

**OFFICE OF THE
SECRETARY OF DEFENSE**

FISCAL YEAR (FY) 2007 BUDGET ESTIMATES

February 2006



**Justification for Component
Contingency Operations
and the
Overseas Contingency Operations Transfer Fund
(OCOTF)**

FY 2007 Component Contingency Operations & OCOTF

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FY 2007 Component Contingency Operations & OCOTF

Description of Operations Financed:

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

The Overseas Contingency Operations Transfer Fund (OCOTF), originally established by Congress in FY 1997, provides the Department with a means to meet operational requirements in support of contingency operations without disrupting approved program execution or force readiness. The OCOTF, a “no year” transfer account, provides the Department additional flexibility to meet operational requirements by transferring funds to the Military Components based on actual execution experience as events unfold during the year of execution.

Transfers from the OCOTF are processed using existing reprogramming procedures. A quarterly report is submitted to the congressional oversight committees, documenting all transfers from the OCOTF to the Components baseline accounts.

Beginning in FY 2002, funds to support Southwest Asia, Kosovo and Bosnia contingency requirements have been appropriated directly to the Service and Defense Agencies Operation and Maintenance (O&M) and Military Personnel appropriations rather than the OCOTF. The obligations data shown here was extracted from the individual Service/Agency appropriations.

For FY 2007, \$10.0 million is requested in the OCOTF to finance unanticipated costs for contingency operations, other than Global War on Terrorism (GWOT) operations. These funds will remain available pending transfer to a DoD Component in the event of unanticipated increases in contingency operations costs. These funds will be used to finance operations in order to avoid relying on and diverting readiness funds from the Services and Agencies annual appropriations.

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CONTINGENCY OPERATIONS

BOSNIA:

Funds to sustain contingency operations in Bosnia are included in the Defense Components baseline appropriations because operations and troop levels have become stable enough to be financed and executed in the normal appropriations structure.

The North Atlantic Treaty Organization (NATO's) Stabilization Force (SFOR), which transitioned from the much larger Implementation Force (IFOR) in FY 1997, continues to maintain a secure environment in Bosnia. SFOR's primary mission remains to deter and, if necessary, halt a resumption of hostilities while contributing to a secure environment necessary for consolidation of the peace and to further progress in the civilian implementation process under United Nations Security Council Resolutions (UNSCR) 1174 and 1247.

SFOR played a critical role in providing the secure environment needed for democratic principles and free-market reforms to take root and grow. That role continues to be essential. The continued progress on security and civil implementation has allowed SFOR to meet its force requirements at a substantially lower level than a year ago. It is vital to the international community to help Bosnia and Herzegovina make the transition from armed truce and reconstruction to emergence as an independent, democratic state with a viable economy. In recognition of their role in promoting peace, the European Union (EU) has taken over overall responsibility for peacekeeping operations in Bosnia. Thus, operations under SFOR (Operation Deliberate Forge; Operation Deny Flight; and Operation Joint Forge) were terminated effective December 2, 2004. The U.S. continues to have a small presence in Bosnia for coordinating NATO and EU peacekeeping missions.

Operations in Bosnia included:

- Operation Joint Forge: the NATO Stabilization Force (SFOR) operation to deter the resumption of hostilities and to contribute to a secure environment which will promote the re-establishment of civil authority in Bosnia-Herzegovina.

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- Operation Deliberate Forge: the Joint/Combined air operation to monitor, control and police air space over Bosnia-Herzegovina. Provides air support for Joint Guardian (described below) and Joint Forge.

KOSOVO:

Funds to sustain contingency operations in Kosovo were included in the Defense Components baseline appropriations beginning in FY 2002 because operations and troop levels have become stable enough to be financed and executed in the normal appropriations structure.

The deployment of NATO's multinational peacekeeping force into Kosovo began on June 12, 1999, two days after the successful conclusion of the NATO air campaign to halt Serbian violence and repression. The Kosovo Force (KFOR) quickly grew to nearly 50,000 troops from all 19 NATO nations and 15 other countries, including Russia and Ukraine. United Nations Security Council Resolution 1244 authorized the mission for an initial period of 12 months. The objectives were to deter renewed hostilities; to establish and maintain a secure environment; to assist, within means and capabilities, displaced persons and returning refugees; and to monitor and ensure compliance with provisions in both the Military Technical Agreement (MTA) between NATO and the Federal Republic of Yugoslavia and the agreement to demilitarize the Kosovo Liberation Army (KLA). The force strength stabilized at approximately 44,000 with the United States troop contribution around 6,200. U.S. forces took responsibility for the southeast sector of Kosovo as part of Multinational Brigade East.

During 1999 and continuing into 2000, KFOR troops routinely conducted security patrols, provided full-time security at checkpoints and facilities, provided escorts for individuals, groups and humanitarian convoys, and conducted operations to confiscate illegal weapons and munitions. KFOR monitored and enforced the terms of the MTA, ensuring the complete withdrawal of Serbian military, paramilitary, and police forces from Kosovo, oversaw the demilitarization of the KLA, and assisted with its subsequent transformation to a civil emergency response agency known as the Kosovo Protection Corps (KPC). KFOR also provided support to the United Nations Mission in Kosovo (UNMIK) in various aspects of civil implementation and assisted the International Tribunal for the Former Yugoslavia by reporting and preventing interference with sites of suspected war crimes. With reductions in conflict in this region, the U.S. troop strength has gradually been reduced. The primary mission remains the provision of a safe and secure environment to facilitate civil implementation under UNMIK.

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There is only one operation in Kosovo:

- Operation Joint Guardian: U.S. military support of the United Nations to provide continued military presence in Kosovo to deter renewed hostilities, stabilize the peace, and contribute to a secure environment for the ongoing civil implementation plan.

GLOBAL WAR ON TERRORISM OPERATIONS

No funds are requested in the FY 2007 President's baseline budget for the incremental contingency operations costs of Operation Iraqi Freedom (OIF) or Operation Enduring Freedom (OEF).

Funding for Operation Noble Eagle (ONE) is now contained within the Components baseline budget requests. The Department was able to realign ONE to the Components because the ONE mission reached a level of maturity that allowed the Department to predict with a reasonable level of confidence the annual cost of the operation. In contrast, OEF (and OIF) operational tempo (OPTEMPO) has been more difficult to predict because of the continuing insurgency activity. Currently, we are not able to estimate with a great certainty the troop deployment, fuel utilization, logistics and transportation requirements, nor the composition (Active vs. Reserves) of forces to be deployed. Because of these unknowns, any estimate prepared in time to be included in the FY 2007 Presidents request would have been flawed.

OPERATION NOBLE EAGLE:

Operation Noble Eagle: is a direct response to the September 11, 2001 terrorist attacks at the New York World Trade Center in New York City and the Pentagon. It funds the continuing efforts to defend the United States from airborne attacks, maintain air sovereignty, and defend critical U.S. facilities from a potentially hostile threat.

The primary cost driver in Operation Noble Eagle is the mobilization cost of National Guard and Reserve Component personnel. These mobilized personnel provide force protection to key facilities within the United States and provide an increased air defense capability to protect critical infrastructure facilities and U.S. cities from unconventional attack.

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OPERATION ENDURING FREEDOM:

Operation Enduring Freedom: finances the continuing U.S. efforts to track down terrorists and provide stability, primarily in Afghanistan. The military objectives of Operation Enduring Freedom include denying terrorist organization access to training camps and infrastructure, capturing Al Qaeda leaders and fighters, stopping terrorist activities against the U.S. and its allies, and preventing the re-emergence of international terrorist organizations. In Afghanistan, the objectives include destroying the remaining Taliban and Al Qaeda organization, training the Afghan National Army, conducting civil-military operations, and providing support for the emerging government of Afghanistan. In Cuba, the United States continues to hold terrorist detainees at Guantanamo Bay (GTMO) facility in order to obtain tactical intelligence on current and future terrorists operations, remove Al Qaeda and Taliban terrorist from the battlefield, and facilitate prosecution of those who have committed crimes.

In 2005, approximately 18,000 personnel were assigned to Operation Enduring Freedom, stationed in Afghanistan; or stationed in other locations within the Central Command area of operations.

OEF responsibilities were shared with coalition partners, who were made up of the following allied nations: Albania, Belgium, Canada, China, Denmark, France, Germany, Italy, Japan, New Zealand, Norway, Pakistan, Poland, Romania, South Korea, Spain, Tajikistan, Turkey, United Kingdom, and Uzbekistan.

OPERATION IRAQI FREEDOM:

Operation Iraqi Freedom: funds the continuing effort to stabilize Iraq in the post-war period, conducting stability and support operations throughout Iraq; capturing Hussein regime loyalists; and stopping terrorists from using Iraq as a staging area for terrorism activities.

The objectives of OIF include conducting security, stability, and support operations throughout Iraq, capturing Hussein regime loyalists, and stopping terrorist activities. One U.S. Corps headquarters, 15 U.S. military brigades, and two multinational divisions led by the British and the Polish forces, have been deployed to accomplish these tasks, as well as a

FY 2007 Component Contingency Operations & OCOTF

Multi-National Security Transition Command in Iraq that is responsible for training Iraq security forces. The on-going military operations in Iraq will continue to emphasize the international commitment to a free Iraq and help to develop Iraqi Security Forces to improve security in that nation. The Administration will continue to approach other countries about providing military forces to the coalition to support the transition to representative government in Iraq.

In 2005, approximately 138,000 personnel were assigned to Operation Iraqi Freedom in Iraq and others in direct support of Iraq operations, but outside of the Central Command area of operations OIF responsibilities were shared with coalition partners, who were made up of the following allied nations: Albania, Australia, Azerbaijan, Bulgaria, Czech Republic, Denmark, El Salvador, Estonia, Georgia, Italy, Japan, Kazakhstan, South Korea, Latvia, Lithuania, Macedonia, Mongolia, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, United Kingdom, and Ukraine.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND



OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

FY 2005	Price	Program	(\$ in Millions)	Price	Program	FY 2007
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2006</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
10.0	-	-	0	-	-	10.0

The Overseas Contingency Operations Transfer Fund (OCOTF) was established by the FY 1997 Department of Defense Appropriations Act to meet operational requirements in support of emerging contingency operations without disrupting approved program execution or force readiness. The OCOTF was established as a “no year” transfer account in order to provide additional flexibility to meet operational requirements by transferring the funding to the Military Components based on actual execution experience as events unfold during the year of execution. Between the fiscal years 1997 and 2001, the Department had been appropriated funds into the OCOTF to finance contingency operations that are so variable in their scope, duration, intensity they cannot be financed via DoD Component appropriations without causing a readiness impact.

Beginning in FY 2002, funds to finance the incremental cost of contingency operations in Bosnia, Kosovo, and Southwest Asia were included in the Services accounts vice the OCOTF because these operations had become stable enough to budget in the Component’s baseline appropriations. Therefore, in FY 2002, \$2,665.8 million was transferred from the OCOTF to the Components’ budgets.

The Department is requesting \$10 million in additional funds for FY 2007. The OCOTF is a permanent appropriation to be used only to finance contingency operations. New contingency requirements continually surface due to the dynamic international situation. The Military Departments, because of their relatively large Operation and Maintenance (O&M) accounts, are generally able to accommodate these new costs for a short time until other funding is available. However, the Defense Agencies, most notably the U.S. Special Operations Command (USSOCOM), and the combat support Defense Agencies, are less able to absorb the diversion of funds for these unforeseen contingency operations, making a small contingency fund vitally important.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

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CONTINGENCY OPERATIONS



Operation Joint Forge – Bosnia

Operation Deliberate Forge - Bosnia

Operation Joint Guardian – Kosovo

Operation Iraqi Freedom – Iraq

Operation Enduring Freedom – Afghanistan & Other Locations

Operation Noble Eagle – United States

FISCAL YEAR (FY) 2007 BUDGET ESTIMATE
 ALL CONTINGENCY OPERATIONS
 (Dollars in Thousands)

<u>CONTINGENCY OPERATIONS</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2005</u>					
Army	33,223,212	11,932,975	11,972,600	769,100	57,897,887
Navy	2,969,441	577,105	220,536	-	3,767,082
Marine Corps	2,688,662	1,220,957	2,189,656	11,029	6,110,304
Air Force	6,365,513	2,075,843	343,783	46,540	8,831,679
USSOCOM	1,013,253	-	-	-	1,013,253
DISA	105,406	-	20,153	-	125,559
DHP	1,072,259	-	-	-	1,072,259
TOTAL	47,437,746	15,806,880	14,746,728	826,669	78,818,023
<u>FY 2006</u>					
Army	22,106,311	5,259,016	4,608,300	-	31,973,627
Navy	2,934,038	863,276	1,342,428	-	5,139,742
Marine Corps	1,687,736	844,445	3,191,036	13,200	5,736,417
Air Force	5,730,779	1,155,713	880,130	42,850	7,809,472
USSOCOM	1,475,687	-	-	-	1,475,687
DISA	134,972	-	11,048	-	146,020
DHP	1,139,343	-	-	-	1,139,343
TOTAL	35,208,866	8,122,450	10,032,942	56,050	53,420,308

FISCAL YEAR (FY) 2007 BUDGET ESTIMATE
 ALL CONTINGENCY OPERATIONS
 (Dollars in Thousands)

<u>CONTINGENCY OPERATIONS</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2007</u> <i>(Balkans and GTMO Only)</i>					
Army	625,638	177,562	-	-	803,200
Navy	1,480	-	-	-	1,480
Marine Corps	-	-	-	-	-
Air Force	161,727	-	-	-	161,727
USSOCOM	523	-	-	-	523
DISA	10,707	-	-	-	10,707
DHP	10,349	-	-	-	10,349
TOTAL	810,424	177,562	-	-	987,986