share of the proceeds of the action or settlement of the claim (ranging from 15% to 30%, depending on whether or not the government elects to participate in the case).

States may have a variety of laws in place to facilitate prosecution of Medicaid fraud, and some have established their own versions of a false claims act. With limited exceptions, a state must repay the federal share (generally determined by the federal medical assistance percentage, or FMAP) of any provider overpayment within 60 days of discovering the overpayment, regardless of whether or not the state has recovered the overpayment.

Senate Bill

Under the Senate bill, if a state has in effect a law relating to false or fraudulent claims that meets certain requirements (described below), the federal medical assistance percentage, with respect to any amounts recovered under a state action brought under such a law, would be decreased by 10 percentage points.

The state law relating to false and fraudulent claims must be determined by the Inspector General of HHS, in consultation with the Attorney General, to: (1) establish liability to the state for false or fraudulent claims described in the federal False Claims Act, with respect to Medicaid expenditures, (2) contain provisions that are at least as effective in rewarding and facilitating *qui tam* actions as those in the federal False Claims Act, (3) contain a requirement for filing an action under seal for 60 days with review by the state Attorney General, (4) contain a civil penalty that is not less than the amount authorized by the federal False Claims Act, (5) contain provisions that are designed to prevent a windfall recovery for a *qui tam* relator that files a federal and state action for the same false or fraudulent claim.

The provision would be effective January 1, 2007.

House Bill

No provision.

Conference Agreement

The conference agreement follows the Senate bill, but excludes language regarding windfall recoveries for *qui tam* relators.

Employee Education About False Claims Recovery (Section 6033 of the Conference Agreement, Section 6024 of the Senate Bill, and no provision in the House Bill).

Current Law

No provision.

Senate Bill

Under the Senate bill, a state would be required to provide that any entity that receives annual Medicaid payments of at least $1 million, as a condition of receiving such payments, must: (1) establish written policies, procedures, and protocols for training

of all employees of the entity, and of any contractor or agent of the entity, that includes a detailed discussion of the federal False Claims Act, federal administrative remedies for false claims and statements, any state laws pertaining to civil or criminal penalties for false claims and statements, and whistleblower protections under such laws, with respect to the role of such laws in preventing and detecting fraud, waste, and abuse in federal health care programs, (2) include in such written materials detailed provisions and training regarding the entity's policies and procedures for detecting and preventing fraud, waste, and abuse, (3) include in any employee handbook for the entity a specific discussion of such laws, the rights of employees to be protected as whistleblowers, and the entity's policies and procedures for detecting and preventing fraud, waste, and abuse, and (4) require mandatory training for all employees of the entity and of any contractor or agent of the entity, at the time of hiring, with respect to such laws and the entity's policies and procedures for detecting fraud, waste, and abuse.

The provision would be effective January 1, 2007, except that in the case of a state which the Secretary of HHS determines that state legislation is required for compliance, the state would not be regarded as failing to comply solely on the basis of its failure to meet the requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the state legislature that begins after the date of enactment of the bill.

House Bill

No provision.

Conference Agreement

The conference agreement follows the Senate bill, but applies only to entities receiving annual Medicaid payments of at least $5 million and does not require the establishment of protocols and procedures for training of employees (i.e., only written policies are required).

Prohibition on Restocking and Double Billing of Prescription Drugs (Section 6034 of the Conference Agreement, and Section 6025 of the Senate Bill, and no provision in the House Bill)

Current Law

No provision.

Senate Bill

The Senate bill would prohibit federal matching payments for the ingredient cost of a covered outpatient drug for which the pharmacy has already received payment (other than a reasonable re-stocking fee). It would become effective on the first day of the first fiscal quarter beginning after enactment.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate provision.

Medicaid Integrity Program (Section 6035 of the Conference Agreement, Section 6026 of the Senate Bill, and no provision in the House Bill)

Current Law

States and the federal government share in the responsibility for safeguarding Medicaid program integrity. States must comply with federal requirements designed to ensure that Medicaid funds are properly spent (or recovered, when necessary). The Centers for Medicare and Medicaid Services (CMS) is the primary federal agency responsible for providing oversight of states' activities and facilitating their program integrity efforts. The HHS Office of Inspector General (GIG) also plays a role in Medicaid fraud and abuse detection and prevention efforts through its investigations, audits, evaluations, issuances of program recommendations, and other activities.

As part of its program integrity activities, CMS operates a Medicare-Medicaid (MediMedi) data match project that analyzes claims data from both programs together to detect aberrant patterns that may not be evident when billings are viewed in isolation (e.g., providers submitting claims to both programs for procedures that add up to more than 24 hours of patient care in a single day). The Medi-Medi project began with one state in 2001, and was subsequently expanded to include eight others. It is primarily supported by ''wedge'' funds from the Health Care Fraud and Abuse Control (HCFAC) account within the federal Hospital Insurance (Medicare Part A) trust fund. HCFAC wedge funds are divided between the Department of Justice, the HHS Office of Inspector General, CMS, and other HHS agencies. The HCFAC account also funds the Medicare Integrity Program and activities of the Federal Bureau of Investigation related to health care fraud. Annual minimum and maximum HCFAC appropriations are specified in statute.

Senate Bill

The Senate bill would establish a Medicaid Integrity Program under title XIX. The Secretary of HHS would enter into contracts with eligible entities to carry out the program's activities, which would include: (1) review of the actions of individuals or entities furnishing items or services for which a Medicaid payment may be made, (2) audit of claims for payment for items or services furnished or for administrative services rendered, (3) identification and recovery of overpayments to individuals or entities receiving federal funds under Medicaid, (4) education of service providers, managed care entities, beneficiaries, and other individuals with respect to payment integrity and benefit quality assurance issues.

An entity would be eligible to enter into a contract to carry out Medicaid Integrity Program activities if it meets eligibility and contracting requirements similar to those under the Medicare Integrity Program. Beginning in FY2006 and every five years, the Secretary of HHS—in consultation with the Attorney General, the Director of the Federal Bureau of Investigation, the Comptroller General of the United States, the Inspector General of HHS, and state officials with responsibility for controlling provider fraud and abuse under Medicaid—would establish a comprehensive plan for ensuring Medicaid program integrity by combating fraud, waste, and abuse.

Appropriations for the Medicaid Integrity Program would total $50 million in FY2006, $49 million in each of FY2007 and FY2008, $74 million in each of FY2009 and FY2010, and $75 million in FY2011 and each fiscal year thereafter. No later than 180 days after the end of each fiscal year (beginning with FY2006), the Secretary of HHS would submit a report to Congress that identifies the use and effectiveness of the use of such funds.

A Medicaid Chief Financial Officer (CFO) and Medicaid Program Integrity Oversight Board would also be established under title XIX. The Medicaid CFO would be appointed by and would report directly to the Administrator of CMS. The duties and authority of the Medicaid CFO would be comparable to those of other CFOs with respect to the management and expenditure of federal funds under federal health care programs. A Medicaid Program Integrity Oversight Board would also be established by the Secretary of HHS. The duties and authority of the board would be comparable to those of the Medicare Contractor Oversight Board, and would include responsibility for identifying vulnerabilities and developing strategies for minimizing integrity risks to state Medicaid programs.

States would be required to comply with any requirements determined by the Secretary of HHS to be necessary for carrying out the Medicaid Integrity Program, or the duties of the Medicaid CFO and the Medicaid Program Integrity Oversight Board.

In each of fiscal years 2006 through 2010, $25 million would be appropriated for Medicaid activities of the HHS Office of Inspector General (in addition to any other amounts appropriated or made available for its Medicaid activities, to remain available until expended). No later than 180 days after the end of each fiscal year (beginning with FY2006), the Inspector General of HHS would submit a report to Congress that identifies the use and effectiveness of the use of such funds.

The Secretary of HHS would significantly increase the number of full-time equivalent CMS employees whose duties consist solely of ensuring the integrity of the Medicaid program.

House Bill

No provision.

Conference Agreement

The conference agreement generally follows the Senate bill, but excludes recovery of overpayments from the list of Medicaid Integrity Program activities and does not establish a Medicaid CFO or oversight board. It appropriates $5 million in FY2006, $50 million in each of FY2007 and FY2008, and $75 million in each fiscal year thereafter for Medicaid Integrity Program activities.

The conference agreement also establishes a national expansion of the Medicare-Medicaid data match project (referred to as the Medi-Medi Program) as a required activity of the Medicare Integrity Program under Title XVIII of the Social Security Act. The Secretary of HHS shall enter into contracts with eligible entities to ensure that the Medi-Medi Program is conducted for the purpose of: (1) identifying program vulnerabilities in Medicare and Medicaid through the use of computer algorithms to look for payment anomalies, (2) working with states, the Attorney General, and the Inspector General of HHS to coordinate appropriate actions to protect Medicare and Medicaid expenditures, and (3) increasing the effectiveness and efficiency of both programs through cost avoidance, savings, and recoupment of fraudulent, wasteful, or abuse expenditures. At least quarterly, the Secretary shall make available in a timely manner any data and statistical information collected by the Medi-Medi Program to the Attorney General, the Director of the Federal Bureau of Investigation, the Inspector General of HHS, and the states.

In addition to HCFAC appropriations for the Medicare Integrity Program (which have a statutory floor and ceiling), the Medi-Medi Program would receive $12 million in FY2006, $24 million in FY2007, $36 million in FY2008, $48 million in FY2009, and $60 million in FY2010 and each fiscal year thereafter.

Enhancing Third Party Identification and Payment (Section 6036 of the Conference Agreement, Section 6021 of the Senate Bill, and Section 3144 of the House Bill)

Current Law

Third-party liability (TPL) refers to the legal obligation of third parties—individuals, entities, or programs—to pay all or part of the expenditures for medical assistance furnished under a Medicaid state plan. In general, federal law requires Medicaid to be the payor of last resort, meaning that all other

available third parties must meet their legal obligation to pay claims before the Medicaid program pays for the care of an individual. Examples of third parties which may be liable to pay for services include employment-related health insurance, court-ordered medical support (including health insurance) from noncustodial parents, workers' compensation, long-term care insurance, and other state and federal programs (with certain exceptions, such as the Indian Health Service).

States are required to take all reasonable measures to ascertain the legal liability of third parties to pay for care and services available under the state Medicaid plan. To this end, they must: (1) collect health insurance information from individuals at the time of initial application for Medicaid and during any subsequent redeterminations of eligibility, (2) match data provided by Medicaid applicants and recipients to certain files maintained by government agencies (e.g., state wage and income, Social Security Administration wage and earnings, state workers' compensation, state motor vehicle accident reports), (3) identify claims with diagnosis codes that would indicate trauma-related injury for which a third party may be liable for payment, and (4) follow up on TPL leads identified through these information-gathering activities.

If the state has determined that probable third party liability exists at the time a claim for reimbursement is filed, it generally must reject the claim and return it to the provider for a determination of the amount of third party liability (referred to as ''cost avoidance''). If probable liability has not been established or the third party is not available to pay the individual's medical expenses, the state must pay the claim and then attempt to recover the amount paid (referred to as ''pay and chase''). States are generally required to cost avoid claims unless they have an approved waiver that allows them to use the pay and chase method.

As a condition of eligibility for Medicaid, individuals are required to assign to the state Medicaid agency their rights to medical support and payment for medical care from any third party. This assignment of rights facilitates TPL recovery by allowing the state to collect, on behalf of Medicaid enrollees, amounts owed by third parties for claims paid by Medicaid.

Senate Bill

The Senate bill would amend the list of third parties named in Section 1902(a)(25) of the Social Security Act for which states must take all reasonable measures to ascertain the legal liability to include: (1) self-insured plans, (2) pharmacy benefit managers, and (3) other parties that are legally responsible (by statute, contract, or agreement) for payment of a claim for a health care item or service. It would also amend that section to include these entities in the list of health insurers that states must prohibit from taking an individual's Medicaid status into account when enrolling the individual or making payments for benefits to or on behalf of the individual.

In addition, it would require a state to provide assurances satisfactory to the Secretary of HHS that it has laws in effect requiring health insurers (including parties that are legally responsible for payment of a claim for a health care item or service), as a condition of doing business in the state, to: (1) provide, upon request of the state, eligibility and claims payment data with respect to individuals who are eligible for or receiving Medicaid, (2) accept an individual's or other entity's assignment of rights (i.e., rights to payment from the parties) to the state, (3) respond to any inquiry from the state regarding a claim for payment for any health care item or service submitted not later than three years after the date such item or service was provided, and (4) agree not to deny a claim submitted by the state solely on the basis of the date of submission of the claim.

The provision would be effective January 1, 2006, except that in the case of a state which the Secretary of HHS determines that state legislation is required for compliance, the state would not be regarded as failing to comply solely on the basis of its failure to meet the requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the state legislature that begins after the date of enactment of the bill.

House Bill

The House bill is similar to the Senate bill.

Conference Agreement

The conference agreement generally follows the Senate and House bills, but substitutes the term ''managed care organization'' for ''health maintenance organization'' in Section 1902(a)(25) of the Social Security Act and specifies that states must require parties legally responsible for payment of a claim to provide, upon request of the state, information to determine during what period an individual or their spouses and dependents may be (or may have been) covered by a health insurer and the nature of the coverage that is or was provided by the health insurer (including the name, address, and identifying number of the plan) in a manner prescribed by the Secretary of HHS.

Chapter 4—Flexibility in Cost Sharing and Benefits

State Option for Alternative Medicaid Premiums and Cost Sharing (Section 6041 of the Conference Agreement, no provision in the Senate Bill, and Sections 3121 and 3126 of the House Bill)

Current Law

With some exceptions, premiums and enrollment fees are generally prohibited under Medicaid. When applicable, nominal amounts for such charges are between $1 and $19 depending on family income. States are allowed to establish nominal service-related cost-sharing requirements that are generally between $0.50 and $3, depending on the cost of the service provided. The regulations that specify nominal premium and service-related cost-sharing amounts were published and amended in the late 1970s and the early 1980s. These amounts are not adjusted by any factor. Specific services and groups are exempted from such cost-sharing. Waiver authority is required to change these rules.

Under certain circumstances, families qualifying for transitional Medicaid, pregnant women and infants with income over 150% FPL, medically needy groups, and workers with disabilities may be charged premiums for Medicaid coverage.

All service-related cost-sharing is prohibited for: (1) children under 18 years of age; (2) pregnant women for any services that relate to the pregnancy or to any other medical condition which may complicate pregnancy; (3) services furnished to individuals who are inpatients in a hospital, or are residing in a long term care facility or in another medical institution if the individual is required to spend most of their income for medical care; (4) services furnished to individuals receiving hospice care; (5) emergency services; and (6) family planning services and supplies. For most other beneficiaries and services, states may impose nominal service-related cost-sharing (described above). For workers with disabilities, service-related cost-sharing may be required that exceeds nominal amounts as long as they are set on a sliding scale based on income.

Under the state Medicaid plan, providers must not deny care or services to Medicaid beneficiaries due to the individual's inability to pay a cost-sharing charge. However, this requirement does not eliminate the beneficiary's liability for payment of such charges. For certain groups of pregnant women and infants for which monthly premiums may be charged, states must not require prepayment and must not terminate Medicaid eligibility for failure to pay such premiums until such failure continues for at least 60 days. States may waive those premiums when such payments would cause undue hardship.

States may offer Medicaid to certain uninsured women who are under age 65, and are in need of treatment for breast or cervical cancer based on screening services provided by an early detection program run by the CDC. This group has access to the same Medicaid services offered to the categorically needy in a given state, and are subject to Medicaid's nominal cost-sharing rules.

Senate Bill

No provision.

House Bill

The House Bill would allow states to impose premiums and cost-sharing for any group of individuals for any type of service, through Medicaid state plan amendments (rather than waivers), subject to specific restrictions. Premiums and cost-sharing imposed under this option would be allowed to vary among classes or groups of individuals, or types of service, including through the use of tiered cost-sharing for prescription drugs. Generally, the total amount of annual cost-sharing for all individuals in a family would be capped at 5% of family income for all families regardless of income. Individuals in families with income below 100% FPL would not be subject to premiums but could be subject to nominal service-related cost-sharing. Individuals in families with income exceeding 100% FPL may be subject to premiums and higher than nominal cost-sharing amounts.

Premiums would not be permitted for: (1) mandatory groups of children under 18, including individuals receiving adoption or foster care assistance under Title IV–E regardless of age; (2) pregnant women; (3) terminally ill persons receiving Medicaid hospice care; (4) individuals in institutions who are required to spend for costs of care all but a minimal amount of their income for personal needs. States may exempt additional groups from premiums. '

Service related cost-sharing would not be permitted for: (1) services provided to mandatory groups of children under 18, including individuals receiving adoption or foster care assistance under Title IV–E regardless of age; (2) preventive services provided to children under 18 regardless of family income; (3) services provided to pregnant women that relate to pregnancy or to other medical conditions that may complicate pregnancy; (4) services provided to individuals receiving Medicaid hospice services; (5) services provided to individuals in institutions who are required to spend for costs of care all but a minimal amount of their income for personal needs; (6) emergency services; and (7) family planning services and supplies. States may exempt additional individuals or services from service-related cost-sharing.

In applying limits on cost-sharing amounts under this option that states may impose on individuals under 100% FPL, beginning with 2006, the Secretary would be required to increase nominal amounts of service-related cost-sharing by the annual percentage increase in the medical care component of the consumer price index (CPI) for all urban consumers (U.S. city average), as rounded up in an appropriate manner.

The bill further specifies that these provisions would not prevent states from further limiting cost-sharing, affect the authority of the Secretary to waive limits on premiums or cost-sharing, nor affect waivers in effect before the date of enactment.

The bill would allow states to condition the provision of medical assistance on the payment of premiums, and to terminate Medicaid eligibility on the basis of failure to pay a premium if that failure continues for at least 60 days. States may apply this provision to some or all groups of beneficiaries, and may waive premium payments in cases where such payments would be an undue hardship. In addition, the provision would allow states to permit providers participating in Medicaid to require a Medicaid beneficiary to pay authorized cost-sharing as a condition for the provision of care or services. Providers would also be allowed to reduce or waive cost-sharing amounts.

The Government Accountability Office (GAO) would be required to conduct a study of the impact of premiums and cost-sharing under Medicaid on access to and utilization of services. The report would be required to be submitted to Congress no later than January 1, 2008.

These provisions would apply to cost-sharing for items and services furnished on or after January 1, 2006. The House bill also specifies that none of the proposed cost-sharing (or benefit) provisions described above would apply to women who qualify for Medicaid under the breast and cervical cancer eligibility group.

Conference Agreement

The conference agreement includes the House bill, with modifications. It clarifies that rules with respect to optional cost sharing for prescribed drugs (see below) are separate from the rules for other optional cost sharing. Explicit cost sharing limits for individuals in families with income under 100% FPL are dropped in the conference agreement. For individuals in families with income between 100 and 150% FPL: (1) no premiums may be imposed, (2) cost sharing for any item or service cannot exceed 10% of the cost of the item or service, and (3) the total aggregate amount of all cost-sharing (including cost sharing for prescribed drugs and emergency room copayments for non-emergency care; see below) cannot exceed 5% of family income as applied on a quarterly or monthly basis as specified by the state. For individuals in families with income above 150% FPL: (1) the total aggregate amount of all cost sharing (including cost sharing for prescribed drugs and emergency room copayments for non-emergency care) cannot exceed 5% of family income as applied on a quarterly or monthly basis as specified by the state, and (2) cost-sharing for any item or service cannot exceed 20% of the cost of the item or service.

Two groups are added to the list of those exempt from paying premiums and cost-sharing under the House bill. In the conference agreement, these additional groups include (1) children in foster care who receive aid and assistance under Part B of Title IV (Child and Family Services) of the Social Security Act; and (2) women who qualify for Medicaid under the breast and cervical cancer eligibility group (a technical change from the House bill).

In addition, the agreement clarifies that providers could reduce or waive cost-sharing on a case-by-case basis.

Under the conference agreement, increases in the nominal cost-sharing amounts follow the House bill (i.e., annual adjustments using the medical CPI), but apply more broadly to existing cost-sharing provisions in statute (Section 1916) as well as to the new cost-sharing provisions in the House bill specific to prescription drugs and non-emergency care provided in an emergency room (described below).

Special Rules for Cost Sharing for Prescription Drugs (Section 6042 of the Conference Agreement, no provision in the Senate Bill, and Section 3122 of the House Bill)

Current Law

States are allowed to establish nominal service-related cost-sharing requirements (defined in regulation) that are generally between $0.50 and $3, depending on the cost of the service provided. Specific services and groups are exempted from such cost-sharing. Waiver authority is required to change these rules. As with other Medicaid benefits, nominal cost-sharing may be imposed on prescribed drugs, and states may vary nominal cost-sharing amounts for preferred and non-preferred drugs. States may also implement prior authorization for prescribed drugs.

Senate Bill

No provision.

House Bill

The House bill would allow states to impose cost-sharing amounts that exceed the proposed state option limits described above for certain state-identified non-preferred drugs if the cost sharing plan meets the following characteristics. Under this option, states may impose higher cost-sharing amounts for non-preferred drugs within a class; waive or reduce the cost-sharing otherwise applicable for preferred drugs within such class; and must not apply such cost-sharing for preferred drugs to persons exempt from cost-sharing (identified above).

Cost-sharing for non-preferred drugs would be based on multiples of the nominal amounts based on family income. For persons with family income below 100% of FPL, nominal cost sharing would apply. For those with family income at or above 100% but below 150% of FPL, the multiple is equal to two times the applicable nominal amount, and for those with income equal to or exceeding 150% of FPL, the multiple is equal to three times the applicable nominal amount. For persons generally exempt from cost-sharing (identified above), cost-sharing for non-preferred drugs may be applied. Such cost-sharing may not exceed nominal amounts, and aggregate caps on cost-sharing (in terms of nominal amounts and maximum cost-sharing based on the specified percentage of family income identified above) would still apply.

For Medicaid purposes, states would not be allowed to treat a preferred drug under the TRICARE pharmacy benefit program as a non-preferred drug, nor could states impose cost-sharing that exceeds the standards under this program that are in effect on the date of enactment for this provision.

In cases in which a prescribing physician determines that the preferred drug would not be effective or would have adverse health effects or both, the state may impose the cost-sharing amount for preferred drugs on the prescribed non-preferred product.

The House bill would not prevent states from excluding specified drugs or classes of drugs from these special cost-sharing rules.

States would be prohibited from implementing these special cost-sharing rules for prescription drugs unless the state has instituted a system for prior authorization and related appeals processes for outpatient prescription drugs.

These provisions would become effective for cost-sharing imposed for items and services furnished on or after October 1, 2006.

Conference Agreement

The conference agreement includes the House bill, with modifications. Cost-sharing for non-preferred drugs may not exceed: (1) nominal amounts for individuals in families with income below or equal to 150% FPL, and (2) 20% of the cost of the drug for individuals in families with income above 150% FPL.

The conference agreement also drops both the TRICARE and the prior authorization/appeals process provisions in the House bill. It also changes the effective date of these provisions to January 1, 2007.

Emergency Room Copayments for Non-Emergency Care (Section 6043 of the Conference Agreement, no provision in the Senate Bill, and Section 3123 of the House Bill)

Current Law

Waivers may be used to allow states to impose up to twice the otherwise applicable nominal cost-sharing amounts for non-emergency services provided in a hospital emergency room (ER). States may impose these higher amounts if they have established that Medicaid beneficiaries have available and accessible alternative sources of non-emergency, outpatient services.

Senate Bill

No provision.

House Bill

The House bill would allow states, through a state plan amendment, to impose increased cost-sharing on state-specified groups for non-emergency services provided in an ER, when certain conditions are met. First, alternative non-emergency providers must be available and accessible to the person seeking care. Second, after initial screening but before the nonemergency care is provided at the ER, the beneficiary must be told: (1) the hospital can require a higher copayment, (2) the name and location of an alternative non-emergency provider and that this provider and that a lower copayment may apply, and (3) the hospital can provide a referral. When these conditions are met, states could apply or waive cost-sharing for services delivered by the alternate provider.

For persons with income below 100% FPL, cost-sharing for non-emergency services in an ER could not exceed twice the nominal amounts. Individuals exempt from premiums or service-related cost-sharing under other provisions of this bill may be subject to nominal copayments for non-emergency services in an ER, only when no cost-sharing is imposed for care in hospital outpatient departments or by other alternative providers in the area served by the hospital ER. Aggregate caps on cost-sharing established under this bill (described in Sec. 3121(a)) would still apply.

These provisions would have no impact on a hospital's obligations with respect to screening and stabilizing emergency medical conditions, nor would they modify the application of the prudent-layperson standard with respect to payment or coverage of emergency services by any managed care organization. In addition, no hospital or physician that makes a cost-sharing determination would be liable in any civil action or proceeding, absent a finding by clear and convincing evidence of gross negligence. Liabilities related to the provision of care (or failure to do so) would not be affected by these provisions.

''Non-emergency services'' would mean any care or services furnished in an ER that the physician determines does not constitute an appropriate medical screening examination or stabilizing examination and treatment screening required for hospitals under Medicare law (regarding examination and treatment for emergency medical conditions and women in labor). ''Alternative non-emergency services provider'' would mean a Medicaid-participating health care provider,

such as a physician's office, health care clinic, community health center, hospital outpatient department, or similar health care provider that provides clinically appropriate services for such diagnosis or treatment of the condition within a clinically appropriate time of the provision of such non-emergency services.

The Secretary would be required to provide for payments to states for the establishment of alternate non-emergency providers, or networks of such providers. The House bill also authorizes and appropriates $100 million for paying such providers for the 4-year period beginning with 2006. The Secretary would be required to give a preference to states that establish or provide for alternate non-emergency services providers (or networks) that serve rural or underserved areas where beneficiaries may have limited access to primary care providers, or in partnership with local community hospitals. To access these funds, states would be required to file an application meeting requirements set by the Secretary.

These amendments would apply to non-emergency services furnished on or after the date of enactment of this Act.

Conference Agreement

The conference agreement includes the House bill, with modifications. This provision allows states to permit a hospital to impose cost sharing for non-emergency care delivered in an ER under the same conditions identified in the House bill. But the conditions defining the beneficiary notification process are expanded to explicitly include a medical screening examination for emergency medical conditions as defined in Medicare law and a determination that such an emergency does not exist, prior to the delivery of non-emergency care in the ER. In addition, the hospital (not the physician or hospital) is responsible for the notification process.

The conference agreement clarifies that no hospital or physician can be held liable in any civil action or proceeding for the imposition of cost sharing under this new option, absent a finding of gross negligence by the hospital or physician. This provision does not affect liability with respect to examination and treatment for emergency medical conditions (including women in labor) as specified in Medicare law or otherwise applicable under state law based on the provision of (or failure to provide) care.

The conference agreement also slightly modifies the definition of an alternative non-emergency services provider by specifying that such providers be able to diagnose or treat a condition contemporaneously with (rather than within a clinically appropriate time of) the provision of similar non-emergency services that would be provided in an ER.

The conference agreement also changes the effective date of these provisions to January 1, 2007.

Use of Benchmark Packages (Section 6044 of the Conference Agreement, no provision in the Senate Bill, and Section 3124 of the House Bill)

Current Law

Categorically needy (CN) eligibility groups include families with children, the elderly, certain persons with disabilities, and certain other pregnant women and children who meet applicable financial standards. Medically needy (MN) groups include the same types of individuals, but different, typically higher financial standards apply. Some benefits are mandatory for the CN (e.g., inpatient and outpatient hospital care, lab and x-ray services, physician services, nursing facility care for persons age 21 and over). Other benefits are optional for the CN (e.g., other practitioner services, routine dental care, physical therapy). Benefits offered to CN groups must be the same statewide, and in amount, duration and scope. States may offer a more restrictive benefit package to the MN, but must offer prenatal and delivery services, ambulatory services for persons under 21 and those entitled to institutional services, and home health services for those entitled to nursing facility care. Benefits offered to MN groups must be the same statewide, and in amount, duration and scope. Changes in comparability or statewideness for benefits for CN and MN groups require a waiver.

As described above, some benefits are mandatory for the CN (e.g., inpatient and outpatient hospital care, lab and x-ray services, physician services, FQHC services, nursing facility care for persons age 21 and over). Other benefits are optional for the CN (e.g., other practitioner services, routine dental care, physical therapy). Benefits offered to CN groups must be the same statewide, and in amount, duration and scope. States may offer a more restrictive benefit package to the MN, but must offer prenatal and delivery services, ambulatory services for persons under 21 and those entitled to institutional services, and home health services for those entitled to nursing facility care. Benefits offered to MN groups must be the same statewide, and in amount, duration and scope. Changes in comparability or statewideness for benefits for CN and MN groups require a waiver.

Under the Early and Periodic, Screening, Diagnostic and Treatment (EPSDT) benefit, Medicaid children in CN groups are guaranteed access to all federally coverable routine and follow-up dental services necessary to treat a dental problem. EPSDT may be offered to MN children.

Both the services provided by rural health clinics (RHCs) and federally qualified health services (FQHCs) are required benefits for CN groups under Medicaid. Among other mandatory benefits for MN groups, states must offer ambulatory services for persons under 21 and those entitled to institutional services. Such ambulatory services may include RHC and FQHC services at state option. In general, RHCs and FQHCs are paid on a per visit basis, using a prospective payment system that takes into account costs incurred and changes in the scope of services provided. Per visit payment rates are also adjusted annually by the Medicare Economic Index applicable to primary care services.

Senate Bill

No provision.

House Bill

The House bill would give states the option to provide Medicaid to state-specified groups through enrollment in benchmark and benchmark-equivalent coverage (described below). States could only apply this option to eligibility categories established before the date of enactment of this provision. States may choose to provide wrap-around and additional benefits.

Enrollment in benchmark and benchmark-equivalent coverage could be required for ''full benefit eligible individuals,'' including persons eligible for all services covered for the CN, or any other category of eligibility for all covered services as determined by the Secretary. Certain individuals would be excluded from the definition of a full-benefit eligible, including (1) the MN; (2) CN individuals in certain states who are required to pay for medical expenses from their income until their remaining net income meets SSI financial standards in effect in 1972; and (3) other individuals who qualify for Medicaid when costs incurred for medical expenses or other remedial care are subtracted from income to meet financial eligibility requirements (also known as spend-down populations).

The House bill would require that specified groups be exempted from this option, including: (1) mandatory pregnant women and children; (2) dual eligibles (i.e., Medicaid beneficiaries also entitled to benefits under Medicare); (3) terminally ill persons receiving Medicaid hospice services; (4) individuals in medical institution who are required, as a condition of receiving institutional care, to pay for costs of medical care except for a minimal amount retained from their income for personal needs; (5) individuals who are medically frail or who have special medical needs, as identified in accordance with regulations of the Secretary; and (6) individuals who qualify for Medicaid long-term care services (i.e., nursing facility services, a level of care in any institution equivalent to nursing facility services, home and community-based waiver services, home health services, home and community-care for functionally disabled elderly individuals, personal care, and other optional long-term care services offered by the state).

Benchmark and benchmark-equivalent packages would be nearly identical to those offered under SCHIP, with some additions. Benchmark coverage would include: (1) the standard Blue Cross/Blue Shield preferred provider plan under FEHBP; (2) health coverage for state employees; and (3) health coverage offered by the largest commercial HMO. Benchmark equivalent coverage would have the same actuarial value as one of the benchmark plans. Such coverage would include: (1) inpatient and outpatient hospital services, (2) physician services, (3) lab and x-ray services, (4) well child care, including immunizations, and (5) other appropriate preventive care (designated by the Secretary). Such coverage must also include at least 75% of the actuarial value of coverage under the benchmark plan for: (1) prescribed drugs, (2) mental health services, (3) vision care, and (4) hearing services. Determination of actuarial value would follow generally accepted actuarial principles and methodologies and would be conducted by a member of the American Academy of Actuaries.

Both benchmark and benchmark-equivalent coverage would include ''qualifying child benchmark dental coverage.'' A qualifying child would include individuals under 18 with family income below 133% FPL. Benchmark dental coverage would be equivalent to or better than the dental plan that covers the greatest number of individuals in the state who are not eligible for Medicaid.

States could only enroll eligible beneficiaries in benchmark and benchmark-equivalent coverage if such persons have access to services provided by RHCs and FQHCs, and the Medicaid prospective payment system for both types of providers remains in effect.

These provisions would be effective upon the date of enactment.

Conference Agreement

The conference agreement includes the House bill, with modifications. For any child under age 19 in one of the major mandatory and optional eligibility groups (defined in Section 1902(a)(10)(A) under the state Medicaid plan, wrap-around benefits to the benchmark or benchmark-equivalent coverage consists of early and periodic screening, diagnostic and treatment services as defined in current Medicaid law. The agreement drops benchmark dental coverage and accompanying provisions defining the children who would qualify for such benchmark dental coverage.

Also, under the conference agreement, states may exercise this option only for eligibility groups that were established under

the state plan before the date of enactment of this option.

The conference agreement drops mandatory children under 18 (under Section 1902(a)(10)(A)(i) from the list of groups exempted from this option.

The conference agreement also expands the list of specified groups that would be exempted from benchmark coverage to include: (1) individuals who qualify for Medicaid under the state plan on the basis of being blind or disabled regardless of whether the individual is eligible for SSI on such basis, including children with disabilities that meet SSI disability standards who require institutional care, but for whom care is delivered outside the institution, and the cost of that care does not exceed the otherwise applicable institutional care (also known as Katie Beckett or TEFRA children); (2) children in foster care receiving child welfare services (under Part B of Title IV) and children receiving foster care or adoption assistance under Part E of Title IV without regard to age; (3) individuals who qualify for Medicaid on the basis of receiving assistance under TANF (as in effect on or after the welfare reform effective date); (4) women in the breast and cervical cancer eligibility group (a technical change from the House bill); and (5) other ''limited services beneficiaries,'' including certain tuberculosis-infected individuals, and legal and undocumented non-citizens who meet the financial and categorical requirements for Medicaid eligibility without regard to time in the U.S. and are eligible only for emergency medical services.

The conference agreement also adds to the set of three benchmark benefit packages, a fourth option called ''secretary approved coverage'' which may include any other health benefits coverage that the Secretary determines will provide appropriate coverage for the population targeted to receive such coverage.

Finally, the conference agreement changes the effective date of these provisions to January 1, 2007.

Chapter 5—State Financing Under Medicaid

Managed Care Organization Provider Tax (Section 6051 of the Conference Agreement, and Section 6033 of the Senate Bill, and Section 3142 of the House Bill)

Current Law

States' ability to use provider-specific taxes to fund Medicaid expenditures is limited. If a state establishes provider-specific taxes to fund the state's share of program costs, reimbursement of the federal share will not be available unless the tax program meets the following three rules: the taxes collected cannot exceed 25% of the state (or non-federal) share of Medicaid expenditures; the state cannot provide a guarantee to the providers that the taxes will be returned to them; and the tax must be ''broad-based.'' A broad-based tax is a tax that is uniformly applied to all providers or services within the provider class. The federal statute identifies each of the classes of providers or services for the purpose of determining whether a tax is broad-based.

Medicaid managed care organizations (MCOs) are identified as a separate class of providers for the purposes of determining if a tax is broad-based. This class is unlike all of the other classes of providers or services because it is limited to only Medicaid providers. Other classes of providers or services identified in statute, such as inpatient hospital services, outpatient hospital services, physicians—are not restricted to Medicaid providers or Medicaid services.

Senate Bill

The Senate bill would expand the Medicaid MCO provider class to include all MCOs. To qualify for federal reimbursement, a state's provider tax would need to apply to both Medicaid and non-Medicaid MCOs. This would make the MCO provider class more consistent with the other provider classes for purposes of determining if a provider tax is broad-based.

The provision would become effective on January 1, 2006 except in States that have, as of December 31, 2005, a tax on the Medicaid MCO class of providers as defined under current law. The provision would not apply to those states.

House Bill

Similar to Senate provision except the provision would become effective upon enactment except for in states with taxes based on the current law Medicaid MCO provider class. For those states, the prohibition would become effective on October 1, 2008 and the reduction in Medicaid reimbursement due to this provision would be 50% for the fiscal year beginning on that day.

Conference Agreement

The conference agreement expands the Medicaid MCO provider class to include all MCOs. To qualify for federal reimbursement, a state's provider tax would need to apply to both Medicaid and non-Medicaid MCOs. The provision becomes effective upon enactment except in states with taxes based on the current law Medicaid MCO provider class as of December 8, 2005. In those states, the provision becomes effective on October 1, 2009.

Reforms of Case Management and Targeted Case Management Services (Section 6052 of the Conference Agreement, and Section 6031 of the Senate Bill, and Section 3146 of the House Bill)

Current Law

Under current Medicaid law (Section 1915(g)(2) of the Social Security Act), case management is defined as including services to assist a Medicaid beneficiary in gaining access to needed medical, social, educational and other services. Case management services are an optional benefit under the Medicaid state plan. The term ''targeted case management'' (TCM) refers to situations in which these services are not provided statewide to all Medicaid beneficiaries but rather are provided only to specific classes of Medicaid eligible individuals as defined by the state (e.g., those with chronic mental illness), or persons who reside in a specific area.

Several states extend the Medicaid TCM benefit to individuals who may also be receiving case management services as a component of another state and/or federal program. For example, a state may provide TCM services for Medicaid beneficiaries in foster care—defined in the Medicaid state plan as ''children in the state's custody and who are placed in foster homes.'' As part of the foster care program, children receive certain case management services regardless of whether or not they are a Medicaid beneficiary.

In addition, the existing federal guidance is conflicting with respect to the process states should follow to claim Medicaid reimbursement for TCM services when another program also covers case management services for the same beneficiary. The State Medicaid Manual (Section 4302.2) states that claims for targeted case management services must be fully documented for a specific Medicaid beneficiary in order to receive payment. In addition, documentation that includes time studies and cost allocation plans ''are not acceptable as a basis for Federal participation in the costs of Medicaid services.'' Cost allocation plans are a narrative description of the procedures that a state agency uses in identifying, measuring, and allocating the state agency's administrative costs incurred for supervising or operating programs. Per federal regulations (45 CFR 95.505), the cost allocation plan does not include payments for services and goods provided directly to program recipients. However, a State Medicaid Director's (SMD) letter dated January 19, 2001, which discusses targeted case management services for children in foster care under the federal Title IV–E program, requires states to ''properly allocate case management costs between the two programs in accordance with OMB Circular A–87 under an approved cost allocation program.'' Thus, this letter extended the application of cost allocation plans to claim reimbursement for case management services when a child is receiving these services under both the Title IV–E (foster care) and Medicaid programs.

Senate Bill

This proposal would further define the Medicaid TCM benefit under Section 1915(g)(2) of the Social Security Act, and would codify the ability of states to use an approved cost allocation plan (as outlined under OMB Circular A–87, or other related or subsequent guidance) for determining the amount that can be billed as Medicaid TCM services when case management is also reimbursable by another federally-funded program.

Specifically, the proposal would clarify that the TCM benefit includes the following: (1) assessment of an eligible individual to determine service needs by taking a client history, identifying an individual's needs and completing related documentation, and if needed, gathering information from other sources; (2) development of a specific care plan based on the information collected through an assessment that specifies the goals and actions to address the individual's needs; (3) referral and related activities to help an individual obtain needed services; and (4) monitoring and follow-up activities including activities and contacts to ensure the care plan is effectively implemented and adequately addressing the individual's needs.

The proposal would, also specify certain activities that are not reimbursable as TCM services. First, the TCM benefit would not include the direct delivery of an underlying medical, educational, social or other services to which an eligible individual has been referred. In addition, with respect to the direct delivery of foster care services, the TCM benefit would not cover: research gathering and completion of required foster care documentation, assessing adoption placements, recruiting or interviewing potential foster care parents, serving legal papers, home investigations, providing transportation, administering foster care subsidies, and making placement arrangements.

In cases where a TCM provider contacts individuals who are not Medicaid eligible or who are not part of the TCM target population, the activity could be billed as TCM services if the purpose of the contact is directly related to the management of the eligible individual's care. If the contact is related to the identification and management of the non-eligible or non-targeted individual's needs and care, the activity may not be billed as TCM services.

Finally, consistent with existing Medicaid law, this proposal would also specify that federal Medicaid funding would only be available for TCM services if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program.

This provision would take effect January 1, 2006.

House Bill

Same as Senate provision.

Conference Agreement

The conference agreement modifies the Senate and House bills to differentiate between case management and targeted case management services. It would define case management services in federal law as services that will assist Medicaid-eligible individuals in gaining access to needed medical, social, educational, and other services including: (1) assessment of an eligible individual to determine service needs by taking a client history, identifying an individual's needs and completing related documentation, and if needed, gathering information from other sources; (2) development of a specific care plan based on the information collected through an assessment that specifies the goals and actions to address the individual's needs; (3) referral and related activities to help an individual obtain needed services; and (4) monitoring and follow-up activities including activities and contacts to ensure the care plan is effectively implemented and adequately addressing the individual's needs.

The conference agreement also establishes those activities that are not reimbursable as case management services including the direct delivery of an underlying medical, educational, social or other services to which an eligible individual has been referred. With respect to the direct delivery of foster care services, case management would not include research gathering and completion of required foster care documentation, assessing adoption placements, recruiting or interviewing potential foster care parents, serving legal papers, home investigations, providing transportation, administering foster care subsidies, and making placement arrangements.

The term ''targeted case management services'' is defined as case management services that are provided to specific classes of individuals or to individuals who reside in specific areas.

In cases where a case management provider contacts individuals who are not Medicaid eligible, or who are not part of the TCM target population, the activity could be billed as case management services if the purpose of the contact is directly related to the management of the eligible individual's care. If the contact is related to the identification and management of the non-eligible or non-targeted individual's needs and care, the activity may not be billed as case management services.

Consistent with existing Medicaid law, this proposal would also specify that federal Medicaid funding would only be available for case management (or TCM) services if there are no other third parties liable to pay for such services, including as reimbursement under a medical, social, educational, or other program. If case management (or TCM) services are reimbursable by another federally-funded program the state would be required to allocate the costs of these services using OMB Circular A–87 (or any related or successor guidance or regulations).

Finally, the conference agreement established that (1) nothing in the provision would affect the application of rules with respect to third party liability under programs or activities carried out under Title XXVI of the Public Health Service Act (the HIV Health Care Services Program) or the Indian Health Service; and (2) the Secretary would be required to promulgate regulations to carry out the changes made by this provision. The effective date of this provision would be January 1, 2006.

Additional FMAP Adjustments (Section 6053 of the Conference Agreement, Sections 6032 and 6037 of the Senate Bill, and Sections 3148 and 3205 of the House Bill)

Current Law

The federal medical assistance percentage (FMAP) is the rate at which states are reimbursed for most Medicaid service expenditures. It is based on a formula that provides higher reimbursement to states with lower per capita incomes relative to the national average (and vice versa); it has a statutory minimum of 50% and maximum of 83%. An enhanced FMAP is available for both services and administration under the State Children's Health Insurance Program (SCHIP), subject to the availability of funds from a state's SCHIP allotment. In addition to Medicaid and SCHIP, the FMAP is used in determining federal reimbursement for a number of other programs, including foster care and adoption assistance under Title IV–E of the Social Security Act.

When state FMAPs are calculated by HHS for an upcoming fiscal year, the state and U.S. amounts used in the formula are equal to the average of the three most recent calendar years of data on per capita personal income available from the Department of Commerce's Bureau of Economic Analysis (BEA). For example, to calculate FMAPs for FY2006, HHS used per capita personal income data for 2001, 2002, and 2003 that became available from BEA in October 2004.

BEA revises its most recent estimates of state per capita personal income on an annual basis to incorporate revised Census Bureau population figures and newly available source data. It also undertakes a comprehensive data revision—reflecting methodological and other changes—every few years that may result in upward and downward revisions to each of the component parts of personal income, which include: wages and salaries, supplements to wages and salaries (such as employer contributions for employee pension and insurance funds), proprietors' income, and dividends, interest, and rent.

As a result of these annual and comprehensive revisions, it is often the case that the value of a state's per capita personal income for a given year will change over time. For example, the 2001 per capita personal income data published by BEA in October 2003 (used in the calculation of FY2005 FMAPs) differed from the 2001 per capita personal income published in October 2004 (used in the calculation of FY2006 FMAPs).

P.L. 106–554 (Consolidated Appropriations Act, 2001), provided that for fiscal years 2001 through 2005, the Medicaid and SCHIP FMAPs for Alaska would be calculated using the state's per capita income divided by 1.05. Dividing by 1.05 lowered the state's per capita income, thereby increasing its FMAP.

Senate Bill

Under the Senate bill, FY2006 FMAPs for Medicaid and SCHIP would be re-computed for all states so that no FY2006 FMAP would be less than the greater of: (1) a state's FY2005 FMAP minus 0.5 percentage points (0.1 in the case of Delaware and Michigan, 0.3 in the case of Kentucky) or (2) the FY2006 FMAP that would have been determined for a state if per capita incomes for 2001 and 2002 that were used to calculate the state's FY2005 FMAP were used.

In a separate provision, if Alaska's calculated FY2006 or FY2007 FMAP for Medicaid or SCHIP is less than its FY2005 FMAP, the FY2005 FMAP would apply.

House Bill

Under the House bill, for purposes of computing Medicaid FMAPs beginning with FY2006, employer contributions toward pensions that exceed 50% of a state's total increase in personal income for a period would be excluded from the per capita income of a state, but not from U.S. per capita income.

In a separate provision, for purposes of computing Medicaid and SCHIP FMAPs for any year after 2006 for a state that the Secretary of HHS determines has a significant number of individuals who were evacuated to and live in the state as a result of Hurricane Katrina as of October 1, 2005, the Secretary would disregard such evacuees and their incomes.

Conference Agreement

The conference agreement follows the Alaska provision in the Senate bill and the Katrina provision in the House bill.

DSH Allotment for the District of Columbia (Section 6054 of the Conference Agreement, and Section 6035 of the Senate Bill, and no provision in the House Bill)

Current Law

States and the District of Columbia are required to recognize, in establishing hospital payment rates, the situation of hospitals that serve a disproportionate number of Medicaid beneficiaries and other low-income patients with special needs. Under broad federal guidelines, each state determines which hospitals receive DSH payments and the payment amounts to be made to each qualifying hospital. The federal government shares in the cost of state DSH payments at the same federal matching percentage as for most other Medicaid services. Total federal reimbursement for each state's DSH payments, however, are capped at a statewide ceiling, referred to as the state's DSH allotment.

Senate Bill

The Senate bill would raise the allotments for the District of Columbia for FY 2000, 2001, and 2002 from $32 million to $49 million. The higher allotments would be used to calculate DSH allotments beginning with FY 2006 amounts. The provision would take effect as if enacted on October 1, 2005 and would apply to expenditures made on or after that date.

House Bill

No provision.

Conference Agreement

The conference agreement includes a provision similar to the Senate provision. The agreement clarifies that the increased amounts calculated based on the modified allotments for FY 2000, 2001, and 2002 only apply to DSH expenditures applicable to fiscal year 2006 and subsequent fiscal years that are paid on or after October 1, 2005.

Increase in Medicaid Payments to Insular Areas. (Section 6055 of the Conference Agreement, no provision in the Senate Bill, and Section 3141 of the House Bill)

Current Law

In the 50 states and the District of Columbia, Medicaid is an individual entitlement. There are no limits on the federal payments for Medicaid as long as the state is able to contribute its share of the matching funds. In contrast, Medicaid programs in the territories are subject to spending caps. For fiscal year 1999 and subsequent fiscal years, these caps are increased by the percentage change in the medical care component of the Consumer Price Index (CPI–U) for all Urban Consumers (as published by the Bureau of Labor Statistics). The federal Medicaid matching rate, which determines the share of Medicaid expenditures paid for by the federal government, is statutorily set at 50 percent of the territories. Therefore, the federal government pays 50% of the cost of Medicaid items and services in the territories up to the spending caps.

Senate Bill

No provision.

House Bill

For each of fiscal years 2006 and 2007, the House bill would increase the total annual cap on federal funding for the Medicaid programs in each of the Virgin Islands, Guam, the Northern Marianas, and American Samoa. Puerto Rico would not receive additional federal Medicaid funding from this provision.

For the Virgin Islands and Guam, the FY2006 total annual Medicaid caps would be increased by $2.5 million and the FY2007 caps would be increased by $5.0 million. For the Northern Marianas, the FY2006 total annual Medicaid cap would be increased by $1.0 million and the FY2007 cap would be increased by $2.0 million. For American Samoa, the FY2006 total annual Medicaid cap would be increased by $2.0 million and the FY2007 cap would be increased by $4.0 million. For fiscal year 2008 and subsequent fiscal years, the total annual cap on federal funding for the Medicaid programs in each of the Virgin Islands, Guam, the Northern Marianas, and American Samoa would be calculated by increasing the FY2007 ceiling, as modified by this provision, by the percentage change in the medical care component of the Consumer Price Index (CPI–U) for all Urban Consumers (as published by the Bureau of Labor Statistics).

Conference Agreement

The conference agreement follows the House bill.

Demonstration Project Regarding Medicaid Coverage of Low-income HIV-infected individuals (No provision in the Conference Agreement, Sec. 6039(c) of the Senate Bill, and no provision in the House Bill)

Current Law

Section 1115 gives the Secretary of HHS authority to modify virtually all aspects of the Medicaid (and SCHIP) programs. Among other projects, the Secretary has used the Section 1115 waiver authority to approve benefit-specific demonstrations that provide targeted services to certain individuals. For example, under existing Medicaid HIV/AIDS Section 1115 demonstration waivers, the Secretary approved programs that provide a limited set of Medicaid benefits (e.g., case management, and pharmacy services) to individuals with HIV/AIDS who would not otherwise be eligible for Medicaid. Approved Section 1115 waivers are deemed to be part of a state's Medicaid (or SCHIP) state plan for purposes of federal reimbursement. Project costs associated with waiver programs granted under the Medicaid (or SCHIP) programs are subject to that state's FMAP (or enhanced-FMAP). Unlike regular Medicaid (or SCHIP), CMS waiver guidance specifies that costs associated with waiver programs must be budget neutral (or allotment neutral) to the federal government over the life of the waiver program whereby the federal and state government negotiate a spending cap beyond which the federal government has no fiscal responsibility.

Senate Bill

The Senate Bill would require the Secretary of HHS to allow states to seek approval for time limited (i.e., 5-year) Section 1115 demonstration projects that provide full Medicaid coverage to specified HIV-infected individuals. For fiscal years 2006 through 2010, $450,000,000 in federal funds would be appropriated for such demonstrations. From this amount, the Secretary would allocate money to states and territories (without regard to existing federal Medicaid spending caps applicable in the territories) with approved HIV Section 1115 demonstrations based on the availability of such funds. Allotment of funds among states (or territories) with approved demonstrations would be based on an amount equal to the state's SCHIP Enhanced Federal Medical Assistance Percentage (Enhanced-FMAP) for quarterly expenditures associated with medical assistance provided to individuals under the waiver up to the specified cap. The Secretary would be required to submit a program evaluation to Congress not later than December 31, 2010. This provision would be effective on January 1, 2006.

House Bill

No provision.

Conference Agreement

The conference agreement does not include the Senate bill.

Inclusion of Podiatrists As Physicians (no provision in the Conference Agreement, Section 6034 of the Senate Bill, and no provision in the House Bill)

Current Law

Under Medicaid, services provided by podiatrists may be covered under the optional ''other practitioners'' benefit category. ''Physician services'' are a mandatory Medicaid benefit.

Senate Bill

The Senate bill would treat podiatrists as physicians, as is the case under Medicare. Thus, states would be required to cover the medical services of podiatrists (i.e., doctors of podiatric medicine) under Medicaid. This provision would apply to all such services furnished on or after January 1, 2006.

House Bill

No provision.

Conference Agreement

The conference agreement does not include this provision.

Demonstration Project Regarding Medicaid Reimbursement for Stabilization of Emergency Medicaid Conditions by Non-Publicly Owned or Operated Institutions for Mental Diseases (no provision in the Conference Agreement, Section 6036 of the Senate Bill, and no provision in the House Bill)

Current Law

An IMD is defined as a hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. The 1950 amendments to the Social Security Act established the prohibition of federal assistance for IMD residents as well as for patients diagnosed with a psychosis found in other medical institutions. When Medicaid was established in 1965, the law included a state option to allow Medicaid funding for inpatient psychiatric care rendered in general hospitals as well as funding for specific services provided to residents age 65 years and older in IMDs. The 1972 amendments allowed for optional coverage, under certain circumstances, for IMD residents under age 21 or, in some cases, under age 22. In general, reimbursement for services obtained in IMDs by Medicaid beneficiaries ages 22 to 64 years remains prohibited. The term ''State'' includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa.

Under Medicare, ''emergency medical condition'' means a medical condition with acute symptoms of sufficient severity such that the absence of immediate medical attention could result in (1) placing the health of the individual in serious jeopardy, (2) serious impairment to bodily functions, or (3) serious dysfunction of any organ. Under Medicare, the term ''stabilize'' means medical treatment as may be necessary to assure, within reasonable medical probability, that no material deterioration of the condition is likely to result from or occur during the transfer of the individual from a facility.

Senate Bill

The Senate bill would require the Secretary to establish a 3-year demonstration project in eligible states to provide Medicaid coverage for certain IMD services (not publicly-owned or operated) for Medicaid eligible individuals who are between the ages of 21 and 64, and who require IMD services to stabilize an emergency medical condition. Upon approval of an application, eligible states would include Arizona, Arkansas, Louisiana, Maine, North Dakota, Wyoming, and four additional states to be selected by the Secretary to provide geographic diversity. The provision would appropriate $30 million for FY2006 for the demonstration which would be available through December 31, 2008. The Secretary would allocate funds to eligible states based on their applications and the availability of funds. Payments to states would be drawn from these allocations, based on the federal matching rate (FMAP) for benefits.

For purposes of the demonstration, the Secretary would be required to waive current law limitations on payments for services delivered to persons under 65 who are patients in an IMD. The Secretary would have the option to also waive other requirements in Sections XI and XIX, including requirements relating to statewideness and comparability of benefits, only to the extent necessary to carry out the demonstration project. The terms ''emergency medical condition'' and ''stabilize,'' as defined under Medicare, would apply to the demonstration described in this provision.

The Senate bill would also require the Secretary to submit annual reports to Congress on the progress of the demonstration project. No later than March 31, 2009, the Secretary would submit to Congress a final report describing whether the demonstration: (1) resulted in increased access to Medicaid inpatient mental health services, (2) produced a significant reduction in the use of higher cost emergency room services for Medicaid beneficiaries, (3) impacted the costs of providing Medicaid inpatient psychiatric care, and (4) should be continued after December 31, 2008, and expanded nationwide.

House Bill

No provision.

Conference Agreement

The conference agreement does not include this provision.

Chapter 6—Other Provisions

Subchapter A—Family Opportunity Act

Opportunity for Families of Disabled Children to Purchase Medicaid Coverage for Such Children (Section 6062 of the Conference Agreement, Section 6042 of the Senate Bill, and no provision in the House Bill)

Current Law

For children with disabilities, there are a number of potentially applicable Medicaid eligibility groups, some mandatory but most optional. For some of these groups, disability status or medical need is directly related to Medicaid eligibility (e.g., children receiving SSI with family income below 75% FPL). But there are other pathways through which such children may qualify for Medicaid coverage for which disability status and/or medical need are irrelevant (e.g., children under age 6 with family income below 133% FPL). All of the Medicaid eligibility pathways for children require income levels that are generally below 300% of the federal poverty level (FPL) with some state-specific exceptions.

States may require Medicaid beneficiaries to apply for coverage in certain employer-sponsored group health plans (in which such persons are eligible) when it is cost-effective to do so (defined below). This requirement may be imposed as a condition of continuing Medicaid eligibility, except that failure of a parent to enroll a child must not affect the child's continuing eligibility for Medicaid. If all members of the family are not eligible for Medicaid, and the group health plan requires

enrollment of the entire family, Medicaid will pay associated premiums for full family coverage if doing so is cost-effective. Medicaid will not pay deductibles, coinsurance or other cost-sharing for family members ineligible for Medicaid. Third party liability rules apply to coverage in a group health plan; that is, such plans, not Medicaid, must pay for all covered services under the plan. Cost-effectiveness means that the reduction in Medicaid expenditures for Medicaid beneficiaries enrolled in a group health plan is likely to be greater than the additional costs for premiums and cost-sharing required under the group health plan.

For certain eligibility categories, states may not impose enrollment fees, premiums or similar charges. States are specifically prohibited from requiring payment of deductions, cost-sharing or similar charges for services furnished to children under 18 (up to age 21; or reasonable subcategories, at state option). Also, in certain circumstances, states may impose monthly premiums for Medicaid. For example, states may require certain workers with disabilities to pay premiums and cost-sharing set on a sliding scale based on income. For one of these groups, states may require those with income between 250% and 450% FPL to pay the full premium. But the sum of such payments may not exceed 7.5% of income. For other groups, states may not require prepayment of premiums and may not terminate eligibility due to failure to pay premiums, unless such failure continues for at least 60 days. States may also waive premiums when such payments would cause undue hardship.

Unless otherwise specified for a given coverage group, Medicaid eligibility for children is limited to those in families with income up to 133 and 1/3% of the applicable AFDC payment standard in place as of July 16, 1996. In addition, targeted low-income children under SCHIP statute are defined as those who would not qualify for Medicaid under the state plan in effect on 70 March 31, 1997. Payments for services provided to children who receive Medicaid benefits through an expansion of eligibility under SCHIP authority are reimbursed by the federal government at the enhanced federal medical assistance percentage (E–FMAP) rate, and funds based on this rate are drawn from annual SCHIP allotments. The SCHIP E–FMAP builds on the Medicaid FMAP. The FMAP formula is designed to provide a higher federal matching rate for states with lower average per capita income, compared to the national average.

Senate Bill

The Senate bill would create a new optional Medicaid eligibility group for children with disabilities under age 19 who meet the severity of disability required under the Supplemental Security Income (SSI) program with family income that exceeds SSI financial standards but is below 300% FPL. Medicaid coverage would be phased in by age group, beginning with children through age 6 in the second through fourth quarters of FY2008, then covering children through age 12 beginning in FY2009, and finally, covering children through age 18 during FY2010 and thereafter.

The Senate bill would require states to require certain parents of children eligible for Medicaid under the new optional coverage group to enroll in family coverage through employer-sponsored insurance (ESI) if certain conditions are met. When the employer offers family coverage, the parent is eligible for such coverage, and the employer contributes at least 50% of the total cost of annual premiums for such coverage, states must require participation in such coverage as a condition of continuing Medicaid eligibility for the child. Also, if such coverage is obtained, states must reduce premiums by an amount that reasonably reflects the premium contribution made by the parent for private coverage on behalf of a child with a disability. States could pay any portion of required premiums on behalf of eligible children under such plans. Medicaid would be the secondary payer to these ESI plans. Benefits offered by Medicaid but not offered by the ESI plans would be covered under Medicaid.

States would be permitted, within certain limits, to require families with children-that qualify for Medicaid under the new optional eligibility category to pay monthly premiums on a sliding scale based on income, but only if specific caps on aggregate payments for cost-sharing (premiums plus other charges) for employer-sponsored family coverage are met. These caps specify that cost-sharing would not exceed 5% of income for families with income up to 200% FPL, and would not exceed 7.5% of income for families with income between 200% and 300% FPL. States could not require prepayment of premiums, nor would states be allowed to terminate eligibility of an enrolled child for failure to pay premiums unless lack of payment continues for a minimum of 60 days beyond the due date. States could waive payment of premiums when such payment would cause undue hardship.

The Senate bill would permit the income level for the new optional coverage group (set at 300% FPL) to exceed the otherwise applicable AFDC-related income standard for children under Medicaid. This section also stipulates that children with disabilities made eligible for Medicaid through the new optional coverage group would not be considered to be targeted low-income children as defined under SCHIP. Thus, the regular Medicaid FMAP, rather than the higher SCHIP E–FMAP, would apply for determining the federal share of Medicaid expenditures for the new optional coverage group. In addition, federal payments would be drawn from the open-ended Medicaid account and not the capped SCHIP account.

These provisions would be effective for items and services furnished on or after January 1, 2008.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate bill, with modifications. First, the agreement defines qualifying children as those considered disabled under the SSI program without regard to any income or asset eligibility requirements that apply under SSI for children and whose family income does not exceed 300% FPL. In addition, the agreement moves up the start date by one year for phasing in Medicaid coverage for this new group. That is, Medicaid coverage would be phased in, beginning with children through age 6 in the second through fourth quarters of FY2007 (rather than FY2008), then covering children through age 12 beginning in FY2008 (rather than FY2009), and finally, covering children through age 18 beginning in FY2009 (rather than FY2010) and thereafter.

As under the Senate bill, the conference agreement allows states to impose income-related premiums under this option. But the agreement changes the aggregate amount of cost sharing for families based on income levels.

For children in families with income that does not exceed 200% FPL, the aggregate amount of premiums for Medicaid coverage and any premium for employer-sponsored family coverage (in order to cover the disabled child) plus other cost-sharing cannot exceed 5% of family income. For children in families with income between 200% FPL and 300% FPL, the aggregate amount of premiums for Medicaid coverage and any premium for employer-sponsored family coverage (in order to cover the disabled child) plus other cost-sharing cannot exceed 7.5% of family income.

Finally, the conference agreement changes the effective date of these provisions to January 1, 2007.

Demonstration Projects Regarding Home and Community-based Alternative to Psychiatric Residential Treatment Facilities for Children (Section 6063 of the Conference Agreement, Section 6043 of the Senate Bill, and no provision in the House Bill)

Current Law

Medicaid home and community-based service (HCBS) waivers authorized by Section 1915(c) of the Social Security Act allows states to provide a broad range of home and community-based services to Medicaid beneficiaries who would otherwise need the level of care provided in a hospital, nursing facility, or intermediate care facility for individuals with mental retardation (ICF–MR). Federal approval for these waivers is contingent on the state's documentation of the waiver's cost-neutrality. Cost-neutrality is met if, on average, the per person cost with the HCBS waiver is no higher than the cost if the person were residing in a hospital, nursing home, or ICF–MR. The state determines which type of institution(s) it will use to make the cost-neutrality calculation.

For children with psychiatric disabilities, many states provide Medicaid funding for inpatient psychiatric residential treatment facilities. However, because the waiver cost-neutrality calculation does not allow a comparison of HCBS waiver expenditures to expenditures in these psychiatric residential treatment facilities, most states have had difficulty covering HCBS waiver services for children with psychiatric disabilities. Four states (Indiana, Kansas, New York and Vermont) have been able to offer HCBS waiver services for children with psychiatric disabilities by documenting the cost-neutrality of the waiver compared to the state's hospital expenditures. However given the cost-neutrality requirement, those states that have limited the use of hospitals for children with psychiatric disabilities may be unable to develop HCBS waivers for this population.

Senate Bill

The Senate bill would authorize the Secretary to conduct demonstration projects in up to 10 states during the period from FY2007 through FY2011 to test the effectiveness of improving or maintaining the child's functional level, and cost-effectiveness of providing coverage of home and community-based alternatives to psychiatric residential treatment, for children enrolled in Medicaid. These demonstration projects will develop home and community-based services as an alternative to a psychiatric residential treatment facility. However, these projects must also follow the requirements of the HCBS waiver program. Specifically, demonstration participants would be required to meet the level of care of a psychiatric residential treatment facility, and the average, per-person project expenditures may not exceed the average, per-person cost of a psychiatric residential treatment facility.

The demonstration states would be selected through a competitive bidding process. At the end of the demonstration period, the state may allow children enrolled in the demonstration project to continue receiving the Medicaid home and community-based waiver services provided under the demonstration; however, no new children could be added to the project.

As part of the demonstration, the following conditions would apply: (1)

projects must meet the same terms and conditions that apply to all HCBS waivers; (2) the Secretary must ensure that the projects are budget neutral; that is, total Medicaid expenditures under the demonstration projects will not be allowed to exceed the amount that the Secretary estimates would have been paid in the absence of the demonstration projects; and (3) applications for a demonstration project must include an assurance to conduct an interim and final evaluation by an independent third party and any reports that the Secretary may require.

This proposal would appropriate $218 million for FY2007 through FY2011 for the state demonstration projects and the federal evaluations and report. Total expenditures for state demonstration projects would not be allowed to exceed $21 million in FY2007, $37 million in FY2008, $49 million in FY2009, $53 million in FY2010, and $57 million in FY2011. Funds not expended in a given fiscal year would continue to be available in subsequent fiscal years. An additional $1 million would be available to the Secretary to complete a required interim and final evaluation of the project and report the conclusions of the evaluations to the President and Congress within 12 months of completing these evaluations.

House Bill

No provision.

Conference Agreement

The conference agreement follows the Senate provision.

Development and Support of Family-to-family Health Information Centers (Section 6064 of the Conference Agreement, Section 6044 of the Senate Bill, and no provision in the House Bill)

Current Law

Family-to-family health centers provide information and assistance to help families of children with special health care needs navigate the system of care and make decisions about the needs and available supports for their child. No provision in current law specifically authorizes a dedicated amount of funds for these family-to-family health information centers. However, since 2002, the Department of Health and Human Services (HHS) has awarded approximately $6.9 million to develop these information centers in 36 states under various program authorities including: (1) Special Projects of Regional and National Significance Program (SPRANS) of the Maternal and Child Services Block Grant (Title V of the Social Security Act) operated by the Health Resources Services Administration (HRSA); (2) the Real Choice Systems Change grant program operated by the Centers for Medicare and Medicaid Services (CMS); and (3) a one-year direct Congressional appropriation to an organization in Iowa. Federal funding for these projects is time-limited. Except for the one-year direct appropriation, state projects have generally been funded for a three or four-year period. HRSA intends to fund additional family-to-family health information centers awarding up to $2.4 million to six projects for a four-year period starting in FY2006.

Senate Bill

The Senate bill would increase funding under the SPRANS program of Title V of the Social Security Act for the development and support of new family-to-family health information centers (described below). This proposal would appropriate an additional $3 million for FY2007, $4 million for FY2008, and $5 million for FY2009 for this new purpose. For each of fiscal years 2010 and 2011, the bill would authorize to be appropriated to the Secretary $5 million for this purpose. Funds would remain available until expended.

The family-to-family health information centers would: (1) assist families of children with disabilities or special health care needs to make informed choices about health care so as to promote good treatment decisions, cost-effectiveness, and improved health outcomes for such children; (2) provide information regarding the health care needs of, and resources available for children with disabilities or special health care needs; (3) identify successful health delivery models; (4) develop a model for collaboration between families of such children and health professionals; (5) provide training and guidance with regard to the care of such children; and (6) conduct outreach activities to the families of such children, health professionals, schools, and other appropriate entities and individuals. The family-to-family health information center would be staffed by families who have expertise in public and private health care systems and by health professionals.

The Secretary would be required to develop family-to-family health information centers in at least 25 states in FY2007, 40 states in FY2008, and all states in FY2009.

House Bill

No provision.

Conference Agreement

The conference agreement follows the Senate provision.

Restoration of Medicaid Eligibility for Certain SSI Beneficiaries (Section 6065 of the Conference Agreement, Section 6045 of the Senate Bill, and no provision in the House Bill)

Current Law

SSI and Medicaid eligibility is effective on the later of (1) the first day of the month following the date the application is filed, or (2) the first day of the month following the date that the individual is determined eligible.

Senate Bill

The Senate bill would extend Medicaid eligibility to persons who are under age 21 and who are eligible for SSI, effective on the later of: (1) the date the application was filed, or (2) the date SSI eligibility was granted. This provision would be effective one year after the date of enactment.

House Bill

No provision.

Conference Agreement

The conference agreement includes the Senate bill provision.

Subchapter B—Money Follows the Person Rebalancing Demonstration

Money Follows the Person Rebalancing Demonstration (Section 6071 of the Conference Agreement, Section 6061 of the Senate Bill, and no provision in the House Bill)

Current law

Under Medicaid, states can offer a variety of home and community-based services to Medicaid beneficiaries who need long-term care. Some of these services may be offered statewide as part of the Medicaid state plan (e.g., home health services and personal care services). Other services may be offered through a home and community-based services (HCBS) waiver under Section 1915(c) of the Social Security Act. These waivers allow states to provide a broad range of home and community-based services to individuals who would otherwise require the level of care provided in certain types of institutions (i.e., a hospital, nursing facility or intermediate care facility for individuals with mental retardation (ICF-MR)). For example, HCBS waiver services could include respite, personal care, adult day care, or therapy. As part of the HCBS waiver, states have the ability to define the specific services that will be offered, to target a specific population (e.g., elderly individuals) and to limit the number of individuals who can participate in the waiver.

Approval for an HCBS waiver is contingent on a state documenting the cost-neutrality of the waiver. Cost-neutrality is met if the average per person cost under the HCBS waiver is no higher than the average per person cost of receiving care in a hospital, nursing facility or ICF-MR. The state determines which type of institution(s) it will use to make the cost-neutrality calculation.

Under current law, Medicaid beneficiaries who are residents of an institution (such as a nursing home) and who would like to leave that institution would be entitled to receive those Medicaid services covered by the Medicaid state plan. However, individuals may not be able to access the broader range of services under an HCBS waiver because many states have waiting lists for the waiver.

Medicaid expenditures for services (including the Medicaid state plan and HCBS waiver) are generally shared between the federal and state governments. In FY2003 (the latest expenditure data available), the federal government covered 59% of the cost of services; states covered the remaining 41% of expenditures. The specific federal share of a state is based on the state's federal medical assistance percentage (FMAP) rate which can range from 50% to 83%.

Senate Bill

The Senate provision would authorize the Secretary to conduct a demonstration project in states to increase the use of home and community-based care instead of institutions. States awarded a demonstration would receive 90% of the costs of home and community-based, long-term care services (under a HCBS waiver and/or the state plan) for 12 months following a demonstration participant's transition from an institution into the community. In a given fiscal year, funding would be capped at the amount of a state's grant award. After the 12 months of grant funding, the state would be required to continue providing services through a Medicaid home and community-based long-term care program, as described below.

Individuals will be eligible to participate in the demonstration if they meet the following criteria: they are residents of a hospital, nursing facility, ICF–MR, or an institution for mental disease (IMD) (but only to the extent that the IMD benefit is offered as part of the existing state Medicaid plan); they have resided in the facility for no less than six months or for a longer time period specified by the state (up to a maximum of two years); they are receiving Medicaid benefits for the services in this facility; and they will continue to require the level of care of the facility but for the provision of HCBS services.

The state's application for a demonstration project will be required to include, at a minimum, the following information: (1) assurance that the project was developed and will be operated through a public input process; (2) assurance that the project will operate in conjunction with an existing Medicaid home and community-based program; (3) the duration of the project, which must be for at least two consecutive fiscal years in a five-year period starting in FY2009; (4) the service area, which may be statewide or less-than-statewide; (5) the target groups and the projected number to be enrolled and the estimated total expenditures for each fiscal year; (6) assurance that the project defers to individual choice and that the state will continue services for participants after the demonstration ends, as long as the state offers such services and the individual remains eligible; (7) information on recent Medicaid expenditures for long-term care and home and

community-based services and proposed methods to increase the state's investment in home and community-based services; (8) methods the state will use to eliminate barriers to paying for long-term care services for participants in the setting(s) of their choice; (9) assurance that the state will meet a maintenance of effort for Medicaid HCBS expenditures and will continue to operate a HCBS waiver that meets the statutory requirements for cost-neutrality.

A state will also be required to describe a plan for quality assurance and improvement of HCBS services under Medicaid; any requested waivers of Medicaid law; if applicable, the process for participants to self-direct his or her own services (meeting standards outlined in this proposal); and compliance with reports and evaluation, as required by the Secretary.

In addition to evaluating the merits of a state's application, in selecting demonstration projects, the Secretary will be required to consider a national balance of target groups and geographic distribution and to give a preference to states that cover multiple groups or offer project participants the opportunity to self-direct their services. The Secretary will be authorized to waive certain sections of Medicaid law to achieve the purpose of the demonstration.

To qualify for grant awards after year one, states will be required to meet numerical benchmarks measuring the increased investment in services under this proposal and the number of individuals transitioned into the community. States will also be required to demonstrate that they are assuring the health and welfare of project participants. For states that do not meet these requirements, the Secretary will be required to rescind the grant award for future grant periods and will be allowed to re-award unused funding.

The proposal would require the Secretary to provide technical assistance and oversight to state grantees and may use up to $2.4 million of the amounts appropriated for the portion of fiscal year 2009 that begins on January 1, 2009, and ends on September 30, 2009, and for fiscal year 2010, to carry out these activities during the period beginning on January 1, 2009 and ending on September 30, 2013. The Secretary would also be required to conduct a national evaluation and report its findings to the President and Congress no later than September 30, 2012 and may use up to $1.1 million each year from FY2010 through FY2013 to carry out these activities.

This proposal would appropriate $250 million for the portion of FY2009 which begins on January 1, 2009, and ends on September 30, 2009; $300 million in FY2010; $350 million in FY2011; $400 million in FY2012; and $450 million in FY2013 to carry out the demonstration project. Funds not awarded to states in a given fiscal year would continue to be available in subsequent fiscal years through September 30, 2013.

Payments for home and community-based long-term care services under the demonstration project would be in lieu of payment with respect to expenditures that could otherwise be paid for by Medicaid. However, if a state exhausts its grant funding in a particular year, the state is not prevented from using Medicaid to pay for home and community-based long term care services. Finally, a state that does not use all of its funding in a given fiscal year will continue to have access to that funding for four subsequent fiscal years.

House Bill

No provision.

Conftrence Agreement

The conference agreement follows the Senate provision, but makes several changes to the Senate bill. First, to be eligible an individual must continue to require the level of care in an institution. However, in any case where a state would apply a more stringent level of care standard as a result of implementing a Medicaid state plan option under section 1915(I), established under this conference agreement, the individual must continue to require the level of care which had resulted in admission to the institution.

A state must assure that it will continue services for participants after the demonstration ends, as long as the state offers such services and the individual remains eligible. If the state chooses to apply a more stringent level of care as a result of covering the state plan option under Section 1915(I), established under this conference agreement, the individual must continue to meet the requirement for the level of care that had resulted in his or her admission to the institution.

In addition, those states awarded a demonstration would receive an enhanced FMAP rate (referred to as the ''MFP-enhanced FMAP'') equal to the current FMAP rate for the state increased by a number of percentage points equal to 50% of the difference between 100% and the normal FMAP rate. However, in no case can the FMAP rate exceed 90% for a state. The state will receive the MFP-enhanced FMAP for the costs of home and community-based, long-term care services for 12 months following a demonstration participant's transition from an institution into the community.

Finally, demonstration grants would be awarded starting in 2007, instead of 2009 which changes all relevant dates within this provision including:

- The duration of the project must be for at least two consecutive fiscal years in a five-year period starting in FY2007; and
- The Secretary would be able to use up to $2.4 million of the amounts appropriated for the portion of fiscal year 2007 that begins on January 1, 2007, and ends on September 30, 2007, and for fiscal year 2008, to carry out technical assistance and quality assurance activities during the period beginning on January 1, 2007 and ending on September 30, 2011; and
- The Secretary will also be required to report evaluation and findings to the President and Congress no later than September 30, 2011 and may use up to $1.1 million each year from FY2008 through FY2011 to carry out these activities; and
- The provision would appropriate $250 million for the portion of FY2007 which begins on January 1, 2007, and ends on September 30, 2007; $300 million in FY2008; $350 million in FY2OO9; $400 million in FY2010; and $450 million in FY2011 to carry out the demonstration project; and
- Funds not awarded to states in a given fiscal year would continue to be available in subsequent fiscal years through September 30, 2011.

Subchapter C—Miscellaneous

Medicaid Transformation Grants (Section 6081 of the Conference Agreement, no provision in the Senate Bill, and Section 3143 of the House Bill)

Current Law

Section 1903(a) of the Social Security Act describes the level of federal reimbursement available to states for various Medicaid program functions. The federal medical assistance percentage (FMAP) is the rate at which states are reimbursed for most Medicaid service expenditures. It is based on a formula that provides higher reimbursement to states with lower per capita incomes relative to the national average (and vice versa); it has a statutory minimum of 50% and maximum of 83%. The federal reimbursement rate for Medicaid administrative expenditures does not vary by state and is generally 50%, but certain administrative functions receive enhanced (usually 75%) reimbursement.

Senate Bill

No provision.

House Bill

Under the House bill, in addition to the normal federal Medicaid reimbursement received by states under section 1903(a), the Secretary of HHS would provide for payments to states for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under Medicaid.

Examples of innovative methods for which such funds may be used include: (1) methods for reducing patient error rates through the implementation and use of electronic health records, electronic clinical decision support tools, or e-prescribing programs, (2) methods for improving rates of collection from estates of owed to Medicaid, (3) methods for reducing waste, fraud, and abuse under Medicaid, such as reducing improper payment rates as measured by the annual payment error rate measurement (PERM) project rates, (4) implementation of a medication risk management program as part of a drug use review program, and (5) methods for reducing, in clinically appropriate ways, Medicaid expenditures for covered outpatient drugs, particularly in the categories of greatest drug utilization, by increasing the utilization of generic drugs through the use of education programs and other incentives to promote greater use of generics.

No payments would be made to a state unless the state applied to the Secretary of HHS for such payments in a form, manner, and time specified by the Secretary. Payments would be made under such terms and conditions consistent with the subsection as the Secretary prescribes. Payment to a state under the subsection would be conditioned on the state submitting to the Secretary an annual report on the programs supported by such payment. The reports would include information on: (1) the specific uses of such payment, (2) an assessment of the quality improvements and clinical outcomes under such programs, and (3) estimates of the cost savings resulting from such programs.

Total payments would equal and not exceed $50 million in each of FY2007 and FY2008. The Secretary would specify a method for allocating the funds among states. Such method would provide preference for states that design programs that target health providers that treat significant numbers of Medicaid beneficiaries. The method would also allocate at least 25% of the funds among states whose populations as of July 1, 2004 were more than 105% of their populations as of April 1, 2000.

Conference Agreement

The conference agreement follows the House bill, but would increase total payments to equal and not exceed $75 million in each of FY2007 and FY2008. The agreement also adds, as an additional option for use of funds, methods for improving access to primary and specialty physician care for the uninsured using integrated university-based hospital clinic systems. Conferees believe that it is important to develop new models to meet the needs of the uninsured. University based physicians are uniquely qualified to assume this task. Bringing the resources of academia and health care system together to serve the poor and medically needy will create new opportunities to develop strategies that can be used on a broader scale.

Improved Enforcement of Documentation Requirements (Section 6082 of the Conference Agreement, no provision in the Senate Bill, and Section 3145 of the House Bill)

Current Law

To be eligible for the full range of benefits offered under Medicaid, an individual must be a citizen or national of the United States or a qualified alien (e.g., a legal permanent resident, refugee, alien granted asylum or related relief) who meets all other Medicaid program eligibility criteria. Non-qualified aliens (e.g., those who are unauthorized or illegally present, non-immigrants admitted for a temporary purpose such as education or employment, short-term parolees) who would otherwise be eligible for Medicaid except for their immigration status may only receive Medicaid care and services that are necessary for the treatment of an emergency medical condition and are not related to an organ transplant procedure.

As a condition of an individual's eligibility for Medicaid benefits, Section 1137(d) of the Social Security Act requires a state to obtain a written declaration, under penalty of perjury, stating whether the individual is a citizen or national of the United States. If an individual declares that he or she is a citizen or national, the state is not required to obtain additional documentary evidence but may choose to do so. According to a 2005 report from the Department of Health and Human Services' Office of Inspector General, 46 states and the District of Columbia allow or sometimes allow self-declaration of United States citizenship, while four states require Medicaid applicants to submit documentary evidence to verify citizenship statements.

If an individual declares that he or she is not a citizen or national, the individual must declare that he or she is a qualified alien and must present: (1) alien registration documentation or other proof of immigration registration from the Department of Homeland Security's United States Citizenship and Immigration Services Bureau (DHS/USCIS, formerly the Immigration and Naturalization Service) or (2) other documents determined by the state to constitute reasonable evidence of satisfactory immigration status. If an individual presents DHS/USCIS documentation, the state must verify the individual's immigration status with DHS/USCIS through the automated Systematic Alien Verification for Entitlements (SAVE) system, or by using an alternative verification system approved by the Secretary of Health and Human Services. States receive 100% federal reimbursement for the operation of such systems.

Senate Bill

No provision.

House Bill

Under the House bill, states would be prohibited from receiving federal reimbursement for medical assistance provided under Medicaid to an individual who has not provided satisfactory documentary evidence of citizenship or nationality.

Such evidence would include one of the following documents:

- a United States passport;
- Form N–550 or N–570 (Certificate of Naturalization);
- Form N–560 or N–561 (Certificate of United States Citizenship);
- such other document that the Secretary may specify, by regulation, that provides proof of United States citizenship or nationality and that provides a reliable means of documentation of personal identity.

Satisfactory documentary evidence would also include a document from each of the following lists:

- a certificate of birth in the United States;
- Form FS–545 or Form DS–1350 (Certificate of Birth Abroad);
- Form 1–97 (United States Citizen Identification Card);
- Form FS–240 (Report of Birth Abroad of a Citizen of the United States); or
- such other document as the Secretary may specify (excluding a document specified by the Secretary as described above) that provides proof of United States citizenship or nationality;

AND

- any identity document described in section 274A(b)(l)(D) of the Immigration and Nationality Act; or
- any other documentation of personal identity of such other type as the Secretary finds, by regulation, provides a reliable means of identification.

The documentary requirements would not apply to an alien who is: (1) eligible for Medicaid and is entitled to or enrolled for Medicare benefits, (2) eligible for Medicaid on the basis of receiving Supplemental Security Income benefits, or (3) eligible for Medicaid on such other basis as the Secretary may specify under which satisfactory documentary evidence of citizenship or nationality had been previously presented.

The provision would apply to determinations of initial eligibility for Medicaid made on or after July 1, 2006, and to redeterminations made after such date in the case of individuals for whom the new documentary requirements were not previously met.

Conference Agreement

The conference agreement follows the House bill, but allows a state-issued driver's license or other identity document described in section 274(A)(b)(1)(D) of the Immigration and Nationality Act as satisfactory evidence, but only if the state issuing the license or such document requires proof of U.S. citizenship before issuance or obtains a Social Security number from the applicant and verifies before certification that such number is valid and assigned to an applicant who is a citizen.

Health Opportunity Accounts (Section 6083 of the Conference Agreement, no provision in the Senate Bill, and Section 3134 of the House Bill)

Current Law

Medicaid is a joint federal-state entitlement program that finances health care coverage for certain low-income families, children, pregnant women, and individuals who are aged or disabled. To qualify for Medicaid, an individual must meet both categorical and financial eligibility requirements. The specific income and resource limitations that apply to each eligibility group are set through a combination of federal parameters and state definitions. Each state designs and administers its own program under broad federal guidelines. Variation exists among states in eligibility, covered services, and the delivery of, and reimbursement for services. States that wish to experiment with new approaches for providing health care coverage that promote the objectives of the Medicaid program may seek approval for Section 1115 demonstration waivers.

Medicaid's basic benefits rules require all states to provide certain ''mandatory'' services as listed in Medicaid statute. Federal matching payments are also available for optional services if states choose to include them in their Medicaid plans. States define the specific features of each service to be provided under that plan within broad federal guidelines including: (1) Amount, duration, and scope. Each covered service must be sufficient in amount, duration, and scope to reasonably achieve its purpose. (2) Comparability. With certain exceptions, services available to any categorically needy beneficiary in a state must be equal in amount, duration, and scope to those available to any other categorically needy beneficiary in the state. Similarly, services available to any medically needy beneficiary in a state must be equal in amount, duration, and scope to those available to any other medically needy beneficiary in the state, (3) Statewideness. State plan services must be covered throughout an entire state, and (4) Freedom of choice. With certain exceptions, a state's Medicaid plan must allow recipients freedom of choice among health care providers or managed care entities participating in Medicaid.

States may generally impose nominal cost-sharing on beneficiaries, with certain exceptions. They are precluded from imposing cost sharing on services for children under 18, services related to pregnancy, family planning or emergency services, services provided to nursing facility residents who are required to spend all of their income for medical care except for a personal needs allowance, and services furnished to individuals receiving hospice care. States may require nominal copayments, coinsurance, or deductibles within federal limits from other beneficiaries or for other services. Beneficiaries may be charged only one type of cost sharing per service. Providers may collect cost sharing amounts from beneficiaries and generally are not to be reimbursed by the state if they are unsuccessful in collecting cost sharing from beneficiaries. Providers generally may not deny services if beneficiaries are unable to pay cost sharing amounts.

For the most part, states establish their own rates to pay Medicaid providers for services. By regulation these rates must be sufficient to enlist enough providers so that covered services will be available to Medicaid beneficiaries at least to the extent they are available to the general population in a geographic area. All providers are required to accept payments under the program as payment in full for covered services except where states require nominal cost-sharing by beneficiaries.

Senate Bill

No provision.

House Bill

The House bill would require the Secretary of HHS to establish no more then 10 demonstration programs within Medicaid for health opportunity accounts (HOA), effective January 1, 2006. While demonstration programs described in the House bill have some of the elements of a Section 1115 demonstration waiver, ''Health Opportunity Accounts,'' as defined by the provision, are not explicitly authorized under current law.

If successful during the initial 5-year test period, other demonstrations would be approved. HOAs would be used to pay (via electronic funds transfers) health care expenses specified by the state; payments could be restricted to licensed or otherwise authorized providers as well as to items and services that are medically appropriate or necessary. Eligibility for HOAs would be determined by the state, though individuals age 65 or older, or who are disabled, pregnant, or receiving terminal care or long-term care, would be among those who would be precluded from participating. Once account holders were no longer eligible for Medicaid they could continue to make HOA withdrawals under state-specified conditions, though accounts could then also be used to pay for health insurance or, at state option, for job training or education. Among other things, state demonstration programs would have to make patients aware of the high cost of medical care,

provide incentives for them to seek preventive care, and reduce inappropriate uses of health care.

Demonstration participants would have both an HOA and coverage for medical items and services that, after an annual deductible is met, were available under the existing Medicaid state plan and/or Section 1115 waiver authorities. HOA contributions could be made by the state or by other persons or entities, including charitable organizations. Including federal shares, state contributions generally could not exceed $2,500 for each adult and $1,000 for each child.

Demonstration participants would be required to meet an annual deductible before they would be permitted to access coverage for medical items and services available under the existing Medicaid state plan and/or Section 1115 waiver authorities. The deductible would have to be at least 100%, but no more than 110%, of the annual state contributions to the HOA. Both the deductible and the maximum for out-of-pocket cost-sharing could vary among families. The deductible need not apply to preventive care.

The House bill would require demonstration participants to be able to obtain services from Medicaid providers or managed care organizations at the same payment rates that would be applicable if the coverage deductible did not apply, or from any provider for payment rates not exceeding 125% of those rates.

Conference Agreement

The House bill is agreed to with the following modifications. The conference agreement requires the Secretary of HHS to establish no more then 10 demonstration programs within Medicaid for health opportunity accounts (BOA), effective January 1, 2007. If successful (based on cost-effectiveness, quality of care and other Secretary-specified criteria) during the initial 5-year test period, such demonstrations may be extended or made permanent, and other demonstrations may be approved. Not later than 3 months prior to the end of the initial 5-year test period, the conference agreement requires the Comptroller General of the Unites States to submit an evaluation of the demonstration programs to Congress.

HOAs are used to pay (via electronic funds transfers) health care expenses specified by the state; payments could be restricted to licensed or otherwise authorized providers as well as to items and services that are medically appropriate or necessary. Eligibility for HOAs is determined by the state, though individuals age 65 or older, or who are disabled, pregnant, or receiving terminal care or long-term care, are among those who are precluded from participating. Once account holders are no longer eligible for Medicaid they may continue to make HOA withdrawals under state-specified conditions for a period of three years, though no additional account contributions will be made and the account balances will be reduced by 25%. For ineligible individuals who participated in the demonstration program for at least one year, accounts could then also be used to pay for health insurance or, at state option, for additional expenditures such as job training or education. The conference agreement adds a 1-year moratorium for reenrollment, whereby eligible individuals disenrolled from the state demonstration programs are not permitted to reenroll for a full year from such individual's disenrollment date. Among other things, state demonstration programs are required to make patients aware of the high cost of medical care, provide incentives for them to seek preventive care, and reduce inappropriate uses of health care.

The conference agreement requires demonstration participants have both an HOA and coverage for medical items and services that, after an. annual deductible is met, are available under the existing Medicaid state plan and/or Section 1115 waiver authorities. HOA contributions could be made by the state or by other persons or entities, including charitable organizations as permitted under current law. Including federal shares, state contributions generally may not exceed $2,500 for each adult and $1,000 for each child.

The conference agreement requires demonstration participants to meet an annual deductible before they are permitted to access coverage for medical items and services available under the existing Medicaid state plan and/or Section 1115 waiver authorities. The deductible must be at least 100%, but no more than 110%, of the annual state contributions to the HOA without regard to state-specified limits on the HOA balance. Both the deductible and the maximum for out-of-pocket cost-sharing could vary among families. The deductible need not apply to preventive care.

The conference agreement requires demonstration participants to be able to obtain services from Medicaid providers, or Medicaid managed care organizations at the same payment rates that are applicable if the coverage deductible did not apply, or from any other provider or managed care organization at payment rates not exceeding 125% of such Medicaid provider payment rates. The conference agreement requires that the payment rates for Medicaid providers or managed care organizations be computed without regard to any cost sharing that are otherwise applicable under current law (as modified by the conference agreement).

State Option to Establish Non-emergency Medical Transportation Program {Section 6084 of the Conference Agreement, no provision in the Senate Bill, and Section 3125 of the House Bill)

Current Law

Federal regulations require states to ensure necessary transportation for beneficiaries to and from providers. When states offer transportation as an optional benefit, federal reimbursement uses the federal assistance medical percentage (FMAP) rate which varies by state and ranges from 50% to 83%. FMAP reimbursement is only available if transportation is furnished by a provider to whom a direct payment can be made. Beneficiaries must have freedom of choice among transportation providers and such services must be equal in amount, duration and scope for all beneficiaries classified as categorically needy (CN). This comparability requirement also applies among medically needy (MN) groups. Other arrangements, such as payments to a broker who manages and pays transportation vendors, must be claimed as an administrative expense rather than as a benefit. Such costs are reimbursed by the federal government at 50%, and fewer federal requirements must be met.

Senate Bill

No provision.

House Bill

The House bill would allow states to establish a non-emergency medical transportation brokerage program for beneficiaries who need access to medical care but have no other means of transportation. The state would not be required to provide comparable services for all Medicaid enrollees, nor freedom of choice among providers. The program would include wheelchair van, taxi, stretcher car, bus passes and tickets, and other transportation methods deemed appropriate by the Secretary, and could be conducted under contract with a broker who: (1) is selected through a competitive bidding process that assesses the broker's experience, references, qualifications, resources and costs; (2) has oversight procedures to monitor beneficiary access and complaints and to ensure that transport personnel are licensed, qualified, competent and courteous; (3) is subject to regular auditing by the state to ensure quality of services and adequacy of beneficiary access to medical care; and (4) complies with requirements related to prohibitions on referrals and conflict of interest established by the Secretary. These provisions would be effective upon enactment.

The Office of the Inspector General (OIG) of DHHS would be required to submit a report to Congress examining the non-emergency medical transportation brokerage program implemented under this provision no later than January 1, 2007. This report must include findings regarding conflicts of interest and improper utilization of transportation services under this program, as well as recommendations for improvements.

Conference Agreement

The conference agreement includes the House bill, and specifies that non-emergency medical transportation brokerage programs do not have to be available statewide.

Extension of Transitional Medical Assistance (TMA) and Abstinence Education Program (Section 6085 of the Conference Agreement, no provision in the Senate Bill, no provision in the House Bill)

Current Law

States are required to continue Medicaid benefits for certain low-income families who would otherwise lose coverage because of changes in their income. This continuation of benefits is known as transitional medical assistance (TMA). States are currently required to provide TMA to families losing eligibility for Medicaid under two scenarios: one related to child or spousal support, and one related to work.

First, under 1931(c) of the Social Security Act, states must provide four months of TMA coverage to families losing Medicaid eligibility due to increased child or spousal support. This is a permanent provision of law with no sunset date.

Second, states are required to provide TMA to families losing Medicaid eligibility for work-related reasons. While Section 1902(e)(1) of the Social Security Act permanently requires states to provide four months of TMA to families losing Medicaid eligibility due to an increase in hours of work or income from employment, the Family Support Act (FSA) of 1988 expanded state TMA requirements under Section 1925 of the Social Security Act. As a result, states are currently required to provide at least six, and up to 12, months of TMA coverage to families losing Medicaid eligibility due to increased hours of work or income from employment, as well as to families who lose eligibility due to the loss of a time-limited earned income disregard (such disregards have the effect of increasing the income level at which a family may qualify for Medicaid). FSA originally authorized Section 1925 to replace the four-month requirement in Section 1902(e)(1) through FY1998. However, the sunset date for Section 1925 has been extended a number of times, most recently through December 31, 2005.

Under Section 510 of the Social Security Act, federal law appropriated $50 million annually for each of the fiscal years 1998–2003 for matching grants to states to provide abstinence education and, at state option, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on groups that are most likely to bear children out-of-wedlock. Funds must be requested by states when they apply for

Maternal and Child Health Services (MCR) Block Grant funds and must be used exclusively for the teaching of abstinence. States must match every $4 in federal funds with $3 in state funds.

A state's allotment of abstinence education block grant program funding is based on the proportion of low-income children in the state as compared to the national total. Funding for the abstinence education block grant has been extended through December 31, 2005 by temporary extension measures.

Senate Bill

No provision.

House Bill

No provision.

Conference Agreement

The conference agreement extends TMA under Section 1925 of the Social Security Act through December 31, 2006. It also extends the $50 million annual appropriation for the abstinence education block grant program through fiscal year 2006 and provides an additional $12.5 million for the program for the first quarter of fiscal year 2007 (i.e., through December 31, 2006).

Emergency Services Furnished by Non-Contract Providers for Medicaid Managed Care Entities (Section 6086 of the Conference Agreement, no provision in the Senate Bill, and Section 3147 of the House Bill)

Current Law

Medicaid law provides certain protections for beneficiaries enrolled in managed care, including assuring coverage of emergency services under each managed care contract awarded by the state.

Senate Bill

No provision.

House Bill

A Medicaid provider that does not have a contract with a Medicaid managed care entity (MCE) that furnishes emergency care to a beneficiary enrolled with that MCO must accept as payment in full the amount otherwise applicable outside of managed care (e.g., in the fee-for-service setting) minus any payments for indirect costs of medical education and direct costs of graduate medical education. The effective date of this provision would be January 1, 2007.

Conference Agreement

The conference agreement includes the House bill, but clarifies that the fee-for-service rate is the maximum payment rate. Also, in a state where rates paid to hospitals under the state plan are negotiated by contract and not publicly released, the payment amount applicable under this provision must be the average contract rate that would apply under the state plan for general acute care hospitals or the average contract rate that would apply under the plan for tertiary hospitals.

Subtitle B—SCHIP

Additional allotments to eliminate fiscal year 2006 funding shortfalls (Section 6101 Subsection a of the Conference Agreement, Section 6051 Subsection a of the Senate Bill, and no provision in the House Bill)

Current Law

In general, funds for the SCHIP program are authorized and appropriated for FY1998 through FY2007. From each year's appropriation, a state is allotted an amount detennined by a formula set in law. Federal funds not drawn from a state's allotment by the end of each fiscal year continue to be available to that state for two additional fiscal years. At the end of the three-year period, unspent funds from the original allotment are reallocated in ways that vary depending on the fiscal year. The original SCHIP law, (i.e., BBA97), specifies that only those states that spend all of their original allotment by the applicable three-year deadline would receive redistributed funds from the other states' unspent allotments, based on a process determined by the Secretary of Health and Human Services (HHS); and these redistributed funds would be available for one year. However, later laws (i.e., P.L. 106–554 and P.L. 108–74) overrode how the reallocation of unspent FY1998 to FY2001 original allotments would occur. The redistribution of unspent FY2002 SCHIP original allotments was determined by the Secretary of HHS in accordance with the default redistribution provision in BBA97.

Under current law, unspent original allotments from FY2003 forward are to be redistributed according to the original BBA97 methodology. That is, redistributed funds will go only to those states that spend all of their original allotments by the applicable three-year deadline, with the redistributed amounts determined by the Secretary of HHS and made available for one year only.

Senate Bill

In general, the Senate bill would reduce the period of availability of the FY2004 and FY2005 original allotments from three years to two, and would specify rules for the reallocation of unspent FY2003, FY2004, and FY2005 SCHIP original allotments. The reallocated FY2003 and FY2004 funds would be available in FY2006; the reallocated FY2005 funds would be available in FY2007.

In FY2006, the Senate bill would require that unspent FY2003 original allotments remaining at the end of FY2005 (after a set-aside of 1.05% of the total unspent FY2003 funds for the territories) would be redistributed to states with an initial projected FY2006 shortfall. The initial projected shortfall is the amount by which a state's estimated federal SCHIP expenditures in FY2006 would exceed the amounts available from the state's FY2005 and FY2006 original allotments. Each state with an initial projected shortfall would receive a portion of the available unspent FY2003 original allotments in proportion to its contribution to the total pool of such shortfalls. From the 1.05% territory set-aside, each territory would receive an amount in proportion to its contribution to the total pool of FY2003 original allotments for the territories.

Also in FY2006, the Senate bill would require that the territories receive a set-aside of 1.05% of the total unspent FY2004 original allotments available at the end of FY2005. Described states would be permitted to extend the use of their unspent FY2004 original allotments in an amount equal to the shortfall still remaining after receiving redistributed FY2003 funds. Described states would be defined as states that: (1) spent all FY2003 original allotments by the end of FY2005, (2) did not spend all of their FY2004 original allotment by the end of FY2005, and (3) reported an initial projected FY2006 shortfall. After the set-aside for the territories as well as the reduction of FY2004 extended funds for the described states, the remaining unspent FY2004 funds would be available to states with a net projected FY2006 shortfall, defined as each state's initial projected shortfall reduced by the redistributed FY2003 funds it received and by the extended FY2004 funds if it is a described state. Each state with a net projected shortfall would receive a redistribution of FY2004 funds to cover its net projected shortfall. Any remaining FY2004 unspent original allotments would then be extended proportionally to states that did not spend their FY2004 allotments by the end of the two-year period of availability. From the 1.05% territory set-aside, each territory would receive an amount in proportion to its contribution to the total pool of FY2004 original allotments for the territories.

In FY2007, the Senate bill would require that the territories receive a set-aside of 1.05% of the total unspent FY2005 original allotments available at the end of FY2006. Described states would be permitted to extend the use of their unspent FY2005 original allotments in an amount equal to their initial projected FY2007 shortfall. The initial projected shortfall is the amount by which a state's estimated federal SCHIP expenditures for FY2007 exceeds the amount available from the state's FY2006 and FY2007 original allotments. Described states would be defined as states that: (1) did not spend all of their FY2005 original allotment by the end of FY2006, and (2) reported an initial projected FY2007 shortfall. After the set-aside for the territories as well as the reduction of FY2005 extended funds for the described states, the remaining unspent FY2005 funds would be available to states with a net projected FY2007 shortfall, described as each state's initial projected shortfall reduced by the extended FY2005 funds for the described states. Each state with a net projected shortfall would receive a redistribution of FY2005 funds to cover its net projected shortfall or, if the remaining funds are inadequate to cover the FY2007 projected shortfalls, a portion of the available unspent FY2005 original allotments in proportion to the state's contribution to the total shortfall pool. If any FY2005 unspent original allotments remain, they would then be extended proportionally to states that did not spend their FY2005 allotments by the end of the two-year period of availability. From the 1.05% territory set-aside, each territory would receive an amount in proportion to its contribution to the total pool of FY2005 original allotments for the territories.

To calculate the amounts available for redistribution and retention in each formula described above, the Secretary would use expenditures reported by states not later than November 30, 2005, for the FY2003and FY2004 redistributions, and November 30, 2006, for the FY2005 redistribution. To calculate states with projected shortfalls in each formula described above, the Secretary would use projected expenditures reported by the states not later than September 30, 2005, for the FY2003 and FY2004 redistributions, and not later than September 30, 2006, for the FY2005 redistribution. This provision of the Senate bill would be effective upon enactment of this Act.

House Bill

No provision.

Conference Agreement

Out of money not otherwise available in the Treasury, the conference agreement authorizes and appropriates $283 million for the purpose of providing additional SCHIP allotments to shortfall states in FY2006. The conference agreement defines shortfall states as those with an approved SCHIP plan for which (based on the most recent SCHIP data as of December 16, 2005 the Secretary estimates that such state's FY2006 projected expenditures exceed the sum of all funds available for expenditure by that state in FY2006 including: (1) the amount of such state's FY2004 and FY2005 original allotments that will not be expended in FY2005; (2) the amount, if any, that is redistributed to such state during FY2006; and (3) the amount of such state's FY2006 original allotment. From the additional SCHIP appropriation, each FY2006 shortfall state would receive an allotment to cover its projected shortfall or, if the appropriated funds are inadequate to cover the FY2006 projected shortfalls, the

Secretary shall distribute the available funds on a pro rata basis based on each such state's estimated shortfall. Such additional SCHIP allotments are available for one year only. On October 1, 2006, any remaining unspent additional allotments will not be subject to redistribution, but will instead revert to the Treasury.

The conference agreement limits the types of payments that may be matched at the SCHIP enhanced matching rate for SCHIP expenditures drawn against the additional FY2006 appropriation available to shortfall states to include child health assistance payments made on behalf of targeted low-income children. The amendments made by this section of the conference agreement apply to items and services furnished on or after October 1, 2005, without regard to whether or not regulations implementing such amendments have been issued.

Prohibition against covering nonpregnant childless adults with SCHIP funds (Section 6102 of the Conference Agreement, and Section 6053 of the Senate Bill)

Current Law

Section 1115 of the Social Security Act gives the Secretary of HHS broad authority to modify virtually all aspects of the Medicaid and SCHIP programs. Under Section 1115, the Secretary may waive requirements in Section 1902 (usually, freedom of choice of provider, comparability, and statewideness). For SCHIP, no specific sections or requirements are cited as ''waive-able.'' SCHIP statute simply states that Section 1115, pertaining to research and demonstration projects, applies to SCHIP.

With respect to SCHIP, the Clinton Administration issued a July 31, 2000, letter regarding treatment of adults. While this Administration was supportive of using the 1115 authority to expand SCHIP to parents of Medicaid or SCHIP-eligible children, as well as to certain pregnant women, it opposed coverage of childless adults. Under the Bush Administration, the Health Insurance Flexibility and Accountability (HIFA) Initiative was implemented using the 1115 waiver authority. The initiative was created to encourage states to increase the number of individuals with health insurance coverage (including childless adults) within current program resources.

Senate Bill

The Senate bill would limit the Secretary of Health and Human Services's Section 1115 waiver authority by prohibiting the approval of new waiver, experimental, pilot, or demonstration projects that allow federal SCHIP funds to be used to provide child health assistance or other health benefits coverage to nonpregnant childless adults. The provision would allow the Secretary to continue to approve projects that expand the SCHIP program to caretaker relatives of Medicaid or SCHIP-eligible children (as defined under Section 1931 of Medicaid statue), and to pregnant adults. Finally, the provision would allow for the continuation of existing Medicaid or SCHIP waiver projects (and/or extensions, amendments, or renewals to such projects) affecting federal SCHIP funds that had been approved under the Section 1115 waiver authority before the date of enactment of this Act. This provision would be effective upon the enactment of this Act.

House Bill

No provision.

Conference Agreement

The Senate bill is agreed to.

Continued authority for qualifying states to use certain funds for Medicaid expenditures. (Section 6103 of the Conference Agreement, Section 6054 of the Senate Bill, and no provision in the House Bill)

Current Law

Current law permits qualifying states (i.e., states that on or after April 15, 1997, had an income eligibility standard for children, other than infants, of at least 184% of the FPL.—Other qualifications also apply to states with statewide waivers under Section 1115 of the Social Security Act.) to receive the SCHIP enhanced federal matching rate for the coverage of certain children enrolled in regular Medicaid. Specifically, for services delivered to Medicaid beneficiaries under the age of 19 who are not otherwise eligible for SCHIP and have family income that exceeds 150% of the FPL, federal SCHIP funds can be used to pay the difference between the SCHIP enhanced federal matching rate and the regular Medicaid federal matching rate. The maximum amount that qualifying states may claim under this allowance is the lesser of the following two amounts: (1) 20% of the state's available FY1998 through FY2001 original SCHIP allotments; and (2) the state's balance (calculated quarterly) of any available FY1998 to FY2001 federal SCHIP funds (original allotments or reallocated funds). If there is no balance, states may not claim 20% spending. No 20% spending will be permitted in FY2006 or any fiscal year thereafter.

House Bill

No provision.

Senate Bill

The Senate bill would continue the authority for qualifying states to apply federal SCHIP matching funds toward the coverage of certain children enrolled in regular Medicaid (not an SCHIP Medicaid expansion). Specifically, the bill would allow qualifying states to use any available FY2004 and FY2005 SCHIP funds (i.e., FY2005 original allotments, and/or FY2004 and FY2005 retained allotments or redistributed funds, as the case may be) for such Medicaid services made on or after October 1, 2005 under the 20% allowance. This provision of the Senate bill would be effective on or after October 1, 2005.

Conference Agreement

The Senate bill is agreed to.

Use of Redistributed Funds for Child Health Assistance for Targeted Low-income Children (No provision in the Conference Agreement, ''Section 6051—Subsection b of the Senate Bill, and no provision in the House Bill)

Current Law

Like Medicaid, SCHIP is a federal-state matching program. For each dollar of state spending, the federal government makes a matching payment drawn from SCHIP accounts. The federal government contributes more toward the coverage of individuals in SCHIP than it does for those covered under Medicaid. All SCHIP assistance for targeted low-income children, including claims submitted to and approved by CMS for expenditures under the Section 1115 waiver authority, are matched at the enhanced federal medical assistance percentage (enhanced-FMAP).

Title XXI of the Social Security Act specifies that federal SCHIP funds can be used for child health assistance that meets certain requirements. Apart from these benefit payments, SCHIP payments at the enhanced FMAP rate for four other specific health care activities can be made, including: (1) other child health assistance for targeted low-income children; (2) health services initiatives to improve the health of targeted low-income children and other low-income children; (3) outreach activities; and (4) other reasonable administrative costs.

Senate Bill

The Senate bill would limit the types of payments that could be matched at the SCHIP enhanced matching rate for SCHIP expenditures drawn against the FY2003, FY2004, and FY2005 redistributed funds available to shortfall states. Specifically, the Senate bill would require the federal government to make matching payments at the SCHIP enhanced matching rate for child health assistance payments made on behalf of targeted low-income children. However, expenditures drawn against the FY2003, FY2004, and FY2005 redistributed SCHIP funds would occur at the regular Medicaid FMAP rate for all other approved SCHIP expenditures, consisting of the following: (1) benefit expenditures for adults (other than pregnant women) approved under the Section 1115 waiver authority; (2) health services initiatives to improve the bealth of targeted low-income children and other low-income children: (3) outreach activities; and (4) other reasonable administrative costs.

House Bill

No provision.

Conference Agreement

The conference agreement does not include this provision.

Authority to Use up to 10 Percent of Fiscal Year 2006 and 2007 Allotments for Outreach (No provision in the Conference Agreement, Section 6052 of the Senate Bill, and no provision in the House Bill)

Current Law

In general, Title XXI of the Social Security Act specifies that federal SCHIP funds can be used for child health assistance that meets certain requirements. Apart from these benefit payments, SCHIP payments at the enhanced FMAP rate can be made for the following four specific health care activities: (1) other child health assistance for targeted low-income children; (2) health services initiatives to improve the health of targeted low-income children and other low-income children; (3) outreach activities; and (4) other reasonable administrative costs. For a given fiscal year, payments for these four specific health care activities cannot exceed 10% of the total amount of expenditures for SCHIP insurance benefits and other specific health care activities combined. The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) created a special rule for the redistribution of unspent FY1998 and FY1999 original allotments. Under BIPA, states that did not use all of their original allotments for the year were permitted to use up to 10% of their retained FY1998 funds for outreach activities. This allowance is over and above spending for such activities under the general administrative cap, described above.

Senate Bill

The Senate bill would allow states to use up to 10% of their FY2006 and FY2007 original allotments for expenditures on outreach activities incurred during FY2006 and FY2007 respectively. This allowance would be over and above spending for such activities under the general administrative cap described under current law. Outreach activities would include: (1) activities to promote the coordination of the administration of SCHIP with other public and private health insurance programs; and (2) strategies to market the program to the target population and to simplify and expedite the eligibility determination and enrollment process. This provision would be effective upon enactment of this Act.

House Bill

No provision.

Conference Agreement

The conference agreement does not include this provision.

Grants to Promote Innovative Outreach and Enrollment Under Medicaid and SCHIP (No provision in the Conference Agreement, Section 6055 of the Senate Bill, and no provision in the House Bill)

Current Law

The federal and state governments share in the costs of both Medicaid and SCHIP, based on formulas defining the federal contribution in federal law. States are responsible for the nonfederal share, using state tax revenues, for example, but can also use local government funds to comprise a portion of the non-federal share. Generally, the non-federal share of costs under Medicaid and SCHIP cannot be comprised of other federal funds.

Under Medicaid, there are no caps on administrative expenses that may be claimed for federal matching dollars. Title XXI specifies that federal SCHIP funds can be used for SCHIP health insurance coverage, called child health assistance that meets certain requirements. Apart from these benefit payments, SCHIP payments for four other specific health care activities can be made, including: (1) other child health assistance for targeted low-income children; (2) health services initiatives to improve the health of SCHIP children and other low-income children; (3) outreach activities; and (4) other reasonable administrative costs. For a given fiscal year, payments for other specific health care activities cannot exceed 10% of the total amount of expenditures for SCHIP benefits and other specific health care activities combined.

Senate Bill

The Senate bill would establish a new grant program under SCHIP to (1) finance outreach and enrollment efforts to increase participation of eligible children in both SCHIP and Medicaid, and (2) promote understanding of the importance of health insurance coverage for prenatal care and children. The Secretary would be permitted to reserve a portion of the grant funds for the purpose of awarding performance bonuses to eligible entities (defined below) that meet enrollment goals or other criteria established by the Secretary.

In awarding grants, the Secretary would be required to give priority to: (1) entities that propose to target geographic areas with high rates of eligible but not enrolled children, or racial and ethnic minorities and health disparity populations, and (2) entities targeting the same populations that are federal health safety net organizations (defined below) or faith-based organizations or consortia. Of the funds appropriated for this grant program (see below), 10% would be set aside for grants to certain Indian health care providers for outreach and enrollment of Indian children. These Indian health care providers would include the Indian Health Service (IRS) and Urban Indian Organization (UIO) providers that receive funds under Title V of the Indian Health Care Improvement Act.

The Senate bill would require entities seeking a grant to submit an application to the Secretary containing information on the quality and outcome performance measures to be used to evaluate the effectiveness of grant activities to ensure that these activities are meeting their goals. In addition, the application must provide assurances that the entity would: (1) conduct an assessment of the effectiveness using such performance measures, and (2) collect and report enrollment data and other information from these assessment to the Secretary in a form and manner as required by the Secretary.

The Senate bill would require the Secretary to disseminate to eligible entities and make publicly available the enrollment data and information collected and reported by grantees. The Secretary would also be required to submit an annual report to Congress on the funded outreach activities.

The Senate bill would require that federal funds awarded under this new grant be used to supplement, not supplant, non-federal funds that are otherwise available for these grant activities.

Specific definitions would be applicable to the new grant program. Five types of entities would be eligible to receive these grants, including: (1) state or local governments, (2) federal health safety net organizations, (3) national, local or community-based public or nonprofit private organization, (4) faith-based organizations or consortia, to the extent that a grant awarded to such an entity is consistent with the requirements of Section 1955 of the Public Health Service Act (relating to grant awards to non-governmental entities), and (5) elementary or secondary schools. Federal health safety net organizations include a number of different types of entities, including for example: (1) Indian tribes, tribal organizations, UIOs and IHS providers, (2) federally qualified health centers, (3) hospitals that receive disproportionate share hospital (DSH) payments, (4) entities described in Section 340B(a)(4) of the Public Health Service Act (e.g., certain family planning projects, certain grantees providing early intervention services for HIV disease, certain comprehensive hemophilia diagnostic treatment centers, and certain Native Hawaiian health centers), and (5) any other entity that serves children under a federally-funded program, including the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Head Start programs, school lunch programs, and elementary or secondary schools.

The Senate bill would appropriate $25 million for fiscal year 2007 for these grants. These grants would be in addition to existing SCHIP appropriations, and would not be subject to restrictions on expenditures for outreach activities under current law.

These provisions would be effective with the FY2007 appropriation for this new grant program.

House Bill

No provision.

Conference Agreement

The conference agreement does not include this provision.

Subtitle C—Katrina Relief

Additional Federal Payments Under Hurricane-Related Multi-State Section 1115 Demonstrations (Section 6201 of the Conference Agreement, Sections 6032 and 6071 of the Senate Bill, and Sections 3100 and 3201 of the House Bill)

Current Law

The federal medical assistance percentage (FMAP) is the rate at which states are reimbursed for most Medicaid service expenditures. It is based on a formula that provides higher reimbursement to states with lower per capita incomes relative to the national average (and vice versa); it has a statutory minimum of 50% and maximum of 83%. An enhanced FMAP is available for both services and administration under SCHIP, subject to the availability of funds from a state's SCHIP allotment. In order for a state to receive federal Medicaid or SCHIP reimbursement, it must have in effect a state plan approved by the Secretary of HHS that meets requirements set forth in federal statute and regulations.

Using an application template developed by the Centers for Medicare and Medicaid Service within HHS, a number of states (17 as of December 15, 2005) have been granted waivers under Section 1115 of the Social Security Act to provide Medicaid and SCHIP services to certain individuals affected by Hurricane Katrina (these waivers are referred to as being part of a multistate demonstration project). For purposes of FMAP reimbursement, Section 1115 waivers are deemed to be part of a state's Medicaid or SCHIP state plan (i.e., its ''regular'' Medicaid or SCHIP program).

All of the waivers granted thus far under the Hurricane Katrina multi-state Section 1115 demonstration create a temporary eligibility period, not to exceed five months, during which certain Hurricane Katrina evacuees will be granted access to Medicaid and SCHIP services in the host state (i.e., the state that has been granted a Section 1115 waiver) based on simplified eligibility criteria. In addition to creating temporary Medicaid or SCHIP eligibility for evacuees, waivers for some states also create an uncompensated care pool that may be used through January 31, 2006, to augment Medicaid and SCHIP services for evacuees and to reimburse providers that incur uncompensated care costs for uninsured evacuees who do not qualify for Medicaid or SCHIP.

Disaster declarations were issued in the wake of Hurricane Katrina pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, which authorizes the President to issue such declarations to speed a wide range of federal aid—including individual assistance (e.g., housing for individuals and families) and public assistance (e.g., repair of community infrastructure)—to states determined to be overwhelmed by hurricanes or other catastrophes. The Federal Emergency Management Agency (FEMA) makes the decision as to when a major disaster or emergency is ''closed out'' for administrative purposes.

Senate Bill

Under the Senate bill, for items and services furnished during the period August 28, 2005 through May 15, 2006, states would receive 100% FMAP reimbursement for Medicaid and SCHIP assistance provided to individuals who resided during the week preceding Hurricane Katrina in one of the parishes of Louisiana or counties of Mississippi and Alabama specified in the bill. Costs directly attributable to related administrative activities would also be reimbursed at 100%.

A separate provision would allow the state of Louisiana, Mississippi, or Alabama to elect to not have the Medicaid subtitle of the bill apply with respect to the state during any period for which a major disaster declared in accordance with the Stafford Act with respect to a parish (in the case of Louisiana) or a county (in the case of Mississippi or Alabama) as a result of Hurricane Katrina is in effect.

House Bill

Under the House bill, for items and services furnished during the period August 28, 2005 through May 15, 2006, states would receive 100% FMAP reimbursement for Medicaid and SCHIP assistance provided to: (1) any individual residing in a parish of Louisiana, a county of Mississippi, or a major disaster county of Alabama and (2) individuals who resided during the week preceding Hurricane Katrina in a parish or county for which a major disaster has been declared as a result of the hurricane and for which the President has determined, as of September 14, 2005, warrants individual assistance under the Stafford Act. Costs directly attributable to related administrative activities would also be reimbursed at 100%.

A separate provision would allow the Medicaid subtitle of the bill to not apply during

the 11-month period beginning September 1, 2005, to individuals entitled to Medicaid assistance by reason of their residence in a parish of Louisiana or a county of Mississippi or Alabama for which a major disaster has been declared as a result of Hurricane Katrina and for which the President has determined, before September 14, 2005, warrants individual and public assistance under the Stafford Act.

Conference Agreement

The conference agreement appropriates $2 billion (in addition to any funds made available for the National Disaster Medical System under the Department of Homeland Security for health care costs related to Hurricane Katrina) for use by the Secretary of HHS to pay eligible states (those who have provided care to affected individuals or evacuees under a Section 1115 project) for the following purposes:

- the non-federal share of expenditures for health care provided to affected individuals (those who reside in a major disaster area declared as a result of Hurricane Katrina and continue to reside in the same state) and evacuees (affected individuals who have been displaced to another state) under approved multi-state Section 1115 demonstration projects;
- reasonable administrative costs related to such projects;
- the non-federal share of expenditures for medical care provided to individuals under existing Medicaid and SCHIP state plans; and
- other purposes, if approved by the Secretary, to restore access to health care in impacted communities.

The non-federal share paid to eligible states shall not be regarded as federal funds for purposes of Medicaid matching requirements. No payment obligations may be incurred under approved multi-state Section 1115 projects for costs of: (1) health care provided as Medicaid or SCHIP medical assistance incurred after June 30, 2006 and (2) uncompensated care or services and supplies beyond those included as Medicaid or SCHIP medical assistance incurred after January 31, 2006.

State High Risk Health Insurance Pool Funding (Section 6202 of the Conference Agreement, no provision in the Senate Bill, and Section 3202 of the House Bill)

Current Law

A majority of states have established high-risk health insurance pool programs as one approach to reduce the number of uninsured persons. These programs target individuals who cannot obtain or afford health insurance in the private health insurance market, primarily because of pre-existing health conditions. Many states also use their high-risk pools to provide access to health insurance to individuals eligible under the guaranteed issue and portability provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, P.L. 104–191). In general, high-risk pools are operated through state-established nonprofit organizations that contract with private insurance companies to collect premiums, administer benefits, and pay claims. These programs tend to be small and enroll a small percentage of the uninsured. As of December 2004, 33 states operate high risk health insurance pool programs. Authorizing legislation for federal funding of these pools expired September 30, 2005.

Senate Bill

No provision.

House Bill

The House bill would amend the Public Health Service Act to reauthorize federal funding for state high risk health insurance pools. For FY2006, it would provide $90 million in appropriations for grants to states to be used to cover up to 50% of operating expenses of existing state high risk pools.

Conference Agreement

The conference agreement would appropriate, for FY2006, $75 million for the losses incurred by a State in connection with the operation of their qualified high risk pool. There is also $15 million in FY2006 appropriated to fund seed grants to States to create, and initially fund, a high risk pool. This funding will also apply upon the enactment of the State High Risk Pool Funding Extension Act of 2005.

Recomputation of HPSA, MUA, and MUP Designations Within Hurricane Katrina Affected Areas (No provision in the Conference Agreement, no provision in the Senate Bill, and Section 3203 of the House Bill)

Current Law

The Public Health Service Act provides for the designation of areas underserved by healthcare personnel, providing federal loans, scholarships and grants to improve the distribution of health care workers. The program is authorized through 2006.

Senate Bill

No provision.

House Bill

The House bill would direct the Secretary of HHS to review all such shortage designations in Hurricane Katrina declared disaster areas (pursuant to the Stafford Act), considering potential new shortages of health care workers.

Conference Agreement

No provision.

Waiver of Certain Requirements Applicable to the Provision of Health Care in Areas Impacted by Hurricane Katrina (No provision in the Conference Agreement, no provision in the Senate Bill, and Section 3204 of the House Bill)

Current Law

The Public Health Service Act establishes requirements for federally qualified health centers and personnel in the National Health Service Corps. Programs are authorized through 2006.

Senate Bill

No provision.

House Bill

The House bill would direct the Secretary of HHS to relax certain requirements for the conduct of federally qualified health centers, and National Health Service Corps personnel staffing them, in areas directly affected by Hurricane Katrina, or indirectly affected by hosting large numbers of evacuees.

Conference Agreement

No provision.

House Bill

Section 7001 temporarily increases the vessel tonnage fees paid by vessels arriving in the United States. Specifically, section 7001 increases the vessel tonnage fees paid by vessels arriving in the U.S. from a place in North America, Central America, the West India Islands, the Bahama Islands, and Newfoundland, and by certain vessels returning from a ''voyage to nowhere.'' The fees are increased from 2 cents per ton, not to exceed 10 cents per ton in a single year, to 4.5 cents per ton, not to exceed 22.5 cents per ton in a single year. In addition, section 7001 increases the vessel tonnage fees paid by vessels arriving from a foreign port anywhere else in the world from 6 cents per ton, not to exceed to 30 cents per ton, to 13.5 cents per ton, not to exceed 67.5 cents per ton in a single year. These increased rates will be in effect for fiscal years 2006 through 2010.

TITLE VII.—HOUSE COMMITTEE ON WAYS AND MEANS

TANF—Temporary Assistance for Needy Families (Subtitle A)

Reauthorization of Grants

Current Law

The TANF block grant provides states with funding for a wide range of benefits and services to families with children, including cash welfare. Basic block grants are funded nationally at $16.5 billion per year. The law also provides supplemental grants to certain states funded at $319 million per year; performance bonus funds of $200 million per year for meeting program goals and $100 million per year for reducing out-of-wedlock pregnancies; contingency funds of $2 billion for states experiencing economic downturns; and a loan fund. Funding authority for the program expires December 31, 2005.

Allows up to 30% of TANF block grants to be transferred to the Child Care and Development Block Grant (CCDBG) and Social Services Block Grant (SSBG), although limit on transfers to SSBG is set at 4.25% for FY2006 and later.

House Passed Bill

Extends TANF block grant at current level through FY2010 and TANF supplemental grants at current levels through FY2009. Eliminates all bonus funds and the loan fund. (Some of these savings are used to finance grants to promote healthy marriages and responsible fatherhood, see below.) Continues a $2 billion contingency fund through FY2010.

Raises overall transfer authority to 50% of the TANF block grant, and increases maximum transfer to SSBG to 10% (level allowed in the original 1996 welfare law).

Senate Passed Bill

No provision.

Conference Report

Recede to the House, with the modification that TANF supplemental grants are authorized at their current level for three fiscal years (through FY2008). Recede to the Senate with regard to transfer authority.

Work Participation Requirements

Current Law

States are required to make an assessment of the work-readiness of TANF assistance recipients and may establish an Individual Responsibility plan for them. States are required to sanction families with a recipient who does not comply with work.

Recipients are required to visit their children's schools twice per year.

Senate Passed Bill

No provision.

Conference Report

Recede to the Senate with respect to self-sufficiency plans, sanctions, and the increase in work participation standard to 70%.

Recede to the House with regard to the caseload reduction credit, with the modification that the base year for this credit is changed to FY2005, effective October 1, 2006. Adds that families receiving assistance under separate state programs are included in the calculation of work participation rates; and the Secretary of Health and Human Services is to provide additional direction to and oversight of states related to activities that may be counted as work activities, how to count and verify reported hours of work, and determining who is a work-eligible individual, with a new penalty for states that fail to establish and maintain such improved work participation verification procedures.

Recede to the Senate on additional credits for states with large past caseload declines, hours of work, partial credits, special allowances or requirements, and changes in list of

work activities and extent to which such activities may be counted as work.

Healthy Marriage Promotion Grants

Current Law

No special grants. States may use TANF funds for activities to promote the formation and maintenance of two-parent families.

House Passed Bill

Establishes $100 million per year in matching grants and $100 million per year in demonstration grants to fund various activities to promote healthy marriages. Requires that marriage promotion activities be voluntary. Requires that grantees consult with organizations with experts in domestic violence.

Senate Passed Bill

No provision.

Conference Report

Recede to the House with the modification that the Secretary of HHS will award $150 million per fiscal year in healthy marriage promotion, responsible fatherhood, and related grants in each of FYs 2006–2010. Of this amount, up to $50 million per fiscal year may be awarded on a competitive basis for activities promoting responsible fatherhood, and up to $2 million per fiscal year is available for demonstration projects for coordination of child welfare and TANF services to tribal families at risk of child abuse or neglect.

Conference Report

Recede to the House with the modification that total child care funding will increase by $1 billion above the current level over five years, appropriating $2.917 billion in mandatory child care funding for each of FYs 2006–2010.

Child Support Enforcement (Subtitle C)

Current Law

The Child Support Enforcement (CSE) program is a federal-state program that provides the following basic services to both welfare and nonwelfare families: parent location, review and modification of child support orders, collection of child support payments, establishment of medical child support, and distribution of child support payments. The CSE program is funded with both state and federal dollars. There are four funding mechanisms. First, states spend their own money to operate a CSE program. Second, the federal government reimburses each state 66% for most of its child support enforcement activities or services. The federal government reimburses states at a higher 90% matching rate for paternity determination expenditures. Third, states collect child support on behalf of families receiving welfare benefits to reimburse themselves (and the federal government) for the cost of welfare payments to the family. Fourth, an incentive payment is given to states for operating a good program (current law requires that states reinvest incentive payments back into the CSE program or related activities).

House Passed Bill

Revises some child support enforcement collection mechanisms and add others.

Provides financial incentives to states that send more child support collected on behalf of families on welfare to the families themselves (rather than retain funds as reimbursement for welfare costs). The federal government would pay for a share of support passed through to welfare families as long as that support did not reduce the family's welfare benefit. Also gives states financing incentives to send to former welfare families more of the child support payments collected on their behalf.

Includes a provision to gradually reduce (from FY2007–FY2010) the federal matching rate for child support administrative expenditures from its current 66% to 50%. Also, prohibits the federal government from matching child support incentive payments reinvested in the CSE program.

Senate Passed Bill

No provision.

Conference Report

Recede to the House with modifications that revise child support enforcement collection mechanisms, and provide financial incentives to states that pass through more child support to current and former TANF families. Recede to the House with respect to ending federal matching of state expenditure of federal child support incentive funds, effective in FY 2008. Recede to the Senate with regard to reducing the federal administrative matching rate. Includes provision changing to 66 percent the federal matching rate for laboratory costs incurred in determining paternity, effective October 1, of the Social Security Act and determinations regarding foster care placement, termination of parental rights, and recognition of adoptions. Courts can also use these grant funds to implement changes found necessary as a result of the assessments.

House Passed Bill

Restates the federal foster care eligibility rules to effectively nullify the *Rosales* decision. Restates adoption assistance eligibility to make the same clarification and to simplify the eligibility determination.

Senate Passed Bill

No provision.

Conference Report

Recede to the House, with the modification to include (1) new funds totaling $100 million over the five-year period FY 2006–2010 for strengthening courts involved in child welfare proceedings, and (2) new funds for the Safe and Stable Families program, increasing mandatory funding to $345 million in FY 2006 (and thus totaling $200 million over the five-year period FY 2006–2010).

Limit Federal Foster Care Administrative Claims

Current Law

States may claim reimbursement for some administrative costs related to children who are at ''imminent'' risk of entering foster care. Some states, relying on prior HHS policy guidance, make additional administrative claims for children placed in unlicensed, or otherwise federally ineligible placement settings, provided the foster child meets all other federal foster care eligibility criteria.

House Passed Bill

Specifies in which cases, and for how long, states may seek reimbursement of foster care administrative costs only on behalf of otherwise federally eligible children who are living with unlicensed relatives, in another ineligible setting, or who have not yet entered foster care.

Senate Passed Bill

No provision.

Conference Report

Recede to the House.

Supplemental Security Income (Subtitle E)

Review of State Agency Blindness and Disability Determinations

Current Law

No provision.

Conference Report

Recede to the Senate.

STATEMENT OF MANAGERS

TITLE VIII—EDUCATION AND PENSION BENEFIT PROVISIONS

With respect to Section 2201 (d) of the House amendment, the managers on the Part of the House agree to request a study by the Government Accountability Office regarding the effect of the premium as provided under Section 4006(a)(7) of ERISA on persons who are a contributing sponsor of the plan or a member of such sponsor's controlled group and who has filed or has had filed against such person a petition seeking reorganization in a case under title 11 of the United States Code, or under any similar law of a State or a political subdivision of a State (or a case described in section 4041(c)(2)(B)(i) filed by or against such person and report the same to the Committees on Education and the Workforce and the Committee on the Judiciary within 18 months of enactment of this Act.

STATEMENT OF MANAGERS

LIHEAP PROVISION

The Congress finds the following:

(1) Hurricanes Katrina and Rita severely disrupted crude oil and natural gas production in the Gulf of Mexico. The Energy Information Administration estimates that as a result of these two hurricanes, the amount of shut in crude oil production nearly doubled to almost 1,600,000 barrels per day, and the amount of natural gas production shut in also doubled to about 8,000,000,000 cubic feet per day. The hurricanes also initially shut down most of the crude oil refinery capacity in the Gulf of Mexico region. These disruptions led to significantly higher prices for crude oil, refined oil products, and natural gas expected to continue in the foreseeable future.

(2) These production and supply disruptions are expected to lead to significantly higher heating costs for consumers for the foreseeable future. These significant increases in home heating costs this winter and for the foreseeable future will particularly harm low-income consumers. The Low-Income Home Energy Assistance Program is designed to assist these low-income consumers in this situation. Accordingly, Congress seeks a one-time only supplement to the Low-Income Home Energy Assistance Program fund to assist low-income consumers with the additional home heating expenditures that they will face in the foreseeable future as a result of Hurricanes Katrina and Rita.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 9001 Funding Availability

This section appropriates to the Secretary of Health and Human Services for a 1-time only obligation and expenditure $250,000,000 for fiscal year 2007 for allocation under section 2604(a) through (d) and $750,000,000 for allotment of emergency funds under section 2604(e) of the Low-Income Home Energy Assistance Act of 1981 (42 D.S.C. 8623(a) through (e)), for the sole purpose of providing assistance to offset the anticipated higher energy costs caused by Hurricane Katrina and Hurricane Rita.

This section sunsets after September 30, 2007, and no monies provided for under this section shall be available after such date.

P.L. 109–58, the Energy Policy Act of 2005, reauthorized annual regular LIHEAP funds at $5.1 billion per year from FY2005 to FY2007. The LIHEAP appropriation for FY2005 was $2.182 billion for allocation pursuant to the formula set forth by law. No funds were appropriated for allotment of emergency funds.

For consideration of the Senate bill, and the House amendment thereto, and modifications committed to conference:

JIM NUSSLE,
JIM RYUN,
ANDER CRENSHAW,
ADAM PUTNAM,
ROGER F. WICKER,

KENNY C. HULSHOF,
PAUL RYAN,
ROY BLUNT,
TOM DELAY,

From the Committee on Agriculture, for consideration of title I of the Senate bill and title I of the House amendment, and modifications committed to conference:

BOB GOODLATTE,
FRANK D. LUCAS,

From the Committee on Education and the Workforce, for consideration of title VII of the Senate bill and title II and subtitle C of title III of the House amendment, and modifications committed to conference:

JOHN BOEHNER,
HOWARD P. MCKEON,

From the Committee on Energy and Commerce, for consideration of title III and title VI of the Senate bill and title III of the House amendment, and modifications committed to conference:

JOE BARTON,
NATHAN DEAL,

From the Committee on Financial Services, for consideration of title II of the Senate bill and title IV of the House amendment, and modifications committed to conference:

MICHAEL G. OXLEY,
SPENCER BACHUS
(Provided that Mr. Ney is appointed in lieu of Mr. Bachus for consideration of subtitles C and D of title II of the Senate bill and subtitle B of title IV of the House amendment:),

From the Committee on the Judiciary, for consideration of title VIII of the Senate bill and title V of the House amendment, and modifications committed to conference:

F. JAMES SENSENBRENNER, Jr.,
LAMAR SMITH,

From the Committee on Resources, for consideration of title IV of the Senate bill and title VI of the House amendment, and modifications committed to conference:

RICHARD POMBO,
JIM GIBBONS,

From the Committee on Transportation and Infrastructure, for consideration of title V and division A of the Senate bill and title VII of the House amendment, and modifications committed to conference:

DON YOUNG,
FRANK LOBIONDO,

From the Committee on Ways and Means, for consideration of sections 6039, 6071, and subtitle B of title VI of the Senate bill and title VIII of the House amendment, and modifications committed to conference:

WILLIAM THOMAS,
WALLY HERGER,

Managers on the Part of the House.

JUDD GREGG,
PETE DOMENICI,
CHUCK GRASSLEY,
MICHAEL B. ENZI,
WAYNE ALLARD,
JEFF SESSIONS,
TED STEVENS,
RICHARD SHELBY,
ARLEN SPECTER,
SAXBY CHAMBLISS,
MITCH MCCONNELL,

Managers on the Part of the Senate.

N O T I C E

Incomplete record of House proceedings.
The remaining Conference Report will appear in Book III.