

**OFFICE OF THE
SECRETARY OF DEFENSE**

FISCAL YEAR (FY) 2008 BUDGET ESTIMATES

February 2007



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

FY 2008 Component Contingency Operations & OCOTF

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FY 2008 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 OCCOTF 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 2008, \$5.0 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.

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 the KFOR, 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 (KFOR) to deter renewed hostilities, stabilize the peace, and contribute to a secure environment for the ongoing civil implementation plan.

JOINT TASK FORCE - EAST:

The Joint Task Force - East (JTF-E) executes the EUCOM Commander's Theater Security Cooperation engagement plan in support the Global War on Terror, enhances security in the Black Sea region, provides a rapid reaction contingency capability, and provides opportunities to train with our emerging warfighting allies. This capability is imperative due to overall force reduction within USEUCOM as a result of transformation and Global Posturing. JTF-E supports the RWOT Lines of Operation and provides the advantage of contingency response capability. JTF-E reinforces the enduring commitment of EUCOM to Romania and Bulgaria; significantly contributes to the transformation of Eastern European forces and capabilities; sets the conditions for long-term engagement in the Black Sea; improves interoperability with new (but war-proven) allies; provides strategic reassurance to regional allies; provides a rapid reaction contingency capability in the region to conduct counter-terrorist operations or to respond to crises in the CENTCOM AOR.

JOINT TASK FORCE - GUANTANAMO BAY

Provides funding for Joint Task Force Guantanamo Bay (JTF-GTMO), conducting detainee operations and intelligence activities in support of the Global War on Terrorism. Operations include, but are not limited to the detention and safeguard of personnel captured during Operations Enduring Freedom, Iraqi Freedom, and Noble Eagle and intelligence gathering from these detainees.

FY 2008 Component Contingency Operations & OCOTF

GLOBAL WAR ON TERRORISM OPERATIONS

Funds are requested in the FY 2008 GWOT Request for the incremental contingency operations costs of Operation Iraqi Freedom (OIF) or Operation Enduring Freedom (OEF). Details on the costs for OIF and OEF are contained in the FY 2007 Supplemental Request and the FY 2008 GWOT Request justification materials under separate covers.

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. Details are forthcoming.

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

FY 2006	Price	Program	(\$ in Millions)	Price	Program	FY 2008
<u>Actual*</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2007</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
0	-	-	0	-	-	5.0

*The balance in the OCOTF account as of February 2007 is \$9.972million.

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 \$5.0 million in additional funds for FY 2008. 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.

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
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 2006</u>					
Army	432,900	166,500	-	-	599,400
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	15,546	-	-	-	15,546
USSOCOM	1,250	-	-	-	1,250
DHP	7,562	-	-	-	7,562
TOTAL	457,258	166,500	-	-	623,758
<u>FY 2007</u>					
Army	459,700	164,100	-	-	623,800
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	155,346	-	-	-	155,346
DHP	8,110	-	-	-	8,110
USSOCOM	80	-	-	-	80
TOTAL	623,236	164,100	-	-	787,336

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
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 2008</u>					
Army	416,100	162,100	-	-	578,200
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	111,107	-	-	-	111,107
USSOCOM	61	-	-	-	61
DHP	8,698	-	-	-	8,698
TOTAL	535,966	162,100	-	-	698,066

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

<u>BOSNIA</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2006</u>					
Army	80,700	19,200	-	-	99,900
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	14,083	-	-	-	14,083
USSOCOM	1,129	-	-	-	1,129
DHP	633	-	-	-	633
TOTAL	96,545	19,200	-	-	115,745
<u>FY 2007</u>					
Army	113,000	15,300	-	-	128,300
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	140,728	-	-	-	140,728
USSOCOM	60	-	-	-	60
DHP	679	-	-	-	679
TOTAL	254,467	15,300	-	-	269,767
<u>FY 2008</u>					
Army	63,900	7,700	-	-	71,600
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	100,652	-	-	-	100,652
USSOCOM	61	-	-	-	61

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

<u>BOSNIA</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
DHP	728	-	-	-	728
TOTAL	165,341	7,700	-	-	173,041

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

<u>KOSOVO</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2006</u>					
Army	270,500	147,300	-	-	417,800
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	1,463	-	-	-	1,463
USSOCOM	61	-	-	-	61
DHP	6,929	-	-	-	6,929
TOTAL	278,953	147,300	-	-	426,253
<u>FY 2007</u>					
Army	260,900	148,800	-	-	409,700
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	14,618	-	-	-	14,618
USSOCOM	-	-	-	-	-
DHP	7,431	-	-	-	7,431
TOTAL	282,949	148,800	-	-	431,749
<u>FY 2008</u>					
Army	227,900	150,200	-	-	378,100
Navy	-	-	-	-	-
Marine Corps	-	-	-	-	-
Air Force	10,455	-	-	-	10,455
USSOCOM	-	-	-	-	-

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

	<u>KOSOVO</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
DHP		7,970	-	-	-	7,970
	TOTAL	246,325	150,200	-	-	396,525

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

<u>Joint Task Force - East</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2006</u>					
NO FUNDS BUDGETED	-	-	-	-	-
<u>FY 2007</u>					
NO FUNDS BUDGETED	-	-	-	-	-
<u>FY 2008</u>					
Army	38,900	4,200	-	-	43,100

FISCAL YEAR (FY) 2008 BUDGET ESTIMATE
CONTINGENCY OPERATIONS
(Dollars in Thousands)

<u>Joint Task Force - Guantanamo Bay</u>	<u>O&M</u>	<u>MilPers</u>	<u>Proc.</u>	<u>Other</u>	<u>Total</u>
<u>FY 2006</u>					
Army	81,700	-	-	-	81,700
TOTAL	81,700	-	-	-	81,700
<u>FY 2007</u>					
Army	85,800	-	-	-	85,800
TOTAL	85,800	-	-	-	85,800
<u>FY 2008</u>					
Army	85,400	-	-	-	85,400
TOTAL	85,400	-	-	-	85,400