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APPROVED
OCT 7 - 1975

Signed
10/7/75

THE WHITE HOUSE
WASHINGTON
October 7, 1975

ACTION

Last Day: October 10

Pat
10/8
To be done
10/8

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON
SUBJECT: H.R. 6674 - Department of Defense Appropriation Authorization Act, 1976 and Transition Quarter

Attached for your consideration is H.R. 6674, sponsored by Representative Price, which authorizes appropriations of \$25,513,383,000 for FY 76 and \$5,354,723,000 for the transition quarter for Defense activities relating to procurement of weapons systems and research, development, test and evaluation.

The enrolled bill also prescribes military reserve, active duty, student training and Defense civilian personnel strength levels for 1976 and the transition quarter. One of the significant riders contained in the bill would permit women to be eligible for appointment and admission to the service academies for classes beginning in calendar year 1976.

A detailed analysis of the bill is provided in OMB's enrolled bill report at Tab A.

OMB, NSC, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 6674 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 3 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6674 - Department of Defense
Appropriation Authorization Act, 1976 and
Transition Quarter
Sponsor - Rep. Price (D) Illinois

Last Day for Action

October 10, 1975 - Friday

Purpose

Authorizes appropriations of \$25,513,383,000 for fiscal year 1976 and \$5,354,723,000 for the transition quarter to the new fiscal year (July 1 - September 30, 1976) for Defense activities relating to procurement of weapons systems and research, development, test and evaluation (RDT&E); prescribes military reserve, active duty, student training and Defense civilian personnel strength levels for 1976 and the transition quarter; and contains a number of riders.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Civil Service Commission	Approval
National Security Council	Approval
Department of State	No objection
Arms Control and Disarmament Agency	No objection (Informal)
Department of Justice	Defers to Defense

Discussion

This bill provides the annual authorization of appropriations required by existing law for procurement and certain other activities of the Department of Defense and also provides such authority for the transition quarter.

As enrolled, the bill authorizes \$4.3 billion less than the requested total of \$29,855,388,000 for fiscal 1976 and \$.5 billion less than the requested total of \$5,863,737,000 for the transition quarter. The reductions fall into the following major categories:

	<u>1976</u> (in millions)		
	<u>Request</u>	<u>Congressional Action</u>	<u>Difference</u>
Procurement	\$18,381.0	\$15,840.1	\$-2,540.9
Research, development, test and evaluation	10,181.4	9,673.3	-508.1
Military assistance to South Vietnam	1,293.0	-0-	-1,293.0
	<u>Transition Quarter</u>		
Procurement	\$ 3,180.8	\$ 2,881.1	\$ -299.7
Research, development, test and evaluation	2,682.9	2,473.6	-209.3

Congressional changes are set out in greater detail in the attachment. Some of the noteworthy changes are discussed below.

Procurement

Significant reductions in the procurement category include the following:

- \$60 million in 1976 for long-lead time equipment for a nuclear cruiser;
- \$257 million in 1976 for a nuclear frigate;
- \$24.8 million in 1976 for 24 Army helicopters;
- \$13 million in 1976 and \$8 million in the transition quarter for advance procurement of long-lead time items for the B-1 bomber. Language was added to prohibit the awarding of a production contract for the B-1 until production is authorized by law. While this provision defers a congressional decision to produce the B-1, it does not have a serious impact since no production was planned during this time period, and the reduced authorizations for long-lead items are acceptable;
- \$224.9 million in 1976 for aircraft spares and repair parts;
- \$185.8 million in the transition quarter, the entire amount requested for the Advanced Airborne Command Post aircraft which has encountered serious program delays;
- \$106.9 million in 1976 for purchase of Vulcan-Phalanx air defense missiles for Navy ships;
- \$1.023 billion in 1976 for full funding to meet cost growth and escalation on prior year shipbuilding programs. However, amounts authorized should be sufficient for costs that are anticipated in 1976 and the transition quarter;
- \$85 million in 1976 by reducing the number of patrol frigates from 10 to 9;
- \$99.3 million in 1976 for financing changes in a number of programs which will not result in actual program reductions;
- \$140 million in 1976 for support equipment for Airborne Warning and Control System aircraft. However, all six aircraft requested were approved;

- \$300 million in 1976, the entire amount for a new Inventory Replenishment Fund which would have been available to provide a working inventory for foreign assistance or sales.

Research, Development, Test and Evaluation

Some of the more significant changes in the RDT&E category are as follows:

- The bill authorizes \$100 million in 1976 and \$25 million in the transition quarter for the Site Defense program, reductions of \$40 million and \$13 million respectively;
- The Navy Phalanx Close-in-Weapon System for air defense was reduced by \$15.7 million to \$15 million in 1976;
- A general financing reduction of \$89.5 million which will be recouped from prior year funds and will not result in actual program reductions.

Military Assistance to South Vietnam

In light of the collapse of the Government of South Vietnam, the entire request of \$1.3 billion was denied.

Manpower Strengths

The bill authorizes an end strength of 2,090,954 in active duty military personnel, with a reduction of 9,000 to be apportioned among the military departments by the Secretary of Defense, who is to report back to Congress within 60 days on the manner of apportionment.

Average strength floors for the reserve components were authorized as requested except for increases of 6,600 in the Army Reserve and 12,028 in the Naval Reserve.

Civilian direct hire strength was reduced by 23,000. The Secretary of Defense is required to report back to the Congress within 60 days on the allocation of the reduction to the military services. The total civilian strength ceiling for the Department was raised, however, by 73,000, reflecting the inclusion for the first time in that ceiling of 96,000 indirect hire foreign nationals.

Military student training loads are authorized as requested with the proviso that they be adjusted consistent with the manpower strength of the active and reserve forces.

General Provisions

The enrolled bill contains a number of significant riders.

Section 806 of the enrolled bill would assure that retiring military personnel will not receive less retired pay than if they had retired earlier, at any time after they were first eligible. The amendment would apply to all military retirees who retired on or after January 1, 1971, as well as to future retirees.

This provision is directed to the "pay-inversion problem" -- an anomalous situation under which many military and civilian employees, particularly those at high pay levels, will receive less retired pay the longer they remain in active service. This anomaly has arisen because in recent years, active duty pay, which is based on comparability, has not increased as rapidly as retired pay, which is pegged to increases in the Consumer Price Index. The situation has been particularly acute for those high-level military and civilian personnel who have received no pay increases since 1969 until this month because of the \$36,000 freeze.

In effect, this provision would eliminate the loss of retired pay military personnel now incur by continuing to serve. Since the same problem is faced by civilian Government employees, it might well become a precedent for demands for similar treatment by those employees.

In its enrolled bill letter, the Civil Service Commission states:

"Although enactment of section 806 would not directly affect the Civil Service Retirement System, it could set a precedent which might have a far-reaching effect on our system. We oppose, as a matter of principle, amending a retirement system to correct the shortcomings in a pay system or situations arising from economic conditions where increases in the cost of living exceed increases in pay rates. However, our objections to section 806 are not such that we would recommend a veto of H.R. 6674."

The Administration supported this pay-inversion provision only as part of a broader military retirement reform proposal now pending in Congress. We concur with the Civil Service Commission, however, that its inclusion in H.R. 6674 does not warrant disapproval of the bill.

Another significant rider would permit women to be eligible for appointment and admission to the service academies for classes entering in calendar year 1976. Under the bill, women would be subject to the same academic and other relevant standards for appointment, admission, training, graduation, and commissioning (except for those minor adjustments required because of physiological differences) applicable to men. The Secretary of Defense is required to oversee the implementation of this provision and to assure the orderly and expeditious admission of women to the academies, consistent with the needs of the services.

While the Administration has successfully opposed admission of women to the service academies in the past, both the House and Senate voted unequivocally to admit women to the academies. Defense does not raise any specific objections to this provision in its enrolled bill letter, and we do not believe that inclusion of this provision in the bill is sufficiently objectionable to warrant consideration of a veto, particularly in light of the strong congressional support for this measure.

A third significant rider would prohibit for 2 years after the date of enactment of the bill any U.S. oil supplier from discriminating against the Defense Department in supplying petroleum products. The Attorney General would be responsible for enforcement of this section and any supplier convicted of discrimination would be subject to criminal penalties.

The conference report on H.R. 6674 notes that this provision was prompted by Senate concern over the failure of some U.S. suppliers abroad to provide petroleum products to our Armed Forces during the Arab-embargo. A related concern involved allegations that some U.S. petroleum companies have threatened to reduce or eliminate overseas supplies of petroleum products to the Department unless Defense agreed to contract terms which met the particular views of the company concerned but were incompatible with laws or regulations governing Defense contracts. The report continues

that, "Although no supply failure has been experienced because of such disagreements, unnecessary delays in reaching agreement on contract terms did threaten timely support."

In its enrolled bill letter, Justice states:

"The criminal provisions of [this section] raise many enforceability questions. For example the ... definition of 'discrimination' is ambiguous on the question whether the Secretary can force petroleum suppliers to enter into contracts to supply petroleum products at fair and reasonable prices or whether his authority is limited to the enforcement of existing petroleum supply contracts. There also appears to be significant due process problems associated with the ... criminal prohibition. For example the 'fair and reasonable' price requirement appears to be a key consideration in determining whether or not an offense has been committed, and yet its resolution is expressly relegated to an administrative forum.

"Although these questions and others may well render the provisions of [this section] unenforceable, the Department of Justice, in light of the importance of authorization provisions of this legislation, defers to the Department of Defense on the question whether H.R. 6674 should receive Executive approval."

Other riders in the bill include the following, which would:

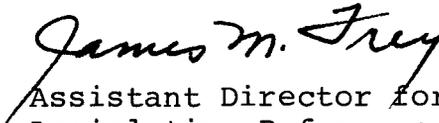
- require annual authorization of appropriations, beginning with fiscal year 1977, for certain military construction not previously required to be authorized;
- prohibit any funds authorized for appropriation under any Act from being used to produce lethal binary chemical munitions unless the President certifies to Congress that the production of such munitions is essential to the national interest and submits a full report thereon to the President of the Senate and the Speaker of the House as far in advance of such production as possible;

- require the Secretary of Defense, after consulting with the Secretary of State, to submit an annual report to the Armed Services Committees justifying and stating the relationship between U.S. foreign policy and military force structure for the next fiscal year -- State believes this provision duplicates existing efforts in this area but does not object strongly to it;
- reduce from 4 months to 12 weeks the amount of basic training necessary before an active duty member can be assigned overseas and the amount of initial active duty for training required for reservists -- this provision, which Defense supported, will provide for more efficient manpower planning;
- state the sense of Congress that military equipment for U.S. forces stationed in Europe under NATO should be standardized with that of other NATO members to the extent feasible. The Secretary of Defense would be required to report to Congress whenever compliance with this policy is not possible;
- extend, from December 31, 1975, to June 30, 1977, the authority under existing law for the President to transfer aircraft and related equipment to Israel, subject to the appropriation of funds for such transfer;
- reduce the number of enlisted aides which may be assigned to the personnel staffs of certain general officers;
- impose a 5 percent cap on pay increases for military personnel from January 1, 1975, through June 30, 1976, provided a similar limit is applied to civilian pay increases. Since existing law already limits military pay increases automatically to the increase in General Schedule rates for civilians, this provision is unnecessary. Moreover, your plan for a 5 percent October 1975 pay adjustment has been adopted, so that this section has no effect.

In its enrolled bill letter, Defense states:

"The Department of Defense does not favor several of the provisions added by Congress to this Act and has objected to a number of provisions similar to those finally adopted in commenting upon the House and Senate bills as passed. Notwithstanding the objections, the bill as a whole provides the authorization necessary for maintenance of a strong defense posture and the Department of Defense recommends that the President approve H.R. 6674."

We concur in Defense's view that the bill should be approved.


Assistant Director for
Legislative Reference

Enclosures

Department of Defense
 Fiscal Year 1976 and Transition Quarter Authorization Bill (H.R. 6674)
 Net Changes from Budget Request
 (\$ in Millions)

	<u>1976</u>		
<u>Program</u>	<u>Budget Request</u>	<u>Authorization Bill</u>	<u>Net Change</u>
Procurement			
Aircraft	\$8,014.8	\$7,454.3	\$-560.5
Missiles	3,305.6	3,239.3	-66.3
Naval Vessels	5,446.0	3,899.4	-1,546.6
Tracked Combat Vehicles	1,016.5	965.5	-51.0
Torpedoes	197.4	189.5	-7.9
Other Weapons	100.7	92.1	-8.6
Inventory replenishment	<u>300.0</u>	<u>--</u>	<u>-300.0</u>
Total Procurement	18,381.0	15,840.1	-2,540.9
Research, development, test and evaluation	10,181.4	9,673.3	-508.1
Military assistance to South Vietnam	<u>1,293.0</u>	<u>--</u>	<u>-1,293.0</u>
Total	29,855.4	25,513.4	-4,342.0

Transition Quarter

Procurement			
Aircraft	\$1,746.6	\$1,502.9	\$-243.7
Missiles	653.7	628.0	-25.7
Naval Vessels	474.2	474.2	--
Tracked Combat Vehicles	273.0	245.7	-27.3
Torpedoes	19.2	19.2	--
Other Weapons	<u>14.1</u>	<u>11.1</u>	<u>-3.0</u>
Total Procurement	3,180.8	2,881.1	-299.7
Research, development, test and evaluation	<u>2,682.9</u>	<u>2,473.6</u>	<u>-209.3</u>
Total	5,863.7	5,354.7	-509.0



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D. C. 20301

2 October 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

Reference is made to your request for the views of the Department of Defense with respect to the enrolled enactment of H. R. 6674, 94th Congress, 1st Session, an Act "To authorize appropriations during the fiscal year 1976, and the period of July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes. "

The total authorization for FY 1976 is \$25,513,383,000, which is \$4,402,005,000 less than the amount requested by the Department of Defense, and for the period July 1, 1976, to September 30, 1976, \$5,354,723,000 which is \$509,014,000 less than requested.

Congress has included in titles I, II, III, IV, V and VI authorization language for fiscal year 1976 and in title VII the authorization for the transition period from July 1, 1976, through September 30, 1976.

Congress added language to title I of the Act providing, that of the Air Force aircraft procurement authorization, not to exceed \$64 million is authorized for the procurement of only long lead items for the B-1 bomber aircraft and further restricted funds authorized by this Act from becoming obligated or expended for production of the B-1 bomber without further authorization. Also, of the Air Force missile procurement authorization, \$265.8 million shall be used only for the procurement of Minuteman III missiles and of the Army tracked

combat vehicle authorization \$379.4 million shall be used only for the procurement of M-60 series tanks.

Title II authorizes appropriations for research, development, test and evaluation.

Title III authorizes end-strengths for active duty personnel in each component in the numbers requested, by the Department of Defense, but requires a reduction of the total by 9,000 to be apportioned among the DoD components in such manner as the Secretary of Defense shall prescribe.

Title IV authorizes average strengths for the selected reserve of each reserve component of the armed forces.

Title V authorizes a single end-strength for civilian personnel for the entire Department of Defense and requires the Secretary of Defense to apportion the total among the DoD components. This total authorization, rather than authorization by component, will significantly enhance the flexibility of the Department in meeting personnel needs within the constraints of the annual civilian authorization requirement.

Title VI authorizes military training student loads. However, it requires that such loads be adjusted "consistent with the manpower strengths provided in titles III, IV, and V" active, reserve, and civilian end-strengths, respectively. Adjustments are to be apportioned by the Secretary of Defense.

Congress has added title VII which contains all authorizations for the fiscal year transition period, July 1, 1976, to September 30, 1976, in a form similar to the authorizations contained in titles I through VI. Sections 701, 702, 703, 704, 705 and 706 authorize, respectively: procurement, R,D,T&E, active force end-strength, reserve force average strength, civilian end-strength, and military training student loads.

In the procurement authorization for the transition period, of the amount for Air Force procurement of aircraft, \$23 million is authorized for the procurement of only long lead items for the B-1 bomber aircraft and of the amount authorized for procurement of tracked combat vehicles, Army, \$133 million shall be used only for procurement of M-60 series tanks.

Section 703 which provides authorization for active force end-strengths in the numbers requested by the Department of Defense provides that the aggregate number authorized be reduced by 9,000 and that the reductions be apportioned as the Secretary of Defense shall prescribe.

Section 801 of the general provisions amends section 138 of title 10, United States Code, which requires annual authorization of certain Department of Defense appropriations, by adding military construction. The definition of military construction includes government-owned or government-leased industrial facilities. This provision will take effect with respect to funds not heretofore required to be authorized for appropriation for fiscal year 1977 and thereafter.

Section 802 amends several statutory provisions pertaining to the assignment of military personnel to overseas duty by reducing from four months to 12 weeks the amount of training necessary prior to such assignment.

Section 803 provides for the eligibility of female individuals for appointment and admission to the service academies for classes beginning in the calendar year 1976, under the same academic and other relevant standards for the appointment, admission, training, graduation and commission (except for minimum adjustments necessitated by physiological differences) as for male individuals. Additional technical changes are made in relevant statutes to eliminate references to male gender. The Secretary of Defense is required to oversee the implementation of this provision, and to insure the orderly and expeditious admission of females to the academies.

Section 804 amends title 10, United States Code, by adding a new section which provides statutory authority for emergency and extraordinary expenses. Existing statutory authority for such expenses and appropriations therefore, which was provided only to the Navy, is repealed. Congress has added a quarterly reporting requirement of such expenditures to the Armed Services and Appropriations Committees.

Section 805 amends section 139(b) of title 10, United States Code, in accordance with the request of the Department of Defense to lengthen the time during which certain contract reports must be filed from 60 to 90 days before the awarding of the contract.

Section 806 provides a much needed amendment to title 10, United States Code 1401a to provide that those members of the armed forces who after January 1, 1971 could have retired but remained in the armed forces will be entitled to retirement pay not lower than that to which they would be entitled had they retired previously.

Section 807 permits the Secretary of the Navy to "settle" claims upon contracts entered into prior to July 1, 1974 for which settlement funds are unavailable. Such settlement is made subject to the subsequent authorization and appropriation of funds therefor and the Secretary is required to forward to the Armed Services and Appropriations Committees copies of all such settlements.

Section 808 requires the Secretary of Defense to submit a five-year Navy ship new construction and conversion program to the Congress concurrent with the submission of the President's budget for fiscal year 1977. Each year thereafter the Secretary is required to report to the Armed Services of the House and Senate changes to such a five-year program.

Section 809 removes restrictions in the 1974 and 1975 Appropriation Authorization Acts which limited a portion of the authorization for procurement of naval vessels only for the DLGN nuclear guided missile frigate program. The purpose of removing these restrictions is to make funds appropriated pursuant to those authorizations available for transfer by the Appropriation Committees to the Naval shipbuilding program for FY 1976.

Section 810 prohibits multi-year procurement contracts with cancellation ceilings in excess of \$5 million unless approved in advance by the Congress by statute.

Section 811 requires quarterly submission by the Secretary of Defense, beginning with the quarter ending December 31, 1975, of all selected acquisition reports for those major Defense systems estimated to require total R&D costs in excess of \$50 million or total production investment in excess of \$200 million.

Section 812 requires the Secretary of Defense after consultation with the Secretary of state to submit to the Armed Services Committees an annual report on foreign policy and military force structure of the United States for next fiscal year and how each relates to the other.

Section 813 requires a report by the Secretary of Defense in a case of any offer to sell or any proposal to transfer from inventory Defense articles valued at \$25 million or more.

Section 814 expresses the sense of Congress supporting the standardization of "military impedimenta" of NATO. Procurement not in compliance with this policy shall be included in reports required by P. L. 93-365, section 302(c) which is amended to require annual reports not later than January 31 of each year.

Section 815 extends to June 30, 1977, the authority to transfer aircraft and related equipment to Israel under section 501 of P. L. 91-441, subject to the appropriation of funds for such transfer.

Section 816 prohibits discrimination by petroleum suppliers against the Department of Defense and provides criminal sanctions and procedures where such discrimination occurs.

Section 817 requires a report to the Armed Services Committees by the Secretary of Defense identifying the platform and funding for AEGIS fleet implementation.

Section 818 prohibits production of lethal binary chemical munitions unless the President certifies to the Congress that such production is essential in the national interest and submits a full report thereon to the Congress.

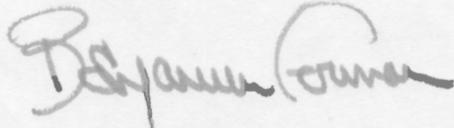
Section 819 limits Armed Services pay increases to 5 percent during the period January 1, 1975 through June 30, 1976, provided similar restrictions are imposed upon federal classified employees.

Section 820 provides a formula for determining the number of enlisted aides which may be detailed to personal staffs of general officers based upon the number of officers in the grades of O-9 and O-10. The immediate effect of such formula is to reduce to approximately 400 the number of enlisted aides presently authorized.

Section 821 permits officers who were in a missing status during the Vietnam conflict to be considered eligible for legal training under section 2004 of title 10, United States Code notwithstanding certain restrictions that would make them otherwise ineligible.

The Department of Defense does not favor several of the provisions added by Congress to this Act and has objected to a number of provisions similar to those finally adopted in commenting upon the House and Senate bills as passed. Notwithstanding the objections, the bill as a whole provides the authorization necessary for maintenance of a strong defense posture and the Department of Defense recommends that the President approve H. R. 6674.

Sincerely,

A handwritten signature in dark ink, appearing to read "Benjamin Forman". The signature is written in a cursive style with a large initial "B".

Benjamin Forman
Acting General Counsel



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

October 2, 1975

Honorable James T. Lynn
Director
Office of Management and Budget

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in response to your request for the views and recommendations of the Civil Service Commission on H.R. 6674, an enrolled bill "To authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes."

We have been asked to address our comments in particular to sections 806 and 819 of the enrolled bill.

Section 806 of H.R. 6674 would amend section 1401a of title 10, United States Code, relating to military retired pay. The effect of this amendment would be to guarantee to a member of the Armed Forces the benefit of all cost-of-living increases that have been authorized in military retired pay since the member first became eligible to retire, if this would result in higher retired pay than the current earned retired pay. This would apply to any member of the Armed Forces who retired on or after January 1, 1971, as well as to future retirees.

This section appears to be intended to deal with the effects of the Government's executive pay problems on military retired pay and on retirement rates from the military.

Although enactment of section 806 would not directly affect the Civil Service Retirement System, it could set a precedent which might have a far-reaching effect on our system. We oppose, as a matter of principle, amending a retirement system to correct the shortcomings in a pay system or situations arising from economic conditions where increases in the cost of living exceed increases in pay rates. However, our objections to section 806 are not such that we would recommend a veto of H.R. 6674.

Section 819 of the enrolled bill would limit military compensation increases in the period from January 1, 1975, through June 30, 1976, to five percent, if the same five percent limit is applied to increases in General Schedule pay. Since, under section 1009 of title 37, United States Code, increases in military compensation are automatically tied to increases in General Schedule pay, section 819 of the enrolled bill is unnecessary. As it has now been decided that the October 1975 General Schedule pay increase will be limited to five percent, as proposed by the President, the five percent limit will also apply to the increase in military compensation, either with or without section 819. While the section is, therefore, needless, we certainly have no objection to it.

Accordingly, with respect to these two provisions of the bill, the Civil Service Commission recommends that the President sign enrolled bill H.R. 6674 into law.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script that reads "Robert Hampton". The signature is written in dark ink and is positioned above the printed name "Chairman".

Chairman



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 10-8-75

TO: Bob Linder

FROM: Jim Frey

Attached are agency views
letters as follow:

Labor - H.R. 7715
Treas. - S. 1247
USACDA - H.R. 6675

Please have included in the appropriate enrolled bill files. Thanks.



UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

WASHINGTON, D.C. 20451

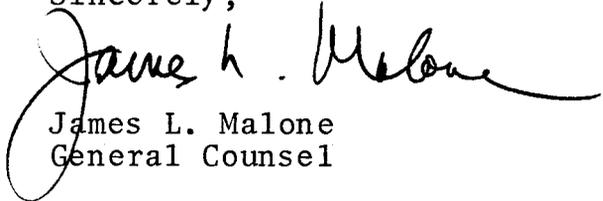
October 6, 1975

Dear Mr. Lynn:

Your enrolled bill request dated October 1, 1975 requested Arms Control and Disarmament Agency views and recommendations on H.R. 6674, especially Section 818.

Confirming our telephone reply of October 2, this Agency has no objection to Presidential approval of H.R. 6674 and supports the provisions of Section 818.

Sincerely,

A handwritten signature in cursive script that reads "James L. Malone".

James L. Malone
General Counsel

Mr. James L. Lynn
Director
Office of Management and Budget
Washington, D. C.

THE WHITE HOUSE
WASHINGTON

TO: _____

for your files

Robert D. Linder

THE WHITE HOUSE

WASHINGTON

June 23, 1975

MEMORANDUM FOR:

BOB LINDER

FROM:

PAT LINDH *PL*

SUBJECT:

Military Procurement Bill

HR 6674

In the event that the Military Procurement Bill is passed while I am in Mexico City attending the World Conference for International Women's Year, June 19-July 2nd, I am asking that a signing statement be issued by the President. I know that it is not customary to have a signing statement for a procurement bill. However, this particular bill has attached to it a very significant amendment furthering equal legal rights for women.

I would like to suggest a statement highlighting the provision to admit women to the service academies. Women in combat continues to be one of the arguments voiced in opposition to the Equal Rights Amendment. Since this was also the argument used for many years against women in the service academies we would like to mention this in the statement.

Attached is a suggested insert for the message.

Thank you for your assistance.

*Pat Lindh notified Mil Proc Auth bill
has been read at White House. She is
sending her proposed statement to their.*

PLC

10.1.75

An extremely important provision in this legislation permits women to enter the service academies (or prohibits discrimination on the basis of sex in the service academies). I recently received a letter from PFC Margret Spence asking "that women be allowed to fulfill their deep-felt sense of obligation to serve their country." I believe that this opportunity for women to attend the service academies will give them the training and skills necessary to compete equally with men for promotion in the military. More than 100,000 women are now serving our country in the armed forces. I commend all of you for your dedication to your country.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 2, 1975

MEMORANDUM FOR: Mr. James M. Frey
Assistant Director for Legislative Reference
Office of Management and Budget

FROM: Jeanne W. Davis 
Staff Secretary

SUBJECT: H.R. 6674, The Military Procurement
Authorization Bill

The NSC Staff recommends that the President sign the bill H.R. 6674, the Military Procurement Authorization Bill. However, we also recommend that you consider bringing to the attention of the President the fact that the bill does not include the \$60 million personally requested by the President for advance procurement of long leadtime nuclear components for a nuclear-powered strike cruiser (Tab A). The Department of Defense is currently considering accommodating to the situation by including funds for the nuclear cruiser in the FY 77 budget request.



DEPARTMENT OF STATE

Washington, D.C. 20520

OCT 1 - 1975

Honorable James T. Lynn
Director Office of
Management and Budget
Washington, D. C.

Dear Mr. Lynn:

In response to the Enrolled Bill Request forwarded by Mr Frey on October 1 1975 I am pleased to provide the following Department of State comments on Sections 812, 813, and 818 of H. R. 6674 - the Department of Defense Appropriation Authorization Act FY 1976/1977.

Section 812 requires that the Secretary of Defense, after consultation with the Secretary of State, submit an annual report to the Armed Services Committees of Congress on the foreign policy and military force structure of the United States for the forthcoming fiscal year. While the burden of producing such a report would fall primarily on the Department of Defense, we believe that the requirement as it affects both the Departments of State and Defense is somewhat redundant in view of the volume of regular and special reports now being submitted in this substantive area. For example, foreign policy and military force structure issues are covered in the President's annual State of the Union message, in the annual Defense Department Report, in the annual Defense Manpower Report in responses to special Congressional requests, and in extensive testimony by senior Executive Branch witnesses during the annual defense and foreign assistance authorization and appropriations hearings. While the new report envisioned in H. R. 6674 presumably could be prepared as an adjunct to the other efforts described above, it would represent a duplicative exercise of questionable utility.

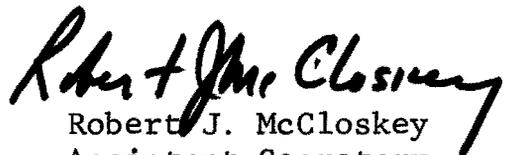
Section 813 requires that the Secretary of Defense submit a report to the Congress covering any letter of offer to sell or proposal to transfer defense articles valued at \$25 million or more from U.S. active forces' inventories, setting forth the impact of such sales or transfers on U.S. readiness and the adequacy of reimbursements to cover replacement costs. Since this Section does not impose a Congressional veto over

such sales or transfers, the Department does not envision any exceptionally adverse consequences. However, certain difficulties might be encountered in determining whether or not a contemplated sale or transfer falls within the dollar guidelines provided, and in compiling the required reports in an emergency situation when prompt action on the transfer would be essential. As in the case of Section 812, the Department does not believe that the proposed Section is sufficiently objectionable to merit opposition to the bill.

Section 818 prohibits the expenditure of funds under this or any other legislation for the production of lethal binary chemical munitions unless the President certifies to the Congress that such production is essential to the national interest and submits a full report thereon. The Department has no objection to this proposal.

I hope that the foregoing comments will be helpful. Please let me know if I may be of further assistance.

Sincerely,



Robert J. McCloskey
Assistant Secretary
for Congressional Relations

Department of Justice
Washington, D.C. 20530

October 3, 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

Pursuant to your request, we have examined a facsimile of the enrolled bill H.R. 6674 "To authorize appropriations for the fiscal year 1976 for procurement...and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component...and for other purposes." At your suggestion we have paid particular attention to sections 803 and 816 of the bill.

Although we have no objection whatsoever to section 803, we are quite concerned about section 816. This section would provide in subsection (b) (1) that "(n)o supplier shall engage in discrimination in the supply, either within or without the United States, of petroleum products for the Armed Forces of the United States." The bill provides that if the Secretary of Defense, after investigation, determines that such discrimination exists, he shall refer the matter to the Attorney General for appropriate action to bring it to an end. "Discrimination" as defined in the section means the "willful refusal or failure of a supplier, when requested by the Secretary of Defense or his designee, to supply petroleum products for the use of the Armed Forces...under the terms of any contract...and at prices which are fair and reasonable and which do not exceed prices received for similar products and quantities from other domestic or foreign customers." Subsection (f) provides further that a conviction under this section carries with it a criminal penalty of imprisonment for not more than two years or a fine of not more than \$100,000, or both.



The criminal provisions of section 816 raise many enforceability questions. For example the subsection (e) (2) definition of "discrimination" is ambiguous on the question whether the Secretary can force petroleum suppliers to enter into contracts to supply petroleum products at fair and reasonable prices or whether his authority is limited to the enforcement of existing petroleum supply contracts. There also appears to be significant due process problems associated with the subsection (b) (1) criminal prohibition. For example the "fair and reasonable" price requirement appears to be a key consideration in determining whether or not an offense has been committed, and yet its resolution is expressly relegated to an administrative forum.

Although these questions and others may well render the provisions of section 816 unenforceable, the Department of Justice, in light of the importance of authorization provisions of this legislation, defers to the Department of Defense on the question whether H.R. 6674 should receive Executive approval.

Sincerely,

A handwritten signature in cursive script that reads "Michael M. Uhlmann". The signature is written in dark ink and is positioned above the typed name.

Michael M. Uhlmann
Assistant Attorney General

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 4

Time: 900am

FOR ACTION: NSC/S
Max Friedersdorf
Ken Lazarus

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: October 7

Time: 900am

SUBJECT:

H.R. 6674 - Department of Defense Appropriation
Authorization Act, 1976 and Transition Quarter

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. -- Ken Lazarus 10/6/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Cavanaugh

THE WHITE HOUSE

WASHINGTON

October 6, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

MAX L. FRIEDERSDORF *MLF*

SUBJECT:

H. R. 6674 - Dept. of Defense Appropriation
Authorization Act, 1976 and Transition Quarter

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 9 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6674 - Department of Defense
Appropriation Authorization Act, 1976 and
Transition Quarter
Sponsor - Rep. Price (D) Illinois

Last Day for Action

October 10, 1975 - Friday

Purpose

Authorizes appropriations of \$25,513,383,000 for fiscal year 1976 and \$5,354,723,000 for the transition quarter to the new fiscal year (July 1 - September 30, 1976) for Defense activities relating to procurement of weapons systems and research, development, test and evaluation (RDT&E); prescribes military reserve, active duty, student training and Defense civilian personnel strength levels for 1976 and the transition quarter; and contains a number of riders.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Civil Service Commission	Approval
National Security Council	Approval
Department of State	No objection
Arms Control and Disarmament Agency	No objection
Department of Justice	Defers to Defense

THE WHITE HOUSE

WASHINGTON

June 25, 1975

The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider an amendment to the request for appropriations for the Department of Defense - Military transmitted in the budget for the fiscal year 1976.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget, with whose comments and observations I concur.

Respectfully,

Ronald R. Ford



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 24 1975

The President

The White House

Sir:

I have the honor to submit for your consideration an amendment to the appropriations requested in the budget for fiscal year 1976. This amendment involves an increase in the amount of \$60,000,000 for the Department of Defense - Military as follows:

Department of Defense - Military

Budget Appendix Page	Heading	1976 Request Pending	1976 Proposed Amendment	1976 Revised Request
Procurement				
297	Shipbuilding and conversion, Navy	\$5,446,000,000	\$60,000,000	\$5,506,000,000

The proposed amendment will provide for the advance procurement of long leadtime nuclear components for a nuclear-powered strike cruiser.

I have carefully reviewed the amendment and am satisfied this request is necessary at this time. I recommend, therefore, that this proposal be submitted to the Congress.

Respectfully,

James T. Lynn
Director

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 454

Date: October 4

Time: 900am

FOR ACTION: NSC/S *ok Bovary*
Max Friedersdorf
Ken Lazarus *ok*

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: October 7

Time: 900am

SUBJECT:

H.R. 6674 - Department of Defense Appropriation
Authorization Act, 1976 and Transition Quarter

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President