

31 USC 1105  
note.

**SEC. 1405. TWO-YEAR BUDGET CYCLE FOR THE DEPARTMENT OF DEFENSE**

(a) **FINDINGS.**—The Congress finds that the programs and activities of the Department of Defense could be more effectively and efficiently planned and managed if funds for the Department were provided on a two-year cycle rather than annually.

98 Stat. 2324.

(b) **REQUIREMENT FOR TWO-YEAR BUDGET PROPOSAL.**—The President shall include in the budget submitted to the Congress pursuant to section 1105 of title 31, United States Code, for fiscal year 1988 a single proposed budget for the Department of Defense and related agencies for fiscal years 1988 and 1989. Thereafter, the President shall submit a proposed two-year budget for the Department of Defense and related agencies every other year.

(c) **REPORT.**—Not later than April 1, 1986, the Secretary of Defense shall submit to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives a report containing the Secretary's views on the following:

(1) The advantages and disadvantages of operating the Department of Defense and related agencies on a two-year budget cycle.

(2) The Secretary's plans for converting to a two-year budget cycle.

(3) A description of any impediments (statutory or otherwise) to converting the operations of the Department of Defense and related agencies to a two-year budget cycle beginning with fiscal year 1988.

**SEC. 1406. REPORT ON BUDGETING FOR INFLATION**

(a) **REPORT ON SAVINGS FROM LOWER INFLATION.**—Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report containing an explanation of what the Department of Defense does in any fiscal year with funds that are not expended as a result of a decrease in the anticipated rate of inflation during that year.

(b) **PROPOSALS FOR NEW BUDGET SYSTEM FOR INFLATION ALLOWANCE.**—The Secretary shall include in the report under subsection (a) a proposal, or alternative proposals, for a budget system under which—

(1) funds that are appropriated to the Department of Defense for any fiscal year for procurement or for research, development, test, and evaluation would be appropriated to the Department without the addition of an amount for anticipated inflation during such fiscal year; and

(2) requests would be made to Congress at the end of the fiscal year for any additional funds made necessary by reason of inflation during the fiscal year.

(c) **RECOMMENDATIONS.**—The Secretary shall include in such report—

(1) the Secretary's recommendations for procedures that would effectively implement a proposal submitted under subsection (b); and

(2) a discussion of the advantages and disadvantages of instituting such a proposal, together with any other comments and recommendations that the Secretary considers appropriate.

the system integration contract for the Initiative, as directed by the Configuration Control Board.

(h) **PLAN ON DEVELOPMENT AND IMPLEMENTATION OF INITIATIVE.**—Not later than six months after the date of the enactment of this Act, the Director of the Business Transformation Agency shall submit to the congressional defense committees a plan for the development and implementation of the Initiative. The plan shall provide for the implementation of an initial capability under the Initiative as follows:

(1) In at least one Defense Agency by not later than eight months after the date of the enactment of this Act.

(2) In not less than five Defense Agencies by not later than 18 months after the date of the enactment of this Act.

**SEC. 1006. REPEAL OF REQUIREMENT FOR TWO-YEAR BUDGET CYCLE FOR THE DEPARTMENT OF DEFENSE.**

Section 1405 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 99 Stat. 744; 31 U.S.C. 1105 note) is repealed.

## **Subtitle B—Policy Relating to Vessels and Shipyards**

**SEC. 1011. LIMITATION ON LEASING OF VESSELS.**

Section 2401 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(h) The Secretary of a military department may make a contract for the lease of a vessel or for the provision of a service through use by a contractor of a vessel, the term of which is for a period of greater than two years, but less than five years, only if—

“(1) the Secretary has notified the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on Armed Services and the Committee on Appropriations of the House of Representatives of the proposed contract and included in such notification—

“(A) a detailed description of the terms of the proposed contract and a justification for entering into the proposed contract rather than obtaining the capability provided for by the lease, charter, or services involved through purchase of the vessel;

“(B) a determination that entering into the proposed contract as a means of obtaining the vessel is the most cost-effective means of obtaining such vessel; and

“(C) a plan for meeting the requirement provided by the proposed contract upon completion of the term of the lease contract; and

“(2) a period of 30 days of continuous session of Congress has expired following the date on which notice was received by such committees.”.

**SEC. 1012. POLICY RELATING TO MAJOR COMBATANT VESSELS OF THE STRIKE FORCES OF THE UNITED STATES NAVY.**

(a) **INTEGRATED NUCLEAR POWER SYSTEMS.**—It is the policy of the United States to construct the major combatant vessels