

MOBILIZATION

	<u>(\$ in millions)</u>						
	FY 2001	Price	Program	FY 2002	Price	Program	FY 2003
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	555.7	+16.6	+13.5	585.8	+30.4	-71.7	544.5
Navy	723.0	+65.8	-4.0	+784.8	+17.6	-68.6	733.8
Marine Corps	99.2	+1.3	-13.3	87.2	+4.1	-6.7	84.6
Air Force	<u>3,570.8</u>	<u>+74.1</u>	<u>+8.6</u>	<u>3,653.5</u>	<u>+56.2</u>	<u>+125.6</u>	<u>3,835.3</u>
Total	4,948.7	+157.8	+4.8	5,111.3	+108.3	-21.4	5,198.2

Mobilization provides for strategic and tactical airlift and sealift capability to deploy combat forces and materiel in contingencies. The Mobilization program funds an adequate inventory of immediately available supplies and equipment, stationed both afloat and on land, to sustain the operating forces for lengths of time and levels of conflict outlined in the National Military Strategy. In addition, it funds the inactivation of Navy ships and submarines, which accounts for approximately 20% of the Navy's Mobilization program.

The Mobilization program increases by \$86.9 million from FY 2002 to FY 2003. This includes price growth of \$108.3 million and real program decrease of \$21.4 million. The price growth is primarily associated with Air Mobility Command (AMC) and Military Sealift Command (MSC) Defense Working Capital Fund rate changes. The majority of the program increases are associated with the Air Force Mobility Operations Airlift Operations program. These increases are primarily offset by a decrease in the Army's Industrial Preparedness Program (IPP) due to a transfer of funding from the IPP to the Defense Working Capital Fund, Army (DWCF,A) (\$54.1 million), and the removal of a one-time Congressional increase to the program in FY 2002 (\$-14.1 million), as well as a decrease to the Navy's Ship Activation/Inactivation program primarily due to changes in the number and mix of planned ship and submarine disposals and inactivations. The funding profile shown above includes all Budget Activity 2 (Mobilization) resources plus the Marine Corps Prepositioning activity group included in Budget Activity 1 (Operating Forces).

Airlift and Sealift Programs

	<u>(\$ in millions)</u>			
	FY 2001		FY 2002	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>
Airlift Subsidy (Air Force)	476.9	+46.6	523.5	+1.7
				<u>Estimate</u>
				525.2

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The Air Force's airlift program is financed primarily through US Transportation Command (USTRANSCOM) rates; however, a direct payment to USTRANSCOM is required to meet airlift expenses due to the difference between USTRANSCOM rates and total costs of airlift operations, which include maintaining airlift mobilization capabilities to meet potential contingency requirements. The FY 2003 program is to pay for expenses not recovered from tariff rates charged to customers (\$1.7 million).

<u>Afloat Prepositioned Fleet (APF)</u>	<u>(\$ in millions)</u>				
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army APF	298.1	+53.7	351.8	-19.2	332.6
Navy Maritime Prepo Ships (MPS)	362.0	+55.2	417.2	+8.7	425.9
Navy Maritime Prepo Ships (Enhanced)	20.1	+15.6	35.7	+5.2	40.9
Navy Prepositioned Hospital Ship	4.8	-4.8	-	-	-
CENTCOM Ammo Prepo Ship	7.3	+2.7	10.0	+1.5	11.5
Air Force APF	<u>47.1</u>	<u>+3.1</u>	<u>50.2</u>	<u>+4.3</u>	<u>54.5</u>
Total	739.4	+125.5	864.9	+0.5	865.5

The Afloat Prepositioned Fleet program funds prepositioned ships, which carry equipment, supplies and ammunition, and are available for immediate and rapid response to unforeseen contingencies throughout the world.

- The Army forces consist of 19/15/15 APF ships in FY 2001/FY 2002/FY 2003, respectively, with a capability to deploy and sustain five and one-third division corps with its associated force structure to any crisis worldwide. The Army will complete fielding of the new construction Large, Medium Speed Roll-on/Roll-off (LMSR) ships and sustain its end state of 15 ships in FY 2002. The FY 2003 decrease of \$19.2 million, which is comprised of \$3.9 million price growth and \$23.1 million program decreases supports the end state fleet of 15 ships (8 LMSR, 1 crane ship, 2 heavy lift prepositioned ships, and 4 container ships). Funding includes a program increase of \$1.0 million for the replenishment of items in Unit Deployment packages (UDP) class VIII materiel and humanitarian medical sets. The net decrease of \$21.4 million is due to completion of the transition from older ships to operation of the new end-state fleet of 15 ships, and a reduction in cargo maintenance.
- The Navy forces include three squadrons of Maritime Prepositioning Ships (MPS) -- 13 MPS ships -- that are forward-deployed in support of the US Pacific Command (PACOM), US Central Command (CENTCOM), and the US European Command (EUCOM).

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Each squadron can provide 30 days of over-the-shore support to a Marine Air-Ground Task Force or Brigade equivalent. The Navy forces also include 3 MPS (Enhanced) ships, that provide increased capability by carrying a fleet hospital, expeditionary airfield, naval mobile construction battalion support, and additional sustainment cargo. In FY 2001, the activation of the third MPS(E) allowed for the replacement of the prepositioned fleet hospital. Finally, the Navy forces include one cargo/ammunition ship to provide support to CENTCOM. The FY 2003 increase of \$15.4 million for MPS, MPS(E) and the CENTCOM ammunition preposition ship reflects price growth of \$6.0 million and program growth of \$9.9 million due to the addition of full year cost of the third MPF(E), USNS WHEAT (\$6.3 million), and a change in the mix of ships participating in exercises (\$3.2 million).

- The Air Force funds three prepositioned ships, containing approximately 52,000 tons of preferred munitions in approximately 5,000 International Standards Organization (ISO) sea-land containers. The increase of \$4.3 million in FY 2003 reflects a one-time increase in Afloat Prepositioned Ships. Every other year one prepositioned ship returns to the United States and is taken out of service for repair and refurbishment. The next crossloading is scheduled for FY 2003. Munitions onboard are off-loaded, inspected, and reloaded onto a new ship. The Air Forces purchases new containers every other year for the crossloading.

Other Mobilization Programs

	<u>(\$ in millions)</u>				
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>257.7</u>	<u>-23.7</u>	<u>234.0</u>	<u>-22.1</u>	<u>211.9</u>
Prepositioned Stocks	110.4	+15.6	126.0	+32.2	158.2
Industrial Preparedness	76.0	-12.4	63.6	-54.1	9.5
Other Prepositioned	31.8	-15.2	16.6	2.2	18.8
Exercises	18.9	-5.1	13.8	+1	13.9
Facilities Sustainment, Res & Mod	20.6	-6.6	14.0	-2.5	11.5
<u>Navy</u>	<u>333.6</u>	<u>-11.7</u>	<u>321.9</u>	<u>-66.3</u>	<u>255.6</u>
Activations/Inactivations	211.4	+35.7	247.1	-87.6	159.5
Fleet Hospital Program	23.2	+0.2	23.4	+2.2	25.6
Industrial Readiness	1.2	-0.1	1.1	+0.1	1.2
Coast Guard Support	16.3	+0.3	16.6	+2.2	18.8

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	FY 2001		(\$ in millions)		FY 2003
			FY 2002	Change	
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>		
<u>Navy (Continued)</u>					
Other Sealift/Surge	74.7	-47.9	26.8	+16.0	42.8
Exercises	6.8	+0.1	6.9	+0.8	7.7
<u>Marine Corps</u>	99.2	-12.0	87.2	-2.7	84.5
Prepositioned Equipment	99.2	-12.0	87.2	-2.7	84.5
<u>Air Force</u>	3,094.0	+36.1	3,130.1	+180.2	3,310.3
Airlift Operations	1,356.0	+46.3	1,402.3	-42.4	1,359.9
Airlift Operations Training	668.1	+10.2	678.3	+108.9	787.2
Airlift Operations C3I	34.2	+3.2	37.4	+4.9	42.3
Mobilization Preparedness	98.6	+19.6	118.2	+2.4	120.6
Depot Maintenance	303.2	-7.8	295.4	+17.2	312.6
Real Property Maintenance	189.3	-81.4	107.9	+52.0	159.9
Base Support	444.6	+46.0	490.6	+37.2	527.8
 Total Other Mobilization	3,784.5	-11.3	3,773.2	+89.1	3,862.3

The Army's Other Mobilization programs fund manpower, material handling and other supply support equipment, facilities, etc., required to store and handle prepositioned stock materials. Army Prepositioned Stocks (APS) Program represents the Army's capability to project power from the Continental United States (CONUS), Europe, Southwest Asia, Korea, Japan, and Hawaii to trouble spots anywhere in the world. Prepositioned equipment and supporting supplies are currently being issued in support of Operation Enduring Freedom. The Army Requirements Oversight Council approved an initiative starting in FY 2002 to reconfigure the three brigade sets in Europe (APS-2) into a tailored set to support European Command (EUCOM) contingency requirements. Excess equipment and supporting supplies are being used to fill shortages in the afloat (APS-3), Pacific (APS-4) and Southwest Asia (APS-5) unit sets or redistributed to other Army claimants. The Army intends to complete redistribution to APS and other Army claimants, consolidate APS-2 stocks and activate the new APS-2 set by the end of FY 2005. Industrial Preparedness includes the Industrial Mobilization Capacity (IMC) program formerly known as Unutilized Plant Capacity (UPC). IMC is reserve plant and

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equipment capacity held in a standby, idle, or layaway status but required for mobilization surge or for war reserve storage and are above peacetime requirements. Sustainment, Restoration and Modernization (SRM) is the Army's deployment-outload infrastructure improvement program. These improvements facilitate movement of personnel and equipment from CONUS bases to/through air and seaports of embarkation for rapid deployment to meet Army/Defense timelines.

- The FY 2003 request for prepositioned stocks reflects an increase of \$32.2 million primarily attributed to pricing increases of \$4.6 million and net program growth of \$27.6 million. Major program growth includes a \$14.3 million increase for the repair of equipment for redistribution from Europe to other prepositioned stock sites as a result of the Army Prepositioned Stock (APS) in Europe Reconfiguration initiative, and an increase of \$13.3 million for the Care of Supplies in Storage (COSIS) and maintenance on operational projects of non-ammunition stock in the Continental United States (CONUS), Southwest Asia, and Pacific.
- A decrease of \$54.1 million in Industrial Preparedness reflects a transfer and a one-time FY 2002 Congressional increase. In FY 2003 \$41.1 million for IMC was transferred to the Defense Working Capital Fund, Army (DWCF,A) to realign Operation and Maintenance, Army (OMA) appropriation resources to fully fund the program. A one-time Congressional increase to IMC in FY 2002 caused a decrease of \$14.7 million in FY 2003.
- A decrease of \$2.5 million in FY 2003 Facility Sustainment, Restoration and Modernization is the result of a reduction in the costs for scheduled Deployment Outload, CONUS infrastructure improvement projects.

The Navy's Other Mobilization programs include resources to inactivate aircraft, ships, and submarines from the Navy's Active aircraft and Ship Battle Forces. This cost can vary widely from year to year as the number, mix, and complexity of inactivations changes. The Mobilization program also funds amphibious sealift equipment, such as elevated causeways, barge ferries, and lighterage; maintenance and upgrade of equipment and replacement of medical supplies aboard prepositioned and surge ships; periodic exercises that involve the activation of surge ships; maintenance and resupply of fleet hospital assets in storage; maintenance, overhaul, and support of Navy equipment aboard Coast Guard vessels; and an industrial readiness program.

- The FY 2003 net decrease of \$-7.6 million in Activations/Inactivations primarily reflects program growth of \$57.4 million primarily associated with: an increase of 10 ship inactivations (\$47.3 million), greater advance planning required for future submarine activations and deactivations (\$5.1 million) and advance funding for future surface nuclear cruiser inactivation

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(\$3.3 million), offset by net decreases of \$135.0 associated with: one less conventional ship disposal and less expensive disposals on smaller ships (\$-13.2 million) four fewer submarine disposals, two fewer submarine inactivations, and one less AS (submarine tender) decontamination (\$-109.4 million), and less advance planning and environmental preparatory work required for future surface inactivations (\$-12.5 million).

- The net increase of \$16.0 million in Other Sealift/Surge programs is attributed to: increased travel and supplies to support ships participating in various exercises (\$1.1 million), the participation of the USNS MERCY (TAH) and the USNS WRIGHT (TAVB) in a biennial exercise (\$6.6 million), medical equipment upgrades to ships (\$4.9 million) and accelerated procurement of Chemical, Biological, and Radiological shipsets (\$1.4 million) offset by a program decrease of \$3.3 million for costs associated with not conducting USNS COMFORT (TAH) and USNS CURTISS (TAVB) biennial exercises. There is also price growth of approximately \$6.0 million.
- There are no significant program changes in the Fleet Hospital, Industrial Readiness, Coast Guard Support, or exercise activities.

The Marine Corps mobilization program finances the training and exercise costs associated with the Maritime Prepositioning Force program and Aviation Logistics Support Ships (T-AVB), as well as the cost of maintaining equipment and supplies in a ready-to-operate status. The T-AVB funding finances the movement of aviation Intermediate Maintenance Activities to support the rapid deployment of Marine Corps fixed wing and rotary wing aircraft. The program also funds the DoD-directed Norway Air-Landed Marine Expeditionary Brigade (NALMEB) Prepositioning Program, a NATO rapid reinforcement capability initiative.

- The FY 2003 net decrease of \$2.7 million represents price growth of \$4.0 million and program increases of \$0.6 million associated with one time Congressional increases, offset by program decreases for: one-time funding for additional FY 2002 Maritime Prepositioning Ship offload exercises (\$-1.0 million), one-time funding for the triennial NALMEB Battle Griffin exercises (\$-1.7 million). Materiel Command efficiencies related to contracting, acquisition/procurement, and other logistical improvement initiatives (\$-2.6 million), and reduction in funding for the Maritime Prepositioning Force Program (\$-2.1 million).

The Air Force's Other Mobilization program includes resources for Airlift Operations, Mobilization Preparedness, Depot Maintenance, Facilities Sustainment, and Base support. The Airlift Operations program supports the day-to-day missions activity of Mobility Operations, including C-130 theater airlift; C-9 medical evacuation operations; school-house and proficiency training for C-5, C-130,

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C-141, C-17, C-12, C-21, UH-1N, and HH-60 aircrews; air refueling operations on KC-10 and KC-135 aircraft; operational support airlift; Short Takeoff and Landing contracted airlift; and various simulators and trainer programs. The Air Force's Airlift Command, Control, Communication, and Intelligence (C3I) programs finance various command and control systems, which provide the capability to direct and control airlift and aircrew forces for worldwide deployment. Mobilization Preparedness funding provides the Air Force with the capability to sustain operations during crisis situations through the provision and prepositioning of war reserve material (WRM), theater nuclear weapon storage and security systems (WS3), Theater Nuclear Weapon Storage and Security (WS3), industrial preparedness, inactive aircraft storage and disposal, and station hospitals and clinics.

- The FY 2003 increases to overall Airlift Operations (\$71.3 million) is comprised of a price decrease of \$9.6 million offset by program growth of \$80.9 million. Air Operations Training increases include: an increase in resources to establish simulators and develop training products to support the beddown of 40 C-130J tactical transport airlift beginning in FY 2004 (\$12.3 million), and funds to support the first block cycle change for the ALR-56M Radar Warning System (\$1.8 million). There is an increase of \$4.3 million in C3I Air Operations to improve overall information infrastructure support and to significantly upgrade communications capabilities at the base level. There is an increase of \$6.3 million in airlift funds for Air Expeditionary Force (AEF) rotations in support of Operations Northern Watch and Southern Watch (Southwest Asia) at historical execution levels. There is a Transportation Working Capital Fund (TWCF) increase of \$115.0 million to fund a loss resulting from the difference between TWCF cost of operations and anticipated FY 2003 revenue plus the Accumulated Operating Result (AOR) loss from FY 2001 and FY 2002. Finally, there is an increase of \$11.0 million to fund a revised Civilian Pay funding requirements for the baseline program based on an updated assessment of actual workyear costs. Decreases to Air Operations include: \$38.7 for KC-10 Contractor Logistics Support, \$11.3 million to the Flying Hour Program to reflect the latest (CY 2001) AF Cost Analysis Improvement Group (AFCAIG) approved cost factors, \$8.8 million to align the mobility travel program to be consistent with FY 2002 congressional actions to reduce the Services' non-mission travel requirements, and \$5.1 million to reflect estimated savings that will be achieved by reducing costs through increased competition and expanded employee/private sector participation.
- The FY 2003 increase of \$17.2 million in Mobility Operations Depot Maintenance includes pricing increases of \$24.8 million offset by a decrease of \$7.6 million to Depot Purchased Equipment Maintenance Activity group (DPEM) to mitigate excess workload that cannot be accomplished in FY 2003 within the Depot Maintenance Activity group (DMAG).
- The FY 2003 increase of \$52.0 million in Mobility Operations Facilities Sustainment, Restoration and Modernization (formerly Real Property Maintenance) includes \$6.7 million in price growth and a \$45.3 million increase to fully fund sustainment (100%)

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in compliance with the requirements established in the OSD Facility Sustainment model (FSM), which includes funding for the critical annual maintenance and scheduled repair activities required to maintain the inventory of real property assets through the expected service life.

- The increase to Mobility Operations Base Support of \$37.2 million consists of pricing increases (\$27.0 million) and program growth of \$10.0 million to support a variety of operating equipment.