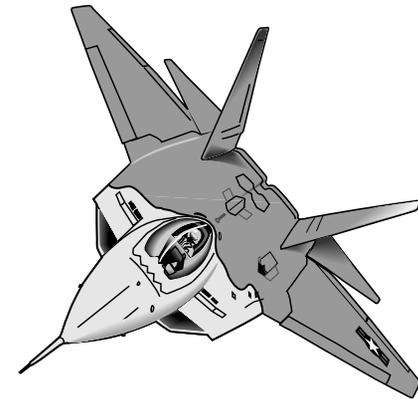


Office of the Secretary of Defense
Operation and Maintenance Overview

February 2004



FY 2005 Budget Estimates

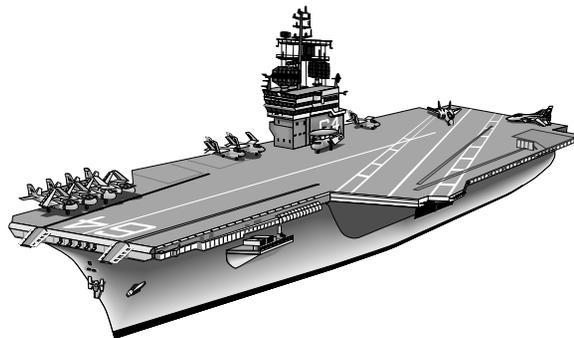


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O-1 Exhibit

O-1A Exhibit

Program Assessment Review Tool (PART)

**Operation and Maintenance Performance Criteria and
Metrics**

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Army</u>	<u>51,000.0</u>	<u>+800.1</u>	<u>+4,209.0</u>	<u>56,009.1</u>	<u>+483.9</u>	<u>-23,920.4</u>	<u>32,572.6</u>
Army	44,530.1	+628.7	+4,559.4	49,718.3	+388.3	-24,031.1	26,075.5
Army Reserve	2,127.0	+51.9	-199.8	1,979.1	+27.7	+1.6	2008.1
Army National Guard	4,343.0	+119.5	-150.6	4,311.8	+68.1	+109.0	4,489.0
<u>Navy</u>	<u>42,537.9</u>	<u>+787.0</u>	<u>-7,745.6</u>	<u>35,579.2</u>	<u>+699.3</u>	<u>-1,428.5</u>	<u>34,850.0</u>
Navy	35,555.3	+703.1	-6,643.7	29,614.6	+649.8	-475.2	29,789.2
Marine Corps	5,525.4	+51.0	-968.3	4,608.1	+27.7	-1,003.8	3,632.1
Navy Reserve	1,239.2	+30.1	-102.0	1,167.3	+19.6	+53.1	1,240.0
Marine Corps Reserve	217.9	+2.8	-31.6	189.1	+2.3	-2.7	188.7
<u>Air Force</u>	<u>43,262.0</u>	<u>+2,122.1</u>	<u>-6,688.8</u>	<u>38,695.5</u>	<u>+839.8</u>	<u>-4,401.4</u>	<u>35,133.9</u>
Air Force	36,874.4	+1723.5	-6807.5	31,790.3	+639.7	-3,958.7	28,471.3
Air Force Reserve	2,145.0	+113.2	-36.3	2,222.0	+52.3	-34.5	2,239.8
Air National Guard	4,242.7	+285.4	+155.2	4,683.3	+147.8	-408.2	4,422.8
<u>Defense-Wide and Other</u>	<u>35,878.8</u>	<u>+430.7</u>	<u>+5,778.0</u>	<u>42,087.5</u>	<u>+1,215.8</u>	<u>-5,257.1</u>	<u>38,046.1</u>
Defense-Wide	18,654.9	+620.9	+2,538.6	21,814.4	+217.4	-4,537.7	17,494.1
Defense Health program	15,404.9	+859.7	+997.0	17,261.6	+960.5	-581.8	17,640.4
Emergency Response Fund, Defense	1,058.0	-1058.0	-	-	-	-	-
Former Soviet Union Threat Reduction	414.4	+5.5	+28.8	448.6	+6.3	-45.7	409.2
Office of the Inspector General	156.5	+4.4	+26.5	187.5	+5.1	+52.0	244.6
OPPLAN 34A-35 P.O.W.	-	-	-	-	-	-	-
Overseas Humanitarian, Disaster and Civic Aid	94.5	-2.1	+1.8	94.2	-0.6	-34.7	59.0
Payment to Kaho'olawe Island	86.3	-	-67.8	18.4	-	-18.4	0

O&M TOA BY SERVICE BY APPROPRIATION

	(\$ in Millions)						
	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Quality of Life Enhancements, Defense	-	-	-	-	-	-	-
U.S. Court of Appeals for the Armed Forces	9.4	+0.3	+0.6	10.3	+0.2	+0.3	10.8
Support for International Sporting Competitions	1.7	-	-	-	-	-	-
Environmental Restoration, Army*	(394.4)	-	+394.1	394.1	+5.5	+1.3	400.9
Environmental Restoration, Navy*	(255.4)	-	+254.9	254.9	-	+11.9	266.8
Environmental Restoration, Air Force*	(387.8)	-	+382.5	382.5	+5.0	+9.9	397.4
Environmental Restoration, Defense-Wide*	(246.9)	-	+283.3	283.3	+4.1	-70.8	216.5
Environmental Restoration, Formerly Used Defense Sites (FUDS)*	(23.4)	-	+24.0	+24.0	+0.3	-0.6	23.7
Drug Interdiction And Counter-Drug Activities, Defense*	(905.9)	-	+908.6	908.6	+11.9	-67.8	852.7
Overseas Contingency Operations Transfer Fund (OCOTF)*	(5.0)	-	+5.0	5.0	+0.1	+24.9	30.0
Pentagon Renovation Transfer Fund	-	-	-	-	-	-	-
Claims, Mt Pinatubo, Defense	0.1	-	-0.1	-	-	-	-
Iraqi Freedom Fund	-	-	-	1,926.5	+27.0	-1,953.5	0
Total Obligational Authority**	172,680.5	+4,139.8	-2,522.4	174,297.8	+3,265.7	-36,960.9	140,602.6
Financing Adjustments	+5,635.4	-	-	-5,828.2	-	-	+642.1
Total Budget Authority	178,315.8	-	-	168,469.7	-	-	141,244.7

*Transfer Accounts. The FY 2002 data is non-additive. The Department transfers these program funds to other appropriations (primarily Operations and Maintenance appropriations) where the Components manage, obligate, and expend the transferred funds for the purposes appropriated.

** Totals may not add due to rounding.

O&M TOA BY SERVICE BY APPROPRIATION

The Overview reports Total Obligational Authority (TOA), which includes Budget Authority (BA) and financing adjustments. The previous summary table identifies the TOA by appropriation within the Operation and Maintenance (O&M) Title and also identifies the net financing adjustments.

The FY 2004 financing adjustment of \$-5,828.2 million includes contributions from allied nations for Defense Burdensharing (\$+600.0 million). This adjustment is offset by:

- (1) \$3,490.0 million unobligated balance brought forward in Iraqi Freedom Fund;
- (2) \$164.0 million unobligated balance carried forward for the Former Soviet Union Threat Reduction program (three years of availability, and
- (3) \$36.1 million unobligated balance carried forward for investment activities funded in this title for the Defense Health Program (three years of availability).

The FY 2005 financing increase of \$642.1 million is due to

- (1) contributions for Defense burdensharing (\$+600.0 million),
- (2) restoration efforts at the Rocky Mountain (\$+10.0 million), and
- (3) receipts involving disposal, lease, or recovery of DoD facilities and real property (\$+30.7 million).

OPERATION AND MAINTENANCE TITLE SUMMARY

(\$ in Millions)						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
172,680.5	+4,139.8	-2,522.4	174,297.8	+3,265.7	-36,960.9	140,602.6

The Department of Defense’s Operation and Maintenance (O&M) programs underpin the military readiness of the United States. America’s military must be capable of responding effectively to crises in order:

- to protect our national interest,
- to demonstrate U.S. resolve, and
- to reaffirm the role of the United States as a global leader.

The U.S. forces must be able to execute the full spectrum of military operations -- from deterring aggression and coercion, to conducting concurrent smaller-scale contingency operations, to fighting and winning major theater wars.

To fulfill these roles, U.S. forces must be prepared and ready to execute their combat missions decisively. Resources dedicated to O&M reflect the Department’s commitment to readiness. The Department’s first-to-fight forces are the best in the world.

The funding amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms. The term “TOA” includes Budget Authority and financing adjustments (e.g., transfers from unobligated balances), which comprise the total funding available for obligation in the appropriations included in the O&M Title. The previous summary table identifies the TOA for the appropriations included in the O&M Title.

The FY 2005 TOA for the O&M Title is \$140.6 billion, which reflects a net decrease of \$33.8 billion below the FY 2004 funded level. This decrease is made up of \$2.7 billion for pricing changes and \$36.5 billion (-19.1 percent) of net program decline. The primary driver of the program decline is the FY 2004 Supplemental Appropriation, which was a one-time increase to the FY 2004 baseline.

The Budget Authority for the O&M Title decreases 1.7 percent between FY 2004 and FY 2005 as a percentage of the DoD portion of the National Defense Function (051 function) reflected in the FY 2005 budget estimates. In FY 2005, the O&M share of the Defense budget is 35.1 percent decreasing from 38.1 percent in FY 2004, primarily as a result of the FY 2004 Supplemental Appropriation.

The following table below shows the changes between the FY 2004 baseline TOA (excluding the impact of the FY 2004 Supplemental Appropriation) and the FY 2005 President’s Budget Request:

OPERATION AND MAINTENANCE TITLE SUMMARY

FY 2004 Baseline Total Obligation Authority and FY 2005 President's Budget Request

(\$ in Millions)			
FY 2004			
Baseline	Price	Program	FY 2005
<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
133,131.8	+3,373.2	+4,097.6	140,602.6

The FY 2005 TOA request for the O&M Title increases \$7.5 billion above the FY 2004 baseline funding and consists of a net increases of \$+3.4 billion in price growth and \$+4.1 million in program growth. Overall, the request grows 3.0 percent.

The following narrative and the exhibits in the O&M Overview Book discuss the price and program changes from the FY 2004 baseline TOA (excluding the impact of the FY 2004 Supplemental Appropriation).

PRICE CHANGES

Price growth reflects the additional cost of executing the previous year's program at the next year's prices. In general, price growth amounts are estimated by applying price change rates to amounts budgeted for various commodity groups (i. e., civilian pay, Working Capital Fund purchases, medical supply purchases, general non-personnel purchases, etc.). The FY 2005 price growth is \$3.4 billion. Rates used for the major commodity groups follow:

For civilian pay, the FY 2005 price growth is based on annualization of the FY 2003 pay raises for classified and wage board employees to include locality increases, which were effective January 1, 2003, and the portion of the FY 2004 pay increases scheduled to become effective January 1, 2004. It also provides for foreign national employee pay raises at the rates the host country provided its public sector personnel. For FY 2005, the budgeted pay raise increase is 1.5 percent for classified and wage board employees and is effective January 1, 2005.

Consistent with Office of Management and Budget (OMB) direction, the general non-personnel purchase rate is 1.4 percent for FY 2005.

OPERATION AND MAINTENANCE TITLE SUMMARY

The FY 2005 fuel purchase prices for purchases from the Working Capital Fund increase 3 percent in FY 2005 based on world fuel market prices. With these rates, Working Capital Fund customers pay an average cost per barrel of \$39.48 in FY 2005. The average price in FY 2004 is \$38.22 per barrel. The FY 2005 customer fuel prices are based on revised estimates of fuel purchase inflation provided by OMB.

Other Working Capital Fund rates change by business activity group and vary from year to year. The following list of FY 2005 rate changes represents those business areas that account for the vast majority of orders from O&M customers:

<u>Working Capital Fund Activity Group</u>	<u>Rate Change (Percent)</u>
Army Managed Supplies, Materials, and Equipment	-1.50
Navy Managed Supplies, Materials, and Equipment	+2.40
Air Force Managed Supplies, Materials, and Equipment	+3.78
Defense Logistics Agency (DLA) Managed Supplies, Materials, and Equipment	+0.90
Army Depot Systems Command – Maintenance	+1.49
Army Ordnance Depot Maintenance	+26.08
Naval Aviation Depots	+3.06
Naval Shipyards	+12.69
Marine Corps Depot Maintenance	-2.45
Air Force Depot Maintenance (Organic)	+6.80
Navy Civil Engineering Services	+5.17
Air Force Information Services	+27.82
Military Sealift Chartered Cargo	-3.90
Air Mobility Command Channel Cargo	+1.80
Air Mobility Command Passenger	+1.80
Air Mobility Command Training	-8.00

OPERATION AND MAINTENANCE TITLE SUMMARY

PROGRAM CHANGES

Air Operations

The Air Operations program finances the cost to maintain aircraft and to train pilots to achieve and maintain flying proficiency in support of the national military strategy. Air Operations consists of two main functions:

- (1) flying hours, also called Operating Tempo (OPTEMPO) and
- (2) support, including depot maintenance.

The flying hour program is based on pilot training syllabuses, which are used to estimate the number of training hours needed to achieve and to maintain aircrew skill levels.

The FY 2005 budget request of \$29.4 billion for the Air Operations program reflects a net program increase of \$0.8 billion (+2.7 percent) above the FY 2004 funding level. The FY 2005 increases fund the Services' flying hour requirements to meet readiness and training goals. Major program changes include:

- Navy: A reduction in flying hour requirement due to force structure changes (\$-0.2 billion) is offset by a transfer-in of Air Support Programs from non-Air Operations budget subactivity groups (+0.5 billion).
- Air Force: The program shows overall increases in depot maintenance for aircraft and engines (\$+0.2 billion) and increases in Air Operations support programs (\$+0.3 billion) for contractor logistics support and combat communications.

Land Forces

The Land Forces program includes funding to train and to sustain active Army and Marine Corps ground combat forces. The Army's program includes units assigned to heavy, airborne, air assault and light division; corps combat units. The Marine Corp program includes divisions, service support groups, helicopter groups, and light anti-aircraft missile battalions that constitute the Marine air-ground team and Marine security forces.

The FY 2005 budget request of \$4.1 billion for Land Forces programs reflects a program increase of \$0.3 billion (+8.9 percent). Major program changes include Army increases of \$0.3 billion reflecting increases in the demand for aviation spare parts, number of battalions participating in brigade rotation at the training centers, contractor logistics support, force protection, maintenance, and the conversion of a brigade to Stryker Brigade Combat Team.

OPERATION AND MAINTENANCE TITLE SUMMARY

Ship Operations

The Ship Operations programs include OPTEMPO as well as depot maintenance and support. The FY 2005 budget request of \$8.4 billion includes a net program increase of \$0.4 billion (+4.6 percent) that is due primarily to the increase in the number and the scope of scheduled ship availabilities.

Mobilization

The Mobilization program provides for airlift and sealift capability to deploy combat forces and materiel in contingencies by providing funding to maintain an inventory of immediately available supplies and equipment to sustain the forces as outlined in the National Military Strategy.

The FY 2005 budget request of \$4.6 billion for the Mobilization program reflects a net program increase of \$0.1 million (+1.3 percent) above the FY 2004 funding level. Navy program increases include the inactivation and disposal of nuclear reactor compartments. Air Force program changes consist of increased depot maintenance and of increased base support costs for personnel and utilities.

Depot Maintenance

The Depot Maintenance program funds the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from active forces to the Reserve Components.

The FY 2005 budget request of \$11.1 billion reflects a net program increase of \$0.7 billion (+0.9 percent) from the FY 2004 funding level. Major program changes include:

- Navy: The program rises due to increases in number and scope of ship availabilities, aircraft depot maintenance, and air-worthiness inspections (\$+0.4 billion).
- Air Force: The budget request is higher due to increases in the number of aircraft depot maintenance and engine overhauls (\$+0.3 billion).

OPERATION AND MAINTENANCE TITLE SUMMARY

Transportation

The Transportation program provides for the movement of materiel between contractors' plants, military logistics centers, and field activities throughout the world. The FY 2005 budget request of \$1.1 billion reflects a net program decrease of \$0.1 million (-9.0 percent) below the FY 2004 funding level. The decrease results from Army and Air Force decisions to restrain transportation costs in order to balance funding priorities within each Service.

Training and Education

The Training and Education program finances the operation of training centers, Service schools, and scholarship programs, which are necessary to acquire and to maintain a trained force of personnel capable of supporting DoD's military units, ships, aircraft, and installed weapon systems. Also included are resources to finance base support activities and facility sustainment.

The FY 2005 budget request of \$7.3 billion includes program growth of \$0.6 billion (+8.7 percent). Major program increases include:

- Specialized Skill Training for Army Defense Language Program and Army military to civilian conversions (\$+0.2 billion)
- Flight Training for Army Flight School XXI and Air Force undergraduate flying training contractor logistics support (\$+0.2 billion), and
- Professional development programs, Senior Reserve Officer Training Corps, and training support (\$+0.2 billion).

Recruiting, Advertising, and Examining

The Recruiting, Advertising, and Examining program provides funds to support the recruiting commands and stations throughout the United States, to finance the costs for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel, and to support the U.S. Military Entrance Processing Command to process all enlisted personnel entering active duty.

The FY 2005 budget of \$1.4 billion maintains virtually the same funding level as FY 2004. The net program increase is \$0.03 billion and primarily reflects increased Army costs for examining due to centralized funding for the U.S. Army Accessions Command and for military to civilian conversions.

OPERATION AND MAINTENANCE TITLE SUMMARY

Base Support

The Base Support program provides the resources to operate the bases, installations, camps, posts, and stations of the Military Departments. These resources sustain mission capability, ensure quality-of-life, enhance work force productivity, and fund personnel and infrastructure support.

The FY 2005 budget request of \$17.6 billion includes program growth of \$0.8 billion (+5.0 percent). Major program changes include:

- Army: Program growth reflects increases for military to civilian conversions, child care, family counseling, contracted real property services, and security (\$0.3 billion).
- Navy: Program increases include the functional transfer of funds from other Navy programs as part of the Navy's establishment of a single shore installation management command and increases for base support services (\$0.1 billion).
- Marine Corps: Program growth reflects increases for military to civilian conversions, based information technology infrastructure, and compliance with environmental regulations (\$+0.1 billion).
- Air Force: Growth is due to increases for military to civilian conversions and for contracted real property services (\$+0.4 billion).

Command, Control, and Communications

The Command, Control, and Communications (C3) program finances base level and worldwide communication networks for voice, data, and imagery traffic to ensure responsive support to U.S. forces.

The FY 2005 budget request of \$4.9 billion includes a net program increase of \$0.4 billion (+8.2 percent) above the FY 2004 funded level. Major program changes include:

- Sustaining Base Communications: The Air Force increases funding to improve Defensive Information Operations and to sustain long haul and deployable communications capabilities (\$+0.2 billion).
- Command and Control: Program growth reflects Air Force increases for National Command and Control Programs, U.S. Strategic Command new missions, and for command and control satellite communications (\$0.2 billion).

Facilities Sustainment, Restoration, and Modernization (SRM) and Demolition

The Facilities Sustainment, Restoration, and Modernization (SRM) and Demolition programs provide funds to support two distinct efforts. The SRM program (formerly called "Real Property Maintenance") provides funds to maintain facilities, to restore facilities

OPERATION AND MAINTENANCE TITLE SUMMARY

whose age is excessive or have been damaged, and to improve facilities to accommodate new functions or mission. The demolition program provides funds to demolish and dispose of obsolete and excess structures.

The FY 2005 budget request of \$7.4 billion includes a net program growth of \$0.2 billion (+3.4 percent). Major program changes include:

- Facilities Sustainment: Air Force increases funding to achieve a 95 percent sustainment level (\$+0.1 billion).
- Restoration and Modernization: Army and Air Force reflect program increases to repair infrastructure (\$+0.1 billion).

Defense-Wide

The Operation and Maintenance, Defense-Wide appropriation provides funding to support a wide range of essential programs that are critical to the accomplishment of the missions of the Military Departments. Consolidation of these functions have achieved maximum efficiency by avoiding overlap and duplication among the Military Departments. These programs include special operations forces, intelligence activities, audit and contract management activities, treaty implementation, nuclear weapons management and analysis, dependents' education, civilian and military personnel support, and management support to the Department.

The FY 2005 budget request of \$17.5 billion for the O&M, Defense-Wide appropriation includes a net program decrease of \$0.2 billion (-1.0 percent). The primary driver for this apparent decrease is the one-time FY 2004 transfers-in from the Iraqi Freedom Fund to the Defense Security Cooperation Agency for Coalition Support Programs.

Major program increases include:

- Classified program increases (\$+0.6 billion),
- Readiness programs for the U.S. Special Operations Command (SOCOM) (\$+0.2 billion),
- Information assurance support for the Defense Information Systems Agency (\$+0.1 billion), and
- Transfers-in from other appropriations for a classified USSOCOM program, the Defense Integrated Military Human Resources System, and for the Business Management Modernization Program (\$+0.1 billion).

OPERATION AND MAINTENANCE TITLE SUMMARY

Defense Health Program

The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, graduate medical education for the training of medical personnel, and occupational and industrial health care.

The FY 2005 budget request of \$17.6 billion for DHP maintains the same level of funding as that of FY 2004; program decreases offset program increases. Major changes include:

- O&M, In-House Care: Increases reflect the high cost of new drugs and additional funding for non-clinical support staff (\$+0.2 billion).
- O&M, Private Sector Care: The increases for programmed growth in supplemental health and dental care, family health programs, and overseas claims (\$+0.4 billion) are offset by decreases for savings from federal pricing of retail pharmaceuticals and savings in TRICARE contracts (\$-0.4 billion).
- O&M, Information Management: Program growth reflects increases for infrastructure improvements (\$+0.1 billion).
- Procurement: Program growth includes increases for equipment for infrastructure modernization (\$+0.1 billion).
- Research, Development, Test, and Evaluation: The program decrease of \$0.4 billion reflects the one-time FY 2004 congressional increases.

Former Soviet Union Threat Reduction

The Former Soviet Union (FSU) Threat Reduction appropriation provides resources to address the threat from, and potential proliferation of, the FSU arsenal of weapons of mass destruction (WMD) associated materials and expertise. The FY 2005 budget request of \$0.4 billion for the FSU Threat Reduction appropriation reflects a net program decrease of \$0.04 billion (-10.0 percent), which is primarily due to a reduction in the chemical weapons destruction.

Defense Environmental Restoration

The Defense Environmental Restoration Program consists of five transfer appropriations that the Congress established to provide for: the identification, investigation, and cleanup of past contamination from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordinances; and the demolition and removal of unsafe buildings, structures at active installations and Formerly Used Defense Sites (FUDS).

OPERATION AND MAINTENANCE TITLE SUMMARY

The FY 2005 budget request of \$1.3 billion includes a net program reduction of \$0.1 billion (-3.9 percent), which primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2004 (\$-0.1 billion).

Overseas Contingency Transfer Fund

The Overseas Contingency Transfer Fund (OCOTF) is a transfer appropriation that the Congress established to finance contingency operations since these operations are dynamic and unpredictable. As a transfer appropriation, the OCOTF provides the Department with the flexibility to provide funds in the year of execution to the Components for contingency operations costs. The FY 2005 budget request for OCOTF is \$30.0 million and reflects a net program increase of \$24.9 million. The FY 2005 increase will restore the funds balance to support unanticipated contingency operations costs incurred by the Components.

Drug Interdiction and Counterdrug Activities

The DoD Counterdrug (CD) program supports the counterdrug objective directed in the President's National Security Strategy of the United States, "...to reduce the flow of illegal drugs into the United States by encouraging reduction in foreign production, combating international traffickers, and reducing demand at home." The CD program is funded in the Drug Interdiction and Counterdrug Activities, Defense appropriation, which is a central transfer account (CTA) that finances all DoD CD resources except for those resources required for the Active Components' military personnel, Service OPTEMPO, and CD military construction.

The FY 2005 budget request of \$0.9 billion maintains the same baseline funding as that of FY 2004.

ARMY

<u>(\$ in Millions)</u>						
FY 2003	Price	<u>Program</u>	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
\$44,530.1	\$+588.7	(\$20,479.5)	\$24,639.3	\$+388.3	\$+1,047.9	\$26,075.5

The Operation and Maintenance (O&M), Army appropriation provides for the day-to-day operations of units, schools and power projection platforms, which in combination support a strategically ready force. The appropriation finances the Army's capability to develop tough, realistic training; provide maintenance of equipment and facilities; and provide the highest possible quality-of-life for Soldiers and their families. To ensure high levels of military readiness, these O&M resources directly support the following major categories of mission operations:

- Operating Tempo (OPTEMPO)
- Training Enablers
- Institutional Training and Recruiting
- Mobility Operations
- Base Operations Support (BOS)
- Facilities Sustainment, Restoration, and Modernization (FSRM)
- Logistics Operations
- Servicewide Support

Overall Assessment

The FY 2005 O&M budget ensures the Army's readiness capabilities to meet today's threats while preparing for tomorrow's challenges.

FY 2005 Budget Request

The FY 2005 O&M budget request of \$26,075.5 million increases by \$1,436.2 million above the FY 2004 program. The increase includes a net price growth of \$388.3 million (i.e., inflation and pay raises) and a net program increase of \$1,047.9 million. The program changes include net transfers-in totaling \$66.7 million and net program increases of \$981.2 million (+4 percent). The current estimates for FY 2004 and FY 2005 do not include any supplemental or other financial support for the Operating Enduring Freedom or the Operation Iraqi Freedom.

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The FY 2005 budget request:

- Supports civilian pay raise of 1.5 percent – equal to the estimated change in the Consumer Price Index for Urban Wage Earners and Clerical Workers.
- Fully funds the OPTEMPO cost growth in FY 2005 to enable the Army to meet readiness demands at home and overseas.
- Properly funds training enablers and various mission-oriented readiness requirements.
- Increases depot maintenance to enable the Army to gradually meet the optimal funded percent of requirement by FY 2009.
- Funds military to civilian conversion to continue to transition to a more cost effective workforce mix. The Army will convert “non-military essential” positions to either Army civilians or private sector contractors to perform these activities in a more efficient and cost effective manner. This conversion will allow the Army to relieve the stress on the operating forces. These conversions are planned in various functional areas but details are not finalized by functional area.
- Increases base operations support to maintain high quality of life for military personnel and their families (such as child care and family counseling) and to prevent execution problems that would increase the risk of migrating funds from other programs.
- Funds facilities sustainment to 95% of requirements to improve facility readiness and slow the deterioration of facilities.

Budget Activity 1: Operating Forces

<u>(\$ in Millions)</u>						
FY 2003	Price	<u>Program</u>	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
\$27,928.4	+\$232.4	(\$12,577.4)	\$15,583.4	+\$217.5	+\$634.9	\$16,435.8

The Operating Forces budget activity consists of three activity groups: Land Forces, Land Forces Readiness, and Land Forces Readiness Support. Funding in this budget activity:

- Supports day-to-day operations and readiness training activity levels of the Army's active combat forces.
- Provides resources for distinct facets of the operating forces (e.g. divisions, corps combat forces, corps support forces, and echelon above corps forces) and special force related training activities (i.e., Combat Training Centers (CTCs)).
- Improves ground OPTEMPO strategy to reflect Major Command (MACOM) unique missions and geographical peculiarities (e.g., availability of maneuver areas and combat training centers) and availability of simulators (i.e., Close Combat Tactical Trainer

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(CCTT) and Unit Conduct of Fire Trainer (UCOFT)). This change is based on the result from the FY 2003 study of the Army's ground OPTEMPO strategy.

- Continues to fund the Flying Hour program at the highest historical peacetime training level of 13.1 live flying hours per crew per month.
- Fully funds the Army's FY 2005 participation in the Joint National Training Capability (JNTC) events that will extend DoD's world-class training advantage and ensure that the needs of regional Combatant Commanders are met.
- Supports key activities essential to operational readiness, such as depot maintenance, participation in joint exercises, and combat development.
- Provides for infrastructure maintenance and support, management headquarters, unified command support, and special activities of the operating forces to include contingency operations (CONOPS).

Major changes in the FY 2005 budget request of \$16,435.8 million include:

- Increase in BOS (\$+456.4 million) to maintain high quality of life for military personnel and their families (such as child care and counseling) and to prevent execution problems. As the Army transitions to a more cost effective workforce mix, it is converting "non-military essential" positions to either Army civilians or private sector contractors. This conversion will allow the Army to relieve the stress on the operating forces (\$+102.7 million).
- Increase in OPTEMPO to fully fund the cost growth associated with the demand changes in repair parts (\$+99.0 million).
- Improvement in force protection and soldier survivability (\$+84.4 million, which includes a \$57.1 million transfer in for the Rapid Fielding Initiative).
- Increase in the number of battalions participating in each brigade rotation at the Combat Training Centers (\$+41.6 million).
- Increased funding to maintain and operate modernized fielded equipment (\$+27.2 million).
- Increase in contractor logistics support for systems such as High Mobility Artillery Rocket System (HIMARS) and Multiple Launch Rocket System (MLRS) (\$+24.0 million).
- Increase in the number of units participating in the deep attack rotations for AH-64 battalions at the Joint Air Ground Center of Excellence in order to provide the tough, realistic combat training (\$+6.0 million).
- Increase in funding for critical training enablers, including funds for the Battle Command Center to provide training for two Stryker Brigade Combat Teams (SBCTs) (\$+41.4 million).
- Increase in depot maintenance to get closer to the optimal funded percent of requirement (\$+35.6 million).
- Increased facilities sustainment funding (\$+1.8 million) bringing investment to 95 percent of the requirement. Additional funding in FSRM will improve facility readiness and slow the deterioration of facilities.
- Reduced funding for contingency operations in the Balkans based on the lower troop levels specified by the North Atlantic Treaty Organization (NATO) (\$-250.0 million).

Budget Activity 2: Mobilization

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FY 2003	Price	Program	<u>(\$ in Millions)</u>			FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
<u>Estimate</u>			<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
\$918.0	\$+36.0	(\$469.4)	\$484.6	\$+16.6	(\$39.2)	\$462.0

The Mobilization budget activity includes three activity groups supporting the Army's Mobility Operations: Strategic Mobilization, Army Prepositioned Stocks (APS), and Industrial Preparedness. Funding in this budget activity provides:

- Capability to immediately deploy and sustain a Division-sized Corps with its associated force structure to any emergency crisis worldwide. The program includes the activation and upload of Large, Medium Speed Roll-On/Roll-Off (LMSR) ships for the preposition afloat set, an aggressive Sea Emergency Deployment Readiness Exercise program, and container procurements.
- Capability to power project from CONUS, Europe, Southwest Asia, South Korea, Japan, Hawaii and to trouble spots anywhere in the world.
- Industrial analysis to help the Army obtain end item and repair part support (excluding ammunition).

The most significant change in the FY 2005 budget request of \$462.0 million is:

- A decrease in the Army's Power Projection Program (AP3) by \$-34.8 million. This reduction is due to realigning the maintenance cycle of one ammunition ship into FY 2004 (from FY 2005) due to Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF), reconfiguring stock, realigning ships to Combatant Commanders' areas of operation in FY 2005, and reducing Care of Supplies in Storage (COSIS) costs and cyclic maintenance of selected Army watercraft units prepositioned in Yokohama, Japan, and in Southwest Asia.

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Budget Activity 3: Training and Recruiting

<u>(\$ in Millions)</u>						
FY 2003	Price	<u>Program</u>	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
\$4,599.9	\$96.2	(\$1,774.9)	\$2,921.2	+\$38.4	+\$379.9	\$3,339.4

The Training and Recruiting budget activity supports three broad mission areas:

- Accession Training,
- Basic Skills and Advanced Training, and
- Recruiting and Other Training and Education.

Accession Training operations produce the enlisted and officer personnel needed to meet total force requirements. Officer accessions receive indoctrination training through the United States Military Academy (USMA), U.S. Military Academy Preparatory School (USMAPS), and the Officer Candidate School (OCS).

Basic Skills and Advanced Training includes specialized skill, flight training, professional development education, and training support. Recruiting and Other Training and Education supports the recruiting and advertising programs needed to fulfill the Army personnel requirements. Other training programs cover civilian education and training, tuition assistance for active duty personnel, and the Junior Reserve Officer Training Corps.

Major changes included in the FY 2005 budget request of \$3,339.4 million are:

- Increased funds for military to civilian conversion. As the Army transitions to a more cost effective workforce mix, it is converting “non-military essential” positions to either Army civilians or private sector contractors. This conversion will allow the Army to relieve the stress on the operating forces (\$+80.6 million).
- Increased support for the implementation of Flight School XXI (FSXXI) initiative, which will produce better-trained pilots with significantly more flight hours in their “go-to-war” modernized aircraft (\$+72.9 million).
- Increased funding for off-duty and voluntary education primarily for Functional Academic Skills Training (FAST), eArmyU, and Education Testing Services (\$+70.6 million).

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- Increases for the Defense Language Program to fund the student backlog, the four-week “crash course,” and to expand the Individual Ready Reserve Linguist Program (\$+67.0 million).
- Increased funding for design revisions to Graphic Training Aids and upgrades to the Army Training Information Architecture network (\$+35.8 million).
- Increased funding for the Senior Reserve Officer Training Corps (ROTC) to support the Army’s effort to improve force manning and combat effectiveness (\$+19.0 million).
- Increase for Junior Reserve Officer Training Corps (JROTC) to adjust instructor compensation and offer JROTC at 45 more high schools (\$+7.5 million).

Budget Activity 4: Administration and Servicewide

<u>(\$ In Millions)</u>						
FY 2003	Price	<u>Program</u>	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
\$11,083.8	\$+224.2	(\$5,657.8)	\$5,650.2	\$+115.8	\$+72.3	\$5,838.3

The Administration and Servicewide Activities budget activity funds four broad mission areas: Security Programs, Logistic Operations, Servicewide Support, and Support to Other Nations. These resources finance the administration, logistics, communications, and other servicewide support functions required to secure, equip, deploy, transport, sustain and support Army forces.

- The Security Programs budget supports intelligence and security efforts through the National Foreign Intelligence Program, Joint Military Intelligence Program, Security and Intelligence Activities, Personnel Security Investigations, and Arms Control Treaty Implementation.
- The Logistics Operations program resources movement of Army materiel worldwide and manages end items, ammunition and logistics support activities.
- Servicewide Support resources Army Management Headquarters Activities, the Army Claims program, and servicewide telecommunications, information systems and personnel programs.
- The Support to Other Nations programs fulfill our commitment to the North Atlantic Treaty Organization and supports Combatant Commander's security cooperation strategies.

Major changes included in the FY 2005 budget request of \$5,838.3 million are:

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- Increase for other service support based on execution of accounting services provided by the Defense Finance and Accounting Service (DFAS) (\$+52.8 million).
- Increase for the Information Management programs, including ongoing requirements for the Network Infrastructure Services Agency (NISA-P), headquarters activities, and the Army Strategic Software Improvement Program (ASSIP) (\$+44.9 million).

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<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
35,555.3	+703.1	-8,607.6	27,650.8	+649.8	+1,488.6	29,789.2

The Operation and Maintenance, Navy (O&M,N) appropriation finances the day-to-day costs of operating naval forces, including fuel, supplies, and maintenance of ships, Navy and Marine Corps aircraft, related weapon systems, and the support establishment ashore. The primary focus of the Department's FY 2005 budget is to continue to ensure the readiness of deployed forces.

The FY 2005 estimate of \$29,789.2 million includes a price increase of \$649.8million. This price increase primarily results from increases in general inflation changes (\$164.9 million), civilian pay raises (\$105.4 million) and fuel costs (\$45.9 million), and Working Capital Fund (WCF) rate costs (\$340.0 million) offset by decreases in Transportation Rates (-\$6.4 million). This budget reflects overall program increases of \$1,488.6 million.

Budget Activity 1: Operating Forces

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
26,645.9	+441.7	-6,494.4	20,593.2	+486.4	+1,598.2	22,677.8

The Operating Forces budget activity funds the Navy's air operations, ship operations, combat operations/support, and weapons support programs. Included in this budget activity are the costs associated with operating Navy shore bases to support these missions. Also included are the funds required to maintain combat ready forces necessary to respond to national objectives in joint, naval and combined operations. It supports the forward presence and crisis response capabilities of the National Military Strategy.

The FY 2005 budget estimate of \$22,677.8 million includes a price increase of \$486.4 million and program increases totaling \$1,598.2 million (+7.8 percent). Major program changes include:

- Air Operations increases by \$447.1 million, including price growth of \$127.0 million. Major program changes include:
 - Transfer of Air Systems Support from Budget Activity 4 to Budget Activity 1 (+\$454 million).

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- Increases in airframe aviation depot level maintenance (\$+52.3 million).
- Decreases in flying hours due to net changes in average Primary Authorized Aircraft (\$-69.5 million).
- Reductions in Mission and Other Flight Ops and Fleet Air Training reflecting the transfer of NMCI funding out of readiness sub-activity groups into Combat Support Operations (-\$111.4 million) and to the Marine Corps (-\$35.4 million).

- The Ship Operations increase of \$604.2 million is comprised of \$241.4 million in price growth and \$362.7 million in program increases. Program changes include:
 - Full year lease and operating costs, activation and modification costs and increases in operating status of MSC chartered ships (\$+127.8 million).
 - Increases in nuclear fuel depreciation costs paid to the Department of Energy (\$+32.0 million).
 - Net increase in the number, scope and complexity of scheduled ship maintenance requirements (\$+431.0 million) offset by a decrease in emergent repairs corresponding to a decrease in ship operating months (-\$75.7 million).
 - Increases in Fleet Modernization Program requirements, including aircraft carrier generator installation and radar mast extensions (\$+66.6 million).
 - Transfer of NMCI funding from the readiness sub-activity groups to Combat Support Operations (-\$129.2 million).

- The Facility Sustainment, Restoration and Modernization funding decrease of \$55.9 million is comprised of \$19.7 million in price growth offset by \$75.6 million in program decreases. The major decrease:
 - Decrease in amount required to fund to 95% of sustainment requirement (-\$58 million).

- The Base Support increase of \$143.9 million is comprised of \$44.1 million in price growth and \$99.8 million in program increases. Major program changes include:
 - Transfer to O&M,N of base operations functions performed by Navy Working Capital Fund activities (\$+73 million).
 - Fund Base Operations to appropriate service levels (\$+94 million).
 - Transfer of Executive Agent responsibility for detainee camp at Guantanamo Bay to the Department of the Army (\$-53 million).

- Combat Operations and Support increases \$459 million, comprised of \$38 million in price growth and \$421 million in program increases. Program changes include:
 - Transfer of NMCI costs from various budget line items elsewhere in Budget Activity 1 and Budget Activity 4 into Combat Support Forces, for centralized budget and execution functions (\$+265 million).

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- Increase to Combatant Commanders programs including U.S. Joint Forces Command (JFCOM) for Joint National Training Capability, Standing Joint Forces Headquarters, Joint Battle Management Command and Control, and Unified Command Plan; and U.S. Pacific Command (PACOM) for Combating Terrorism initiatives (\$+59 million).
 - Increase to upgrade the aviation support equipment rework program (\$+18 million).
 - Transfer of counter terrorism and force protection funding into the Combat Support Forces budget line from Budget Activity 4, to centrally manage anti-terrorism/force protection funding (\$+15 million).
 - Activation of two Naval Coastal Warfare Squadrons (NCWS) for force protection and counter terrorism operations against surface and underwater threats (\$+14 million).
 - Increase in classified programs. Details are held at a higher level of classification (\$+13 million).
 - Transfer of DISA Tier 1 funding into Combat Communications from BA 4, providing part of a two-tier pricing system implemented for telecommunications services (\$+11 million).
- Weapons Support increase of \$39 million is comprised of \$23 million in price growth and \$16 million in program growth to provide for additional conventional missile recertifications and the costs associated with upgrading security equipment, security equipment maintenance, and system acquisition and integration support requirements at the Naval Submarine Bases at Kings Bay, Georgia, and Bangor, Washington (\$+16 million).

Budget Activity 2: Mobilization

FY 2003	<u>(\$ in Millions)</u>		FY 2004	<u>(\$ in Millions)</u>		FY 2005
<u>Actual</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
812.7	+67.5	-147.1	733.1	+39.0	+40.9	813.0

The Mobilization budget activity maintains assets to support forces that rapidly respond to contingencies throughout the world. Also funded are the maintenance, overhaul, and calibration requirements of Navy-Type Navy-owned (NTNO) equipment installed on Coast Guard ships and aircraft. Additionally, this program funds the inactivation of ships, submarines, and aircraft and includes the maintenance of selected inactive ships and aircraft as well as material disposal costs.

The FY 2005 estimate of \$813.0 million includes price growth \$39.0 million and program increases totaling \$40.9 million (+5.6 percent). Major program changes include:

- Inactivation of the USS PORTSMOUTH (SSN 707) (\$+24 million).

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- Increased funding to provide and replenish medical equipment and supplies for the Medical Treatment Facility on the Navy hospital ships USNS MERCY and USNS COMFORT (\$+7 million).
- Increased funding for the disposal of the Elevated Causeway System, and delivery of the Improved Navy Lighterage System (\$+3 million).
- Increased funding for the Nuclear Inactivation Program for transporting and delivering nuclear reactor compartments to the Hanford Land Burial Site (\$+10 million).
- Reduction to reflect the discontinuation of the FY 2004 ship disposal initiative (\$-7 million).

Budget Activity 3: Training and Recruiting

FY 2003	Price	Program	(<u>\$ in Millions</u>)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,432.5	+52.8	-625.1	1,860.2	+40.1	+77.3	1,977.6

The Training and Recruiting budget activity funds all centrally managed or directed individual training required to meet Navy training standards. This includes accession training, basic skills training, and professional military education provided at the Naval War College, the Naval Postgraduate School, and the Armed Forces Command and Staff College. It also includes Navy recruiting and advertising, centralized civilian training programs, and the Junior Navy Reserve Officer Training Corps. Team training for ships of battle groups is funded in the BA 1 Operating Forces budget activity, as is all advanced and refresher flight training and aircraft carrier qualifications.

The FY 2005 budget estimate of \$1,977.6 million includes a price increase of \$40.1 million and program increases of \$77.3 million (+4.1%). Major program changes include:

- Additional funding provided for Anti-Terrorism Force Protection (AT/FP) training requirements for Pre-Deployment, Forward Deployment and Personnel Support Costs (\$+16 million).
- Transfer of Naval Reserve Recruiting funding from O&M,NR to O&M,N, integrating reserve and active recruiting to achieve administrative efficiencies (\$+28 million).
- Increased funding to establish submarine escape training and to restructure the Surface Warfare Officer School Division Courses (\$+14 million).

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Budget Activity 4: Administrative and Servicewide Support

FY 2003	Price	Program	(\$ in Millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
5,664.2	+141.1	-1,341.0	4,464.3	+84.2	-227.7	4,320.8

The Administration and Servicewide Support budget activity funds shore based activities required for the effective operation of the Department of the Navy. The general services provided include administration and personnel support costs, engineering and acquisition support, security and investigative support, humanitarian and civic support, management of space and electronic warfare systems programs, and centralized transportation and communications costs.

The FY 2005 budget estimate of \$4,320.8 million includes a price increase of \$84.1 million and program decreases of -\$227.7 million (-5.6%). Major program changes include:

- Transfer of the Air Systems Support budget line item to Budget Activity 1, Operating Forces, to properly align resources that directly support aircraft maintenance and readiness (\$-454 million).
- Realignment of the counter-terrorism and force protection funding to Budget Activity 1, Combat Support Forces, to reflect the centralized execution of this program (\$-15 million).
- Restoration to normalized funding levels for Servicewide Support programs affected by the FY 2004 offset associated with funding Defense Health Program (DHP) Private Sector Care (PSC) initiative costs (\$+131 million).
- Additional funding provided to finance the DOD mandated Mid-Range Financial Improvement Plan, which will provide Navy with the essential tools to produce clean and auditable annual financial statements (\$+108 million).

1/ The FY 2003 values displayed include the FY 2003 Emergency Wartime Supplemental funding.

2/ FY 2004 values displayed exclude the FY 2004 Emergency Supplemental funding of \$2,043,858.

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<u>(\$ in millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
5,525.4	+51.0	-2,173.8	3,402.5	+27.7	+201.9	3,632.1

The Operation and Maintenance, Marine Corps appropriation provides the funding for Marine Corps missions, functions, activities, and facilities except for those requirements related to: procurement of major items of equipment and ammunition, military personnel, military family housing, operation and maintenance of the Marine Corps Reserve, and those functions supported by Navy-sponsored appropriations.

The funds in this appropriation are intended primarily for the support of the total active Marine Corps Forces. The primary Marine Corps objective is to train and maintain the Operating Forces at a high level of combat readiness for service with the fleet, ashore, or for such other duties as the President may direct.

The Operating Forces supported by this appropriation are the Marine Expeditionary Forces (Division/Wing/Force Service Support Group Task Organizations), including a combination of combat and combat service support organizations and a variety of supporting units. Funds support two landing force training commands, Marine detachments afloat, the security forces assigned to Naval and other government activities ashore, maritime prepositioning ships, and Norway prepositioning.

Shore facilities receiving funding support from this appropriation are: three major bases; two recruit depots; eleven air installations; one Marine Corps Combat Development Command; one Marine Corps Systems Command; one Marine Corps Air-Ground Combat Center; and two Expeditionary Warfare Training Groups. These facilities are being maintained at standards that will permit effective utilization, avoid major replacement costs, and allow operation and maintenance on an economical and effective basis.

The individual training of enlisted personnel and officers from basic training to the highest Marine Corps technical training and the advanced training at schools of the other Services and at civilian institutions are funded in this appropriation. Such schooling is designed to produce highly trained and disciplined officers and enlisted personnel for duty with the Operating Forces, capable of leadership growth as well as effective performance.

This appropriation also supports the Marine Corps supply system. The principal objective of the supply system is to provide Marine activities/units with the proper material and equipment in the quantity, condition, time, and place required. Further, it supports other

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miscellaneous activities such as special training, second destination transportation of things, recruiting, equipment overhaul and repair, and miscellaneous expenses.

The FY 2005 O&M budget request of \$3,632.1 million reflects a net increase of \$229.6 million from the FY 2004 funding level. The change includes \$27.7 million in price growth and a \$201.9 million net increase in functional transfers and program changes. The detailed explanations of the transfers and program changes are explained below:

Budget Activity 1: Operating Forces

	<u>(\$ in millions)</u>					
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
4,546.9	+17.5	-2,058.5	2,506.0	+12.3	+142.7	2,661.0

The Operating Forces budget activity is comprised of two activity groups: Expeditionary Forces and USMC Prepositioning.

The Expeditionary Forces activity group funds the operating forces of the Marine Corps Air-Ground Team and the Marine security forces at naval installations and aboard Naval vessels. The field logistics and depot maintenance programs supporting the operating forces are also funded in this activity group. In addition, base support functions for Marine Corps bases, camps, air stations and logistics bases supporting the Operating Forces; Quality-of-Life (QOL) programs such as Childcare, Youth Development and Family Service Centers; injury compensation payments; and procurement of collateral equipment to initially outfit new military construction projects at Marine Corps bases are financed in this activity group.

The USMC Prepositioning activity group finances the Maritime Prepositioning Forces (MPF) program, the Geographic Prepositioned Force and the Aviation Logistics Support Ships (TAVB) program.

The FY 2005 budget request of \$2,661.0 million for Operating Forces reflects a net increase of \$155.0 million from the FY 2004 funding level. The increase includes \$12.3 million in price growth and a \$142.7 million net increase for functional transfers and program changes. Major changes in FY 2005 include:

- A transfer in from the Operation and Maintenance, Navy appropriation for Navy Marine Corps Intranet in support of seats for aviation units (\$+35.4 million).

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- A transfer in from the Procurement, Marine Corps appropriation to properly reflect lifecycle sustainment issues (\$+8.7 million).
- Increased funding for Navy Marine Corps Intranet sustainment (\$+40.1 million).
- Increased funding for initial issue based on the mix of equipment being bought in FY 2005 (\$+7.8 million).
- Funding to support Military-Civilian conversions (\$+43.4 million).
- Increased funding for environmental, industrial and general purpose support equipment (\$+5.5 million).
- Increased funding for environmental projects related to compliance, conservation and pollution prevention (\$+4.6 million).
- Increased funding for Command and Control Support programs in Field Logistics (\$+13.6 million).
- Increased funding for Anti-Air Warfare life cycle sustainment (\$+10.0 million).
- Increased funding for Intelligence programs life cycle sustainment (\$+5.9 million).
- A reduction in funding based on the 95% facilities sustainment goal (\$-50.3 million).

Budget Activity 3: Training and Recruiting

FY 2003	Price	Program	(\$ in millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
533.8	+9.8	+21.9	565.5	+8.4	+18.2	592.2

The resources in this budget activity support recruiting and advertising, training and the education of Marines. Recruit training encompasses the transition from civilian life to duties as a Marine and includes an intense period of training designed to prepare the new Marine for assignment to units of the Operating Forces, major bases and stations, and duty at sea aboard vessels of the U.S. Navy. The Officer Acquisition program encompasses training candidates for appointment as commissioned officers prior to actual commissioning in the Marine Corps and Marine Corps Reserve. Nominees undergo intense courses of instruction prior to actual commissioning.

Upon completion of Officer Acquisition Training or Recruit Training, the Marine is assigned to courses of instruction to acquire the requisite skills necessary to meet the minimum requirements of a Military Occupational Specialty (MOS). For officers, this course involves completion of The Basic School at the Marine Corps Combat Development Command (MCCDC), Quantico, Virginia, and the assignment to a MOS qualifying course such as the Infantry Officer Course or the Communication Officers School. The enlisted Marine undergoes Specialized Skill Training at Marine Corps installations or at schools run by the other Services, depending on his/her designated MOS.

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This budget activity also funds training support costs such as travel and per diem for those Marines attending Service and civilian schools away from their permanent duty stations; expenses incurred in developing a proficient recruiting force; costs for advertising media and market analysis; costs for training support equipment, audio-visual aid, computer-assisted training programs, and direct administrative support to the training management functions and the Marine Corps Institute; injury compensation payments; and procurement of collateral equipment required to initially outfit new military construction projects at Marine Corps bases. In addition, this activity provides base support and Facilities Sustainment, Restoration, and Modernization (FSRM) support to Marine Corps Recruit Depots, Marine Corps Barracks, and the Marine Corps Recruiting Command.

The FY 2005 budget request of \$592.2 million for Training and Recruiting reflects a net increase of \$26.6 million from the FY 2004 funding level. The increase includes \$8.4 million in price growth and an \$18.2 net increase from functional transfers and program changes. Major program changes in FY 2005 include:

- Increased funding for the Deployable Virtual Training Environment (\$+1.9 million).
- Increased funding for USMC Command and Control Systems Training for Marine Air Ground Task Force (MAGTF) Integrated Systems Training Centers (\$+5.3 million).
- Increased funding for the operation and maintenance of newly-fielded equipment such as the Indoor Simulated Marksmanship Trainer-Enhanced (ISMT-E) and the Module Amphibious Egress Trainer (\$+4.5 million).
- Increased funding for Specialized Skills Training (\$+3.7 million).
- Added funds to fully fund the tuition assistance (\$+1.9 million).
- Increased funding for Navy Marine Corps Intranet (\$+8.9 million).
- A funding reduction based on the 95% facilities sustainment goal (\$-9.0 million).

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Budget Activity 4: Administration and Servicewide Activities

FY 2003	Price	Program	(\$ in millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
444.7	+23.7	-137.4	331.0	+7.0	+41.0	379.0

The Marine Corps-wide efforts of special support, transportation, personnel management, and headquarters base support are financed in this activity group. In addition, civilian personnel salaries and the department and staff management of Headquarters, Marine Corps are funded within this activity group.

Special Support provides funding for the support of Marine Corps prisoners confined at the Army Disciplinary Command, Fort Leavenworth, Kansas; the Marine Band located at the Marine Barracks, 8th and I Streets, Washington, DC; and Quality-of-Life (QOL) programs such as Childcare, Youth Development and Family Service Centers. Special Support also finances the administration of missions, functions and worldwide operations of the Marine Corps and Marine Security Guards. Cost of operations includes civilian personnel salaries, Defense Finance and Accounting Service (DFAS) reimbursement, automated data processing, printing and reproduction, civilian and military travel, and personnel services on a Marine Corps-wide basis.

All costs related to Second Destination Transportation of cargo to the operating forces are funded in this activity group. Categories of transportation are: (a) Military Sealift Command for ocean cargo; (b) Inland Transportation by commercial carriers for movement between CONUS installations and ports; (c) Military Airlift Command for movement of priority cargo in support of Operating Force units; and (d) Military Traffic Management Command and commercial sources for port handling of ocean cargo.

Base operations support and Facilities, Sustainment, Restoration, and Modernization (FSRM) for Headquarters Battalion, Headquarters, Marine Corps and military personnel assigned to Headquarters, U.S. Marine Corps is funded within this activity group. Also included in this activity group are injury compensation payments and procurement of collateral equipment required to initially outfit new military construction projects at Marine Corps bases.

The FY 2005 budget request of \$379.0 million for Administration and Servicewide Activities reflects a net increase of \$48.0 million from the FY 2004 funding level. This increase includes \$7.0 million in price growth and a \$41.0 million net increase from functional transfers and program changes. Major changes in FY 2005 include:

MARINE CORPS

- Increased funding to support Military to Civilian conversions (\$+4.2 million).
- Increased funding for the Pentagon Reservation Maintenance Revolving Fund (\$+10.2 million).
- Increased funding for the Defense Security Service to cover the cost of security clearances (\$+9.4 million).
- Increased funding for the Mid-Range Financial Improvement program to ensure clean audit opinions on financial statements (\$+15.7 million)/
- A funding based on the 95% facilities sustainment goal (\$-0.4 million).

AIR FORCE

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
36,874.4	+1,723.5	-12,393.2	26,204.6	+675.0	+1,591.6	28,471.3

The Operation and Maintenance (O&M), Air Force appropriation is the fiscal cornerstone of Air Force readiness. The appropriation finances the Air Force’s capability to develop, to train, to sustain, and to integrate the elements of air and space power necessary to produce the Air Force’s three core competencies:

1. Developing Airmen – the heart of combat capability,
2. Technology-to-Warfighting – the tools of combat capability, and
3. Integration of Operations – the optimization of combat capabilities.

The investment in these three air and space core competencies underpins the Air Force’s ability to deliver the Service’s six capabilities in joint warfighting: (1) air and space superiority, (2) information superiority, (3) precision engagement, (4) global attack, (5) rapid global mobility, and (6) agile combat support. The synergy of these competencies provides the full range of aerospace capabilities to the combined forces commanders.

The O&M budget pays:

- to operate and to maintain aircraft, space, and related weapon systems,
- to train personnel,
- to operate communications, command and control systems, and
- to purchase supplies, equipment and fuel.

These O&M resources also directly support essential combat related activities such as intelligence; logistics; weather and air traffic control; search and rescue; operation and maintenance of airfields, runways and base facilities; and the working and living environment of Air Force personnel.

AIR FORCE

Overall Assessment

The FY 2005 O&M budget ensures the Air Force's readiness capabilities to meet today's threats while preparing for tomorrow's challenges. Requirements supporting Homeland Security and the Global War on Terrorism increase operating tempo. The Air Force faces significant challenges in meeting the demands of increased operating tempo.

FY 2005 Budget Request

The FY 2005 O&M budget request of \$28,471.3 million increases \$2,266.6 million above the FY 2004 program. The increase includes price growth of \$675.0 million and net program increases of \$1,591.6 million (5.9 percent).

Major Price and Program Changes

Price changes between FY 2004 and FY 2005 (\$+675.0 million), including:

- Supports a civilian pay raise of 1.5 percent and appropriate step increases (\$+129.1 million).
- Funds price increases for the Air Force Supply Management Activity Group (\$+113.8 million).
- Funds depot maintenance pricing increases at Air Force depots (\$+98.4 million).
- Funds increases for the Air Force Information Services (\$+68.2 million).
- Support pricing changes for fuel purchases (\$+36.3 million).

Net program changes that cut across the appropriation (\$+1,591.6 million), including:

- Support for classified programs (\$+274.3 million).
- Increased funding for facility sustainment to bring the Air Force up to the DoD standard of financing 95 percent of the requirement (\$+137.0 million).
- Increased funding for base support including utility costs, expanding service contracts and other quality of life improvements (\$+127.0 million).
- Funds for the military to civilian conversion effort (\$+69.5 million).
- Increases to base communications infrastructure to improve network defense and security, support network-centric warfare, and ensure rapid dissemination of command and control, intelligence, and weather data (\$+56.7 million).
- Increased funding to improve the information infrastructure, upgrade combat support systems and network operations centers, and increase bandwidth and security (\$+52.5 million).

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- Increased funding for restoration and modernization to attain C-2 installation readiness ratings by FY 2010 (\$+42.7 million).
- Funding for logistics support for undergraduate flying training aircraft (\$+88.4 million).
- Funding to increase aircraft engine overhauls to 92 percent of requirements (\$+53.4 million).

Major Goals

The FY 2005 O&M Budget sustains readiness gains achieved in FY 2004 and supports the Air Force’s transformation goals. The Air Force funds a flying hour program of 1.2 million flying hours to ensure aircrews of the world’s premier air force receive training crucial to combat readiness. The budget also reflects the Air Force’s efforts to recruit and to retain a skilled force to meet the nation’s growing reliance on air and space power. The budget addresses foundational issues such as maintaining an aging physical plant by funding the costs for base operating support, utilities, and facility sustainment, all of which are keys to maintaining Air Force personnel and readiness.

Budget Activity 1: Operating Forces

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
20,427.2	+1,169.9	-6,870.2	14,726.8	+402.5	+811.0	15,940.3

The Operating Forces budget activity consists of three activity groups: Air Operations, Combat Related Operations, and Space Operations. Funding in this budget activity supports:

- Fighter, bomber, and missile forces and aircraft assigned to the Air Force’s operational commands.
- Global command, control, and communications forces and aircraft including the Airborne Warning and Control System (AWACS).
- Space operations including the capability to launch payloads into various earth orbits and to relay data gathered by a worldwide network of sites and terminals.

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Major changes in the FY 2005 budget request of \$15,940.3 million are:

- Increased funding for depot maintenance to pay for increased materials and labor costs for B-52 maintenance and for increases in the programmed depot maintenance for F-15, F-16, and A-10 aircraft and for missile engines (\$+163.7 million).
- Funds to integrate and sustain the new mission at North American Aerospace Defense Command to monitor the internal United States radar picture in support of homeland defense (\$+65.7 million).
- Funding to satellite communications to sustain MILSTAR operations (\$+41.3 million).
- Support for the service contracts, supplies, and equipment at Spacelift Ranges for the expanded Evolved Expendable Launch Vehicle program (\$+35.5 million).
- Funding to support new assigned missions at the US Strategic Command (\$+26.4 million).
- Decreased funding for travel (\$-127.2 million).
- Reduced flying hour costs resulting from lower demand for spare parts due to changed maintenance assumptions and from force structure realignments (\$-60.06 million).

Budget Activity 2: Mobilization

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
5,656.8	+192.6	-2,638.5	3,210.8	+19.9	+61.1	3,291.8

The Mobilization budget activity includes the following four activity groups that support the Air Force Mobility Operations:

- Airlift Operations,
- Airlift Operations Command, Control, Communications and Intelligence (C3I),
- Mobilization Preparedness, and
- Payment to the Transportation Business Area.

Mobility Operations provide global mobility through strategic and theater airlift to support peacetime, contingency, humanitarian, and wartime operations in pursuit of national objectives. The rapid movement and sustainment of United States combat forces anywhere in the world to deter aggression or to provide humanitarian/peacekeeping assistance is a major instrument of the U.S. national security

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policy. The Joint Chiefs of Staff (JCS), the Military Services, and other Department of Defense (DoD) and government agencies depend heavily on the Air Force's Mobility Operations for essential cargo and troop movements in support of a variety of missions. Success in the Balkans and Southwest Asia regions and humanitarian assistance efforts amplify the pivotal role of mobility force projection.

Major changes in the FY 2005 budget request of \$3,291.8 million are:

- Increased funding for depot maintenance including the induction of eight additional C-135 aircraft (\$+25.2 million).
- Increased contractor logistics support for the C-17 aircraft (\$+24.0 million).

Budget Activity 3: Training and Recruiting

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
2,939.2	+87.1	-341.1	2,685.2	+51.4	+268.3	3,004.9

The Training and Recruiting budget activity supports three broad mission areas:

- Accession Training,
- Basic Skills and Advanced Training, and
- Recruiting and Other Training and Education.

Accession Training operations produce the enlisted and officer personnel needed to meet total force requirements. Officer accessions receive indoctrination training through the United States Air Force Academy (USAFA), the Air Force Reserve Officer Training Corps (AFROTC), the Officer Accession and Training School (OATS), and the Airmen Education and Commissioning Program (AECF).

Basic Skills and Advanced Training includes specialized skill, flight training, professional development education, and training support. Specialized Skills provide to Air Force personnel (and individuals of other services) training and education essential to operate, maintain, and manage complex Air Force weapon systems and associated support structure. Flight training programs include flight screening, undergraduate pilot training, specialized undergraduate pilot training (SUPT), specialized undergraduate and advanced navigator training, and pilot instructor training (PIT). Professional development education includes professional military

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education programs to enhance and to develop critical leadership skills of commissioned officers, civilian, and noncommissioned officers.

Recruiting and Other Training and Education supports the recruiting and advertising programs needed to fulfill the Air Force personnel requirements. Other training programs cover civilian education and training, tuition assistance for active duty personnel, and Junior Reserve Officer Training Corps.

Major changes included in the FY 2005 budget request of \$3,004.9 million are:

- Increased funding for flight training to sustain pilot, navigator, and electronic warfare officer production (\$+104.5 million).
- Increased support for professional development education to ensure that the Air Force obtains and maintains airmen and officer candidates with the correct skill mix for the 21st Century (\$+21.4 million).

Budget Activity 4: Administration and Servicewide

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
7,851.3	+274.0	-2,543.5	5,581.8	+201.3	+451.2	6,234.3

The Administration and Servicewide Activities budget activity funds four broad mission areas:

- Logistic Operations,
- Servicewide Support,
- Security Programs, and
- Support to Other Nations.

Logistics Operations includes Air Force Logistics Operations, Technical Support Activities, Servicewide Transportation, and Base Support. The Logistics Operations Activity Group primarily funds the operation of Air Force Materiel Command (AFMC), which provides Air Force-wide cradle-to-grave acquisition and logistics support including Readiness Spares Kits and other pipeline supply requirements. It also includes inter- and intra-theater transport and handling of equipment and munitions.

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The Servicewide Activities spread across the entire Air Force to ensure combat capability through communications, rescue and recovery, personnel and policy direction, and the Civil Air Patrol.

The Security Program Activity Group includes the Air Force Office of Special Investigations (AFOSI) and a series of classified programs.

Finally, the Support to Other Nations activity group provides United States Air Force participation in the North Atlantic Treaty Organization (NATO); Supreme Headquarters Allied Powers Europe (SHAPE), and the US Central Command's role in the Cooperative Defense Initiative and CINC Engagement Program with the Central Asian States.

Major Changes included in the FY 2005 budget request of \$6,234.1 million include:

- Increased funding for classified programs (\$+180.0 million).
- Increased funding for readiness spares packages (\$+50.5 million).
- Funding for business modernization and systems integration to support the financial management architecture blueprint, data mapping, and study of legacy systems to improve the Air Forces' financial management in concert with the DoD-wide financial management improvement programs (\$+36.9 million).

OPERATION AND MAINTENANCE, DEFENSE -WIDE

<u>(\$ in Millions)</u>						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
18,632.6	+620.9	-1,794.5	17,459.0	+217.4	-182.3	17,494.1

The Operation and Maintenance, Defense-Wide (O&M, D-W) appropriation finances a wide range of programs which have been consolidated to achieve maximum efficiency by avoiding overlap and duplication among the Services. The Defense Agencies and Activities are essential to the accomplishment of the missions of the Military Departments. Functions financed in the appropriation encompass: special operations forces; airlift and sealift of all Components participating in the Chairman, Joint Chiefs of Staff Exercise Program; information services support; dependent education and family assistance programs; logistics support; and various consolidated training, audit, and contract management activities. The functions also include: intelligence, security cooperation, nuclear weapons management and analysis, treaty implementation, and management of the Department. In addition, this is the first submission of the National Defense University (NDU) budget within the O&M, D-W appropriation request. Congressional direction in the FY 2002 National Defense Authorization Act required NDU to be transferred from the Army and Navy to O&M, D-W by the end of FY 2003. This was accomplished by reprogramming action in FY 2003 and again in FY 2004.

At the summary level, the FY 2005 request is for \$17,494.1 million. Excluding the effects of \$4,355.5 million in FY 2004 Supplemental funding, the net change from FY 2004 to FY 2005 is comprised of \$217.4 million price growth and \$-182.3 million net program changes. Approximately \$119 million of the \$-182.3 million net program growth in FY 2005 is for functional transfers and realignments from other appropriations as highlighted below.

- Transfers-in include: A Classified program is now assigned to USSOCOM (funding from MFP-3, Intelligence) (\$88 million). Funding responsibility for the Defense Integrated Military Human Resources System (DIMHRS) is transferred to the Defense Human Resources Activity from the Navy (\$25 million). Numerous transfers from other appropriations for proper execution include the Business Management Modernization Program O&M activities for the Domains (\$15 million from RDT&E) and DISA Information Systems Support Program (\$15 million from Procurement).
- Transfers-out include: Technology development classified program transfers from OSD to Air Force (\$-14 million) and the Gulf War Illness Program Office transfers from OSD to the Defense Health Program (\$-10 million).

DEFENSE-WIDE

Highlights of other program increases and decreases include the following:

- *Classified Agencies* (DIA, NGA, NSA and CIFA) net growth in intelligence programs (\$+553 million). (Details are provided in a separate justification book).
- Readiness programs for the *U.S. Special Operations Command (USSOCOM)* include the flying hour program requirements, contingency airlift, the standup of an additional detachment of the 160th Special Operations Aviation Regiment (SOAR) and classified combat development activities (\$184 million). In addition, as mentioned above, MFP-3 Intelligence funding has been transferred to SOCOM beginning in FY 2005.
- *Information assurance* support by the *Defense Information Systems Agency (DISA)* for Net Centric Enterprise Services, Technical Implementation Guides, Cross Domain Systems Security applications, Sensor Grid Engineering, SATCOM/Wireless Security, telecommunications services, and the Deployed Joint Task Forces (\$80 million).
- *Dependent schools* education and facility requirements (\$44 million), as well as *Family Assistance Programs* for Domestic Violence and Family Counseling and the Spouse Certification Program (\$30 million).
- *Rent and renovation* cost increases for tenants of the Pentagon facility supported by *Washington Headquarters Service (WHS)* (\$26 million); growth in requirements for the Defense Continuity Integration Network (\$14 million); and one-time operating costs for the *Base Realignment and Closure (BRAC)* commission (\$10 million). In addition, the Office of Economic Adjustment (OEA) requires funds for grants to support the upcoming BRAC (\$33 million).
- Transition costs for the *Defense Security Service (DSS)* to support the transfer of the Personnel Security Investigations (PSI) mission to the Office of Personnel Management, the concurrent decommissioning of the Case Control Management System, and closure of the DSS Defense Working Capital Fund (\$50 million).
- The NIGHT FIST project, Planning and Decision Aids System for a Special Access Program, Chairman Joint Chiefs of Staff (CJCS) exercises and Combating Terrorism Readiness Initiatives of *The Joint Staff (TJS)* (\$25 million).
- *Defense Human Resources Activity (DHRA)* funding for recruiting, executive development programs, implementation of the National Security Personnel System, and systems changes to the Defense Eligibility and Enrollment Reporting System to support the TRICARE Next Generation (T-NEX) health care contracts (\$30 million).
- *Capital Security Cost Sharing* funding for reimbursement to the Department of State (\$27 million) and the Department's *Readiness and Environmental Protection Initiative* to prevent undesirable development around military test and training ranges, while ensuring sound environmental stewardship (\$20 million).

DEFENSE-WIDE

- *Training transformation* requirements to enable joint warfighting capabilities and Office of Force Transformation support (\$10 million); Public Affairs transformation (\$11 million); and Mission and Analysis Funding, Chief Information Officer requirements, the Information Assurance Scholarship Program and support to network centric objectives (\$11 million).
- Standup of the new *USD(Intelligence)* organization and expanded classified missions (\$24 million).
- *Logistics Systems Modernization* Support (\$5 million), Defense Procurement and Acquisition Policy programs, such as distance learning (\$8 million); real time access capability for the Base Information System (\$4 million) and e-business (\$2 million).
- Operating expenses for the Defense Legal Services Activity (DLSA) *Office of Military Commissions* for the military tribunals in Cuba (\$10 million).
- Decreases in *Defense Security Cooperation Agency (DSCA)* funding are for *Coalition Support* programs funded by transfers in from the Iraq Freedom Fund (\$1,200 million in FY 2004) that are not extended into FY 2005.
- Decreases in *Defense Information Systems Agency (DISA)* funding are for the Enhanced Mobile Satellite System, which will become customer funded (\$-33 million) and reduced sustainment costs for the Common Operating Environment (\$-20 million).
- Across the board cuts within *DoD Education Activity (DoDEA)* accounts were needed to fund their civilian personnel costs, facility costs and other initiatives (\$-67 million).
- Various *Congressional increases and earmarks* in FY 2004 that are not extended into FY 2005, as well as various other agency-specific reductions, are reflected as program decreases.

Further detail of all program changes for each agency is contained in the agency justification materials. The following chart provides the O&M, D-W appropriation summary of price growth and program changes by Defense Agency.

OPERATION AND MAINTENANCE, DEFENSE -WIDE

<u>Agency</u>	<u>FY 2003 Actuals</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2004 Estimate</u>	<u>Price Growth</u>	<u>Program Growth</u>	<u>FY 2005 Estimate</u>	<u>FY 2004 Suppl Memo Amount Excluded</u>
AFIS	114.8	2.2	9.0	126.0	1.9	-3.3	124.6	4.0
CMP	93.2	1.2	15.6	110.0	1.5	-10.2	101.4	0.0
DAU	103.9	1.9	-2.6	103.1	1.5	-1.1	103.5	0.0
DCAA	353.0	15.3	-7.4	360.9	9.7	2.8	373.4	8.0
DCMA	967.1	33.6	-2.7	998.0	19.7	11.9	1,029.6	3.1
DFAS	13.6	0.2	-8.7	5.0	0.1	-0.8	4.3	0.0
DHRA	292.4	5.0	22.6	320.0	5.1	49.9	375.0	0.0
DISA	1,008.7	17.0	-30.1	995.6	14.9	80.1	1,090.6	228.8
DLA	473.8	7.3	-189.4	291.8	4.5	9.7	306.0	15.0
DLSA	20.7	0.7	-3.8	17.6	0.4	7.6	25.5	12.3
DoDEA	1,651.3	68.1	56.3	1,775.7	52.9	-66.8	1,761.9	32.0
DPMO	16.6	0.8	-1.8	15.6	0.8	-0.5	16.0	0.0
DSCA	531.8	7.0	737.8	1,276.5	28.5	-1,221.1	83.9	1,150.0
DSS	199.4	2.6	16.9	218.9	3.6	61.9	284.4	39.9
DTRA	360.2	6.7	-75.2	291.7	3.0	30.8	325.5	52.6
DTSA	19.8	0.6	-0.2	20.2	0.4	-0.1	20.5	0.0
NDU	74.7	2.0	10.5	87.2	1.3	1.8	90.3	0.0
OEA	41.8	0.6	17.8	60.2	0.9	-16.3	44.8	0.0
OSD	749.4	15.1	-34.7	729.8	11.7	64.3	805.8	57.9
TJS	495.7	-14.5	108.0	589.2	-72.3	5.0	521.9	0.0
USSOCOM	2,884.4	72.5	-946.9	2,009.9	-50.4	271.8	2,231.3	1,426.5
Classified	7,580.8	384.7	-1,343.6	6,622.0	151.8	553.1	7,326.9	1,308.8
WHS	585.6	-9.9	-141.8	434.0	25.8	-12.6	447.2	16.4
Grand Total	18,632.6	620.9	-1,794.5	17,459.0	217.4	-182.3	17,494.1	4,355.5

NOTE: FY 2003 Actuals include supplemental funds.
FY 2004 Estimate excludes supplemental funding of \$4,355.5 million as noted above.

RESERVE COMPONENTS

	(\$ in Millions)						
	FY 2003 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
Army Reserve	2,126.9	+51.9	-199.7	1,979.1	+27.4	+1.6	2,008.1
Navy Reserve	1,239.2	+30.1	-102.0	1,167.3	+19.6	+53.1	1,240.0
Marine Corps Reserve	218.0	+2.7	-47.6	173.1	+2.0	+13.6	188.7
Air Force Reserve	2,145.0	+113.3	-89.3	2,169.0	+52.3	+18.5	2,239.8
Army National Guard	4,343.0	+119.4	-150.6	4,311.8	+68.1	+109.0	4,488.9
Air National Guard	<u>4,242.7</u>	<u>+285.4</u>	<u>-58.8</u>	<u>4,469.3</u>	<u>+138.3</u>	<u>-184.8</u>	<u>4,422.8</u>
Total	14,314.8	+602.8	-648.0	14,269.6	+307.7	+11.0	14,588.3

The Operation and Maintenance (O&M) appropriations provide funding for operating the Reserve Components' forces and maintaining their assigned equipment in a state of readiness to permit rapid deployment in the event of full or partial mobilization. Reserve Component personnel maintain adequate skill levels in highly technical specialties through training during weekend drills and active duty training. Concurrently, the Reserve Components contribute significant support to a variety of Active mission areas. The FY 2005 budget request of \$14,588.3 million for the Reserve Forces includes price growth of \$307.7 million and net program increase of \$11.0 million (0.1 percent) above the FY 2004 funding level. Summary program data for the Reserve Components is displayed below.

Reserve Forces Program Data

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Selected Reserve End Strength	875,074	-11,744	863,330	-2,430	860,900
Civilian Personnel Full-Time Equivalent (FTEs)	71,526	+5,892	77,418	+54	77,472
Military Technicians (MEMO)	(60,533)	(+5,439)	(65,972)	(+922)	(66,894)
Ship Inventory (End FY)	23	+1	24	-	24
Steaming Hours (in 000's of hours per year)	38	+2	40	-10	30
Total Aircraft Inventory (TAI)	3,979	-300	3,679	-14	3,665
Primary Authorized Aircraft (PAA)	3,760	-264	3,496	-18	3,478
Flying Hours (in 000's of hours)	976	-41	935	-61	874

RESERVE COMPONENTS

ARMY RESERVE

Program/Price Growth. The FY 2005 budget request for the Army Reserve increases by \$29.0 million from the FY 2004 level. This increase includes \$27.4 million for price growth and a net program increase of \$1.6 million (0.1 percent).

Program Discussion. The Army Reserve end strength remains at 205,000 in FY 2005. Program increases include \$24.5 million for OPTEMPO due to increased requirements for Petroleum, Oils and Lubricants, consumables, Organizational Clothing and Individual Equipment, tentage, maps, civilian manpower, Nuclear, Biological, and Chemical supplies, and medical supplies; \$22.0 million for Medical and Dental Readiness; \$19.6 million for increased Sustainment, Restoration and Modernization; \$10.9 million for increased Base Operations Support; \$7.7 million for Other End Items to reduce depot maintenance backlogs; \$4.1 million for Schoolhouse Support for additional Professional Development and Functional Training; \$3.9 million for Second Destination Transportation to increase funding for Army Reserve Logistical Readiness; \$3.7 million for information management support for headquarters transferred from SAG 432; \$3.0 million to fully fund the maintenance contract for Fixed Wing Aircraft Maintenance; \$1.8 million for Consequence Management for Weapons of Mass Destruction and Homeland Defense; \$1.5 million for Information Management to increase funding for infrastructure sustainment of the Reserve Component Automation System; \$1.0 million for Workman's Compensation; \$0.9 million for Other Readiness Support Programs; and \$0.1 million for Military Burial Honors.

Program decreases of \$19.9 million in OPTEMPO occur due to reductions in the Flying Hour Program, reducing crew hours to 6.6, and changing the training strategy, which reduces Contractor Logistical Support and civilian FTEs. Additional decreases include \$65.7 million for Personnel Transformation, which consolidates the Army Reserve Personnel Command with the Human Resources Command and decreases civilian personnel full-time equivalents by 858; \$13.8 million for Recruiting, Retention, and Advertising to fund higher priority bills and \$3.7 million for information management support for headquarters transferred to SAG 431.

The increase in aircraft reflects an increase of one C-12 aircraft.

Army Reserve Program Data

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	211,890	-6,890	205,000	-	205,000
Civilian Personnel (FTEs)	9,981	+1,515	11,496	-858	10,638
Technicians (MEMO)	(7,253)	(442)	(7,695)	(-8)	(7,687)
Total Aircraft Inventory (TAI)	139	+15	154	+1	155
Primary Authorized Aircraft (PAA)	139	+15	154	+1	155
Flying Hours (in 000's of hours)	30	+14	44	-4	40
Major Installations	6	-	6	-	6
Reserve Centers	829	-	829	-	829

RESERVE COMPONENTS

NAVY RESERVE

Program/Price Growth. The FY 2005 budget request for the Navy Reserve increases by \$72.7 million from the FY 2004 level, and includes \$19.6 million for price growth and a net program increase of \$53.1 million (4.5 percent).

Program Discussion. The Navy Reserve Selected Reserve end strength decreases by 2,500 in FY 2005 to 83,400 and civilian personnel full-time equivalents decrease slightly to 1,488. The selected reserve end strength reductions are attributable to various force structures reduction including the decommissioning of two EA-6B squadrons and one Reserve Fleet Hospital. Additionally, two Naval Coastal Warfare Squadrons were transferred to the Active Component and manpower efficiencies were implemented. The decrease of 7 Primary Aircraft Authorized (PAA) reflects the decommissioning of 1 E-2C squadron. The Reserve Center decrease is due to facilities consolidation initiatives and reflects consolidation of Reserve facilities that are in close proximity to one another.

Program increases include an increase of \$21.3 million in contract maintenance and contract aircrew training support for logistics aircraft; a realignment of \$19.2 million from Aircraft Procurement for depot level repairables for the F-5 aircraft; an increase of \$17.6 million in depot-level repairables reflective of an aging Reserve aircraft inventory; a net increase of \$8.3 million for ship depot maintenance and depot operations support; \$3.6 million for increased Naval Coastal Warfare technical support; and a net increase of \$1.5 million for various other program changes. Program decreases include a \$9.4 million decrease in aircraft depot maintenance and a \$9.0 million reduction in steaming hours to accommodate the reduction in “non-deployed operational steaming days-per-quarter” for the Mine-hunting class ships from 28 to 18. This reduction in steaming days-per-quarter reflects acceptable risk within the Navy's Fleet Response Plan initiative.

Navy Reserve Program Data

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	88,156	-2,256	85,900	-2,500	83,400
Civilian Personnel (FTEs)	1,568	-30	1,538	-50	1,488
Total Aircraft Inventory (TAI)*	434	-24	410	-7	403
Primary Authorized Aircraft (PAA)**	224	-12	212	-7	205
Flying Hours (in 000's of hours)	113	+12	125	-	125
Ship Inventory	23	+1	24	-	24
Steaming Hours (in 000's of hours per year)	38	+2	40	-10	30
Reserve Centers	169	-	169	-2	167
Major Installations	6	-	6	-	6

* Total Aircraft Inventory includes aircraft flown by the Marine Corps Reserve.

** Does not include PAA for the Marine Corps Reserve.

RESERVE COMPONENTS

MARINE CORPS RESERVE

Program/Price Growth. The FY 2005 budget request for the Marine Corps Reserve increases by \$15.6 million from the FY 2004 level, and includes \$2.0 million for price growth and a net program increase of \$13.6 million (7.9 percent).

Program Discussion. The FY 2005 request supports manpower levels of 39,654 military end strength and 155 civilian full-time equivalents. Program increases include a net increase of \$5.9 million for the Navy Marine Corps Intranet (NMCI) to which the Marine Corps Reserve began transitioning in FY 2002; a net increase of \$3.3 million for increased operating forces requirements; \$3.3 million to achieve desired goal for the facilities sustainment, restoration, and modernization program; and a net increase of \$2.2 million for depot maintenance for combat vehicles, missiles, ordnance, and other end items. The program decreases by \$0.9 million for decreased base support requirements and \$0.2 million for other minor reductions.

Marine Corps Reserve Program Data

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	41,046	-1,446	39,600	-	39,600
Civilian Personnel (FTEs)	156	-1	155	+3	158
Primary Authorized Aircraft (PAA)*	185	-12	173	-	173
Flying Hours (in 000's of hours)	39	+6	45	-1	44
Divisions	1	-	1	-	1
Training Centers	187	-	187	-	187

* Total Aircraft Inventory is included under Navy Reserve.

Note: Marine Corps Reserve flying hours are funded by the O&M, Navy Reserve appropriation.

RESERVE COMPONENTS

AIR FORCE RESERVE

Program/Price Growth. The FY 2005 budget request for the Air Force Reserve increases by \$70.8 million from the FY 2004 level. This increase includes an increase of \$52.3 million for price growth and a net program increase of \$18.5 million (0.9 percent).

Program Discussion. The FY 2005 budget request supports 74 flying units and a manpower level of 76,100 military end strength and 14,165 civilian full-time equivalents. Major programmatic increases in FY 2005 include a \$74.5 million increase in Programmed Depot Maintenance Aircraft Overhauls; \$24.1 million for the conversion to C-17 follow-on missions at McGuire and March Air Force Bases; \$2.8 million for the installation of 4 permanently placed long distance Intrusion Detection Systems; and other miscellaneous increases of \$2.5 million. Program decreases include a reduction of \$44.6 million and 4,888 Training, Test and Ferry flying hours; a \$13.3 million reduction to the C-130 flying hour program based on flying hour model changes and actual execution; a \$9.5 million reduction to facilities sustainment to bring funding in line with goal of 94 percent of Facility Sustainment Model (FSM); an \$8.2 million reduction to Information Technology due to a one-year delay in technical refresh; a \$5.1 million reduction to contractor/custodial support based on FY 2003 execution levels; and other miscellaneous decreases of \$4.7 million.

The increase in the Selected Reserve end strength is due to increased Basic Military Training drill requirements for non-prior service personnel and an increase in Active Guard/Reserve security forces for installation protection. The net reductions of 22 TAI and 10 PAA are due to major restructuring of the KC-135, C-130, C-141 and C-5 aircraft inventories. Additionally, Congress directed the retention of a portion of the C-9 Aeromedical Evacuation Mission at Scott AFB as a Reserve Equipped Unit and an Air Force determination of a suitable follow-on mission. FY 2005 will see the standup of the first Reserve Unit Equipped C-17 unit, the conversion and retirement of the last Reserve KC-135E aircraft, and further reductions in the C-141 and C-130 inventories despite the addition of one new C-130J aircraft. The FY 2005 depot maintenance program is funded at 84.8 percent of requirements and the flying hour program of \$450.9 million funds 128,553 flying hours.

Air Force Reserve Program Data

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	74,754	+1,046	75,800	+300	76,100
Civilian Personnel (FTEs)	13,186	+926	14,112	+53	14,165
Technicians (MEMO)	(8,287)	(+1,685)	(9,972)	(+6)	(9,978)
Total Aircraft Inventory (TAI)	434	-33	401	-22	379
Primary Authorized Aircraft (PAA)	397	-46	351	-10	341
Flying Hours (in 000's of hours)	143	-11	132	-3	129
Major Installations	13	-	13	-	13

RESERVE COMPONENTS

ARMY NATIONAL GUARD

Program/Price Growth. The FY 2005 budget request for the Army National Guard increases by \$177.1 million from the FY 2004 level. The total increase includes an increase of \$68.1 million for price growth and a net program increase of \$109.0 million (2.5 percent).

Program Discussion. The FY 2005 budget provides for the training and operations of 350,000 end strength and supports an increase of 496 civilian full-time equivalents to 26,427 as a result of the Department of the Army directed Army Aviation Transformation and Modernization Plan. Major program increases include \$112.9 million in civilian pay due to pay raises and re-costing; \$78.0 million for Base Operations Support (BOS) in an attempt to bring BOS into parity with the Active Components; \$33.5 million for Depot Maintenance and \$23.9 million for the Fixed Wing Lifecycle Contract Support (LCCS) to increase equipment readiness; \$23.1 million for the Army Distance Learning Program; \$16.0 million for mission support; \$9.8 million for the Sustainable Range Program; \$5.4 million for military burial honors; and \$4.0 million for the Reserve Component Automation System (RCAS). The FY 2005 budget reflects decreases of \$62.8 million for ground OPTEMPO and \$95.2 million for Air OPTEMPO due to changes in training strategies; \$19.7 million for Information Management due to one-time Congressional adds in FY 2004; and \$18.9 million for Recruiting due to Army's decision to fund higher priority programs.

Army National Guard Program Data

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	351,091	-1,091	350,000	-	350,000
Civilian Personnel (FTEs)	24,585	+1,346	25,931	+496	26,427
Technicians (MEMO)	(24,087)	(+1,343)	(25,430)	(+497)	(25,927)
Total Aircraft Inventory (TAI)/PAA	1,659	-199	1,460	-	1,460
Flying Hours (in 000's of hours)	225	+20	245	-52	193
Total Installations *	283	-	283	-	283
Divisions (Includes Brigades below)	8	-	8	-	8
Brigades **	38	-	38	-1	37

* Includes 110 Training Centers.

** Includes 2 in ARNG Division Redesign Study

RESERVE COMPONENTS

AIR NATIONAL GUARD

Program/Price Growth. The FY 2005 budget request for the Air National Guard (ANG) decreases by \$46.5 million from the FY 2004 level. This change includes a price increase of \$138.3 million and a net program decrease of \$184.8 million (-4.1 percent).

Program Discussion. The FY 2005 budget request supports 88 flying units, 342,629 flying hours, and 24,596 civilian full-time equivalents. The reduction of 230 training pipeline end strength is due to an increased quota for Basic Military Training.

Major FY 2005 program increases include an increase for \$34.7 million attributed to the unit conversion to the C-5 mission from C-141 strategic airlift aircraft; \$77.4 million for facilities sustainment, restoration and modernization growth to meet Defense Planning Guidance and to finance sustainment at 93 percent of requirements derived by the Facility Sustainment Model; and \$14.7 million for additional manpower required to transition the ANG from a shape and respond force to a major participant in the Aerospace Expeditionary Force Mission. FY 2005 also reflects a net increase of \$22.3 million in depot maintenance funding because of additional repair and engine overhaul requirements for the F-15, F-16, A-10, and C-5 aircraft that are partially offset by reduced requirements for KC-135s, C-130s and C-141s. Major program reductions in the FY 2005 request include one-time FY 2004 Congressional adjustments for \$28.6 million; a one-time FY 2004 increase in facilities restoration and modernization funds to support the permanent beddown at alert sites performing the Air Sovereignty Alert mission (\$17.4 million); and the functional transfer of \$2.0 million to ANG Military Construction for requirements related to the programmed conversion to C-5 strategic airlift aircraft. FY 2005 also reflects a flying hour funding decrease of \$181.5 million based on the continued participation in contingency operations; \$59.6 million for reduced consumption of reparable and consumable spare parts based on more recent factors developed by the Air Force Cost Analysis Improvement Group and the Spares Requirements Review Board; a \$32.1 million decrease for the C-141 unit converting to C-5 strategic airlift aircraft; and \$2.6 million for the continuation of the Air Force's corporate mobility plan as the Air National Guard loses five (5) more aircraft during FY 2005.

Air National Guard Program Data

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Selected Reserve End Strength	108,137	-1,107	107,030	-230	106,800
Civilian Personnel (FTEs)	22,050	+2,136	24,186	+410	24,596
Technicians (MEMO)	(20,906)	(+1,969)	(22,875)	(+427)	(23,302)
Total Aircraft Inventory (TAI)	1,313	-59	1,254	+14	1,268
Primary Authorized Aircraft (PAA)	1,156	-10	1,146	-2	1,144
Flying Hours (in 000's of hours)	426	-82	344	-1	343
Major Installations	3	-	3	-	3

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(Dollars in Millions)	FY 2003 <u>Actuals</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
O&M	14,663.9	+848.0	+973.9	16,485.8	+947.8	-230.2	17,203.4
Procurement	283.4	+5.8	+.3	289.5	+6.0	+69.1	364.6
RDT&E	<u>457.6</u>	<u>+5.9</u>	<u>22.9</u>	<u>486.4</u>	<u>+6.8</u>	<u>-420.8</u>	<u>72.4</u>
Total DHP	15,404.9	859.7	997.1	17,261.7	960.6	-581.9	17,640.4
Receipt from Accrual Fund	*<u>4,156.0</u>			*<u>4,432.0</u>			*<u>4,793.0</u>
Total Costs	19,560.9			21,693.7			22,433.4

***Department projection of receipts from the DoD Medicare-Eligible Retiree Health Care Fund to pay for health care costs .**

The medical mission of the Department of Defense (DoD) is to enhance DOD and our Nation's security by providing health support for the full range of military operations and sustaining the health of all those entrusted to our care. The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, graduate medical education for the training of medical personnel, and occupational and industrial health care.

The Department's managed care program, called "TRICARE", is designed to provide military families with access to quality care that is cost-effective. The TRICARE program provides medical care to about 8.9 million eligible beneficiaries through a network of 75 military hospitals, 461 military clinics, and 3 regional Managed Care Support (MCS) contracts. The TRICARE program offers a triple option benefit: (1) TRICARE Prime, a Health Maintenance Organization (HMO) style benefit requiring beneficiary enrollment; (2) TRICARE Extra, a Preferred Provider Organization (PPO) style benefit; and (3) TRICARE Standard, a fee-for-service option.

In FY 2003, the Department implemented the DoD Medicare Eligible Retiree Health Care Fund, an accrual-type fund to pay for health care provided to Medicare-eligible retirees, retiree family members and survivors. Monthly payments from the Military Personnel accounts into the fund cover the Government's liability for future health care costs of current military personnel and their family members once they retire from military service and become eligible for Medicare. Receipts from the fund into the Defense Health Program and the Military Personnel accounts pay for the current year cost of care provided to Medicare-eligible retirees, retiree family members and survivors.

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The FY 2005 Defense Health Program budget request of \$17,640.4 million includes fiscal adjustments for projected receipts from the DoD Medicare Eligible Retiree Health Care Fund. The budget also includes realistic cost growth for pharmacy, managed care support contracts, and other health care services purchased from the private sector. The budget request does not include resources to support any increased Global War on Terrorism requirements.

Operation & Maintenance Program

	(\$ in Millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actuals</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
In-House Care	3,925.9	+258.6	47.9	4,232.4	+231.2	+205.1	4,668.7
Private Sector Care	7,243.2	+510.5	1,089.1	8,842.9	+655.7	-545.1	8,953.4
CHS	1,012.2	+25.3	-55.0	982.4	+19.3	-4.6	997.2
Information Management	788.6	+12.7	-133.5	667.9	+9.7	+111.9	789.5
Management Activities	254.3	+5.3	-35.8	223.8	+3.6	-3.5	223.9
Education and Training	398.8	+12.7	-22.4	389.1	+10.8	-1.2	398.8
Base Operations	<u>1,041.0</u>	<u>+22.8</u>	<u>+83.4</u>	<u>1,147.2</u>	<u>+17.3</u>	<u>+7.2</u>	<u>1,171.8</u>
Total	14,663.9	+848.0	+973.9	16,485.8	947.8	-230.2	17,203.4

Program/Price Growth

The FY 2005 DHP O&M budget request of \$17,203.4 million reflects a net increase of \$717.6 million above the FY 2004 funding level which includes price growth of \$947.8 million and a net program decrease of \$230.2 million.

In-House Care

DHP In-House Care provides for the delivery of care in MTFs worldwide. The program includes care in medical centers, station hospitals, clinics, and dental care activities. The FY 2005 In-House Care budget estimate of \$4,668.7 million increases by \$436.3 million above the FY 2004 funding level. This increase includes price growth of \$227.0 million; foreign currency fluctuation of \$4.2 million; and a net program increase of \$205.1 million. The net \$205.1 million program growth is primarily composed of increases for: \$82.1 million for pharmacy program growth above inflation due to increased utilization and the entry of new drugs into

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the market place; \$125.8 million to support non-clinical contractor support staff at MTFs; \$27.0 million for investment in equipment replacement and non-patient travel programs; \$207.8 million for the MTFs to augment their staffs by entering into agreements with local health care providers in support of the new TRICARE contracts; \$35.8 million to fund conversion of military personnel to other staffing alternatives as part of the Department's "Relieving Stress on the Force" initiative; \$8.0 million for purchase of equipment for installation in the new Okinawa health care facility; \$8.6 million growth in the Hepatitis B immunization program; and \$1.1 million growth due to transfer of responsibility for the fleet Medical and Dental Clinic, Diego Garcia from the Navy, and transfer of resources from the Army military personnel appropriation to fund civilian and contract personnel to backfill resources sent to the U.S. Army Forces Command Area Medical Laboratory. These increases are partially offset by decreases of: \$229.6 million due to reversal of the FY 2004 Emergency Supplemental Appropriations Act; \$19.4 million due to reversal of one time Congressional increases; \$16.5 million due to savings for supplies purchased from the U.S. Air Force to reflect a change in the wholesale and retail rates; \$20.2 million for revised civilian pay requirements based on the current approved 1.5% FY 2005 rate; \$2.2 million realigned from In-House Care to Education and Training to fund additional critical care and trauma training of MOS 91WM6 personnel and to replace contract LPNs; and \$3.4 million realigned to other budget activity groups to support the Air Force Surgeon General's Long View Resourcing Strategy to optimize the allocation of resources.

Private Sector Care

DHP Private Sector Care provides for delivery of care outside the military treatment facilities. The program includes Retail Pharmaceuticals, Managed Care Support (MCS) contracts, OCONUS claims, the Uniformed Services Family Health Program (USFHP) or Designated Providers, supplemental/emergency care, and MTF Prime Enrollee purchased care also called revised financing. Using Private Sector Care, active duty families and retirees and their families can individually obtain medical and dental care from civilian sources at government expense, after satisfying applicable enrollment fees, deductibles, and co-payments. Previously, there were seven MCS contracts. New TRICARE contract transitioning concludes in FY 2005 resulting in three regional MCS contracts. The MCS contractors are responsible for the purchase of TRICARE Standard fee-for-service benefits and coordinating the care between MTFs and civilian providers. The FY 2005 Private Sector Care budget request of \$8,953.4 million reflects a net increase of \$110.5 million from the FY 2004 funding level. This includes price growth of \$655.7 million and a net program decrease of \$545.1 million. The net \$545.1 million program decrease is composed of the following: an increase of \$352.3 million related to revised assumptions for programmatic growth factors for Supplemental Health and Dental Care, Uniformed Services Family Health Program and Global Overseas Claims as well as increased utilization of TRICARE benefits by eligibles and an increase of the number of beneficiaries using the Military Health System for their primary care; a decrease of \$411.4 million due to reversal of the FY 2004 Emergency Supplemental Appropriations Act; a decrease of \$35.5 million for reduced estimates for Continuing Health Education/ Capitalization of Assets due to expiration of extensions to process and file Medicare Provider Statistical and

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Reimbursement Reports; a decrease of \$172.0 million resulting from an adjustment for savings related to use of Federal Pricing for retail pharmaceuticals; a decrease of \$165.2 million resulting from transition of TRICARE Contracts for savings in administrative costs and other contractual adjustments for risk sharing, bid price and change order settlements; a decrease of \$70.3 million based on a reduced requirement over FY 2004 funding for activated reservists and their family members; and a decrease of \$43.0 million due to conclusion of termination for convenience costs associated with changes to the previous Managed Care Support Contracts for Retail Pharmacy.

Consolidated Health Support

DHP Consolidated Health Support includes functions such as occupational health, strategic aeromedical evacuation, pathology, examining activities, regional health care management functions and veterinary service. The FY 2005 Consolidated Health Support budget request of \$997.2 million reflects an increase of \$14.8 million above the FY 2004 funding level. This includes price growth of \$16.3 million; Foreign Currency Fluctuation of \$3.0 million; and a net program decrease of \$4.6 million. The net program decrease is composed of the following increases: \$15.5 million due to transfer of the Office of the Special Assistant for Gulf War Illness into the Defense Health Program; \$8.8 million for equipment, non-patient travel, and an increase in rates charged by DFAS; \$1.6 million due to realignment of civilian personnel funding based on the Air Force Surgeon General's Long View Strategy; \$48.9 million to the Armed Services Blood Program to replace the frozen blood supply. These increases are offset by the following decreases: \$12.6 million due to reversal of one time FY 2004 Congressional additions; \$58.4 million to reverse the FY 2004 Emergency Supplemental Appropriation; \$4.1 million for revised civilian pay requirements based on the current approved 1.5% FY 2005 rate; and \$4.4 million due to a reduction in the administrative travel program to fund Foreign Currency Fluctuation requirements.

Information Management

DHP Information Management focuses on the development and deployment of standardized systems to ensure close integration, interoperability, and commonality of information management throughout the military health system. The FY 2005 Information Management budget request of \$789.5 million reflects an increase of \$121.6 million above the FY 2004 funding level. This includes price growth of \$9.4 million, foreign currency fluctuation of \$0.3 million, and a net program increase of \$111.9 million. The net \$111.9 million program growth is primarily composed of: \$70.8 million to invest in information technology, equipment purchases, and non-patient related travel; \$12.1 million to fund upgrades to the wide area network to enable deploying applications; \$7.0 million associated with maintenance and sustainment of Enterprise Wide Scheduling and Registration Commercial Off-the-Shelf (COTS); \$0.3 million associated with realignment of civilian personnel funding in support of the Air Force Surgeon General's Long View

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Strategy; and \$44.8 million to support the phased realignment from acquisition to deployment and sustainment in implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 and the Composite Health Care System II. These increases are partially offset by the following decreases: \$16.9 million due to reversal of one time FY 2004 Congressional additions; \$5.2 million reflecting a reduced requirement for the DoD Information Technology Systems Certification and Accreditation Program (DITSCAP); and \$0.9 million for revised civilian pay requirements based on the current approved 1.5% FY 2005 rate.

Management Activities

DHP Management Activities includes the TRICARE Management Activity (TMA) and the Services' medical commands. These headquarters activities oversee the delivery of DoD healthcare worldwide. The FY 2005 Management Activities budget request of \$223.9 million reflects a net increase of \$0.1 million from the FY 2004 funding level. This includes a price growth of \$3.6 million and a net program decrease of \$3.5 million. The \$3.5 million net program decrease includes: a \$0.1 million transfer of funding and one civilian authorization from the Army Medical Command to the Southwest Regional Office Installation Management Activity for facilities management and base operations support functions; a one time reduction of \$0.7 million to fund an Office of the Inspector General audit of the Medicare- Eligible Accrual Fund; a decrease of \$4.4 million due to reversal of FY 2004 Congressional additions for Fisher Houses and the DoD/VA Collaborative Wound Healing Initiative; a decrease of \$0.8 million associated with realignment of civilian personnel funding in support of the Air Force Surgeon General's Long View Strategy; a decrease of \$0.6 million for revised civilian pay requirements based on the current approved 1.5% FY 2005 rate; a \$0.3 million reduction to the administrative travel program to fund increased foreign currency requirements; an increase of \$0.1 million due to an increase in the rates charged by the DFAS in support of DHP financial operations; and a \$2.0 million increase above inflation for a variety of programmatic adjustments including Contracted Advisory and Assistance Service (CAAS) contracts, printing and reproductive services, rents and supplies.

Education & Training

DHP Education and Training provides support for worldwide medical education and training for active duty personnel, civilian medical personnel, and students. The FY 2005 Education and Training budget request of \$398.8 million reflects an increase of \$9.7 million above the FY 2004 funding level. This includes price growth of \$10.8 million and a program decrease of \$1.2 million. The net \$1.2 million program decrease consists of: a \$7.8 million increase of the equipment acquisition and non-patient travel program; a \$2.7 million increase associated with realignment of civilian personnel funding in support of the Air Force Surgeon General's Long View Strategy; a \$2.2 million increase due to realignment of funding from In-House Care for additional critical care and trauma training of MOS 91WM6 personnel and to replace contract LPNs; a \$0.7 million increase for training requirements at MTFs; a decrease of \$11.9 million due to reversal of one time FY 2004 Congressional additions; a \$1.0 million decrease for revised

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civilian pay requirements based on the current approved 1.5% FY 2005 rate; and a \$1.7 million reduction in administrative travel to offset increased foreign currency requirements.

Base Operations/Communications

The DHP Base Operations/Communications includes funding for the operation and maintenance of 75 hospitals, 461 clinics and other DHP facilities. The Base Operations/Communications FY 2005 budget request of \$1,171.8 million reflects a net increase of \$24.5 million above the FY 2004 funding levels. This includes price growth of \$15.2 million, a foreign currency fluctuation increase of \$2.1 million and a net program increase of \$7.2 million. The net \$7.2 million program growth consists of increases of: \$3.6 million due to increased rates charged by DFAS in support of DHP financial operations; \$6.0 million to raise the facility sustainment funding level to 95% of requirements; \$8.0 million to maintain and repair DHP facilities; \$6.1 million for increased costs of fuel, communications, utilities, equipment, and base operations support; and \$1.8 million for equipment purchases and non-patient travel. The following decreases partially offset these increases: a \$10.1 million reversal of one time FY 2004 Congressional addition for Walter Reed Army Medical Center; a \$0.4 million reduction associated with realignment of civilian personnel funding in support of the Air Force Surgeon General's Long View Strategy; a \$1.7 million reduction for revised civilian pay requirements based on the current approved 1.5% FY 2005 rate; and a \$0.4 million reduction to the administrative travel program to offset increased foreign currency requirements.

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Procurement Program

	(\$ in Millions)						
	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
Medical Equipment - Replacement/Modernization	276.1	+5.7	-1.6	280.2	+5.8	+63.5	349.5
Medical Equipment - New Facility Outfitting	<u>7.3</u>	<u>+1</u>	<u>+1.9</u>	<u>9.3</u>	<u>+2</u>	<u>+5.6</u>	<u>15.1</u>
Total	283.4	+5.8	+0.3	289.5	6.0	69.1	364.6

The DHP Procurement Program totals \$364.6 million in FY 2005 and funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded, or altered health care facilities. Also funded is modernization and replacement of equipment past its useful life and automation equipment (IM/IT) in support of the TRICARE Management Activity. The Procurement Program funding level increases in FY 2005 by \$75.1 million over FY 2004, reflecting price growth of \$6.0 million and a program increase of \$69.1 million. The \$69.1 million program increase is composed primarily of the following: \$16.6 million for reversal of the FY 2004 procurement reduction to fund more critical health care needs; \$46.9 million to fund deployment, implementation and initial training activities and supporting infrastructure costs for health systems such as the Composite Healthcare System (CHCS) II or the military Computer-based Patient Record; the Defense Medical Human Resources System internet (DMHRSi); the Patient Accounting System (PAS) Coding and Compliance Editor (CCE); and Enterprise-Wide Scheduling and Registration (EWS-R); \$5.6 million for initial outfitting of the new Okinawa health care facility.

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Research, Development, Test and Evaluation (RDT&E) Program

	(\$ in Millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
RDT&E	457.6	+5.9	+22.9	486.4	+6.8	-420.8	72.4

The DHP RDT&E program funds health care related Information Management/Information Technology development and Small Business Innovative Research (SBIR). The FY 2005 RDT&E program budget request of \$72.4 million reflects a net decrease of \$415.0 million below the FY 2004 funding level. This includes price growth of \$6.8 million and a net program reduction of \$420.7 million. The net \$420.8 million program reduction consists of a decrease for FY 2004 Congressional additions not continued in FY 2005.

President’s Management Plan – Performance Metrics Requirements: The Defense Health Program (DHP) continues to refine existing performance measures and develop specific criterion to determine and measure outputs/outcomes as compared with initial goals. For the FY 2005 President’s Budget, The DHP has decided to use five performance measures to monitor overall program performance. These measures will be added to over time as new measures are developed. The initial five measures are:

- Beneficiary Satisfaction with Health Plan – An increase in the satisfaction with the Health Plan indicates that actions being taken are improving the overall functioning of the plan from the beneficiary perspective. The goal is to improve overall satisfaction level to that of civilian plans using a standard survey instrument.
- Inpatient Production Targets (Relative Weighted Products) – Achieving the production targets ensures that the initial plan for allocation of personnel and resources are used appropriately in the production of inpatient workload.
- Outpatient Production Target (Relative Value Units) – Achieving the production targets ensures that the initial plans for allocation of personnel and resources are used appropriately in the production of outpatient workload.
- Primary Care Productivity – In order to run a premier Health Maintenance Organization, the critical focus area is primary care. The primary care provider frequently represents the first medical interaction between the beneficiary and the HMO. In this role, the primary care provider is responsible for the majority of the preventive care to keep beneficiaries healthy and away from more costly specialty care.

DEFENSE HEALTH PROGRAM

- Medical Per Member Per Year – Annual Cost Growth – This is a new measure just being developed which will be used for the first time in FY 2005. The medical cost per member per year looks at the overall cost of the Prime enrollees for the DHP. This tracks all costs related to care delivered to enrollees. The objective is to keep the rate of cost growth for the treatment of TRICARE enrollees to a level at or below the civilian health care plans rate increases at the national level.

Each of the above performance measures will have goals. The overall success of each area measured will be determined based on a comparison of the goal to actual results.

	<u>Program Data</u>				
	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Organic Medical Programs</u>					
Hospitals/Medical Centers	75	0	75	0	75
Clinics	461	0	461	0	461
Dispositions (000)	287	-3	284	+3	287
Inpatient Work Units – RWP (000)	246	+4	250	0	250
Occupied Bed Days (000)	968	-7	961	+11	972
Average Length of Stay (Days)	3	0	3	0	3
Ambulatory RVUs (000)	30,653	+584	31,237	+381	31,618
<u>Training Workloads</u>					
USUHS	948	-1	947	-9	938
Other Education & Training	77,666	-10,031	67,635	-2,094	65,541
Health Professionals Scholarship Program/ Financial Assistance Program/Loan Repayment Program	3,907	181	4,088	21	4,109
Civilian Personnel FTEs	728	-51	677	50	727

DEFENSE HEALTH PROGRAM

	FY 2003		FY 2004		FY 2005
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
U.S. Direct Hire	39,934	-1,537	38,397	-76	38,321
Foreign National Direct Hire	<u>723</u>	<u>-139</u>	<u>584</u>	<u>+4</u>	<u>588</u>
Total Direct Hire	40,657	-1,676	38,981	-72	38,909
Foreign National Indirect Hire	<u>1,566</u>	<u>+101</u>	<u>1,667</u>	<u>+79</u>	<u>1,746</u>
Total	42,223	-1,575	40,648	+7	40,655
 <u>Military Personnel End Strength</u>					
Officers	31,545	+953	32,498	-538	31,960
Enlisted	<u>58,487</u>	<u>+932</u>	<u>59,419</u>	<u>-1,236</u>	<u>58,183</u>
Total	90,032	1,885	91,917	-1,774	90,143
 <u>Eligible Beneficiary Population (000)</u>					
Active Duty	1,686	+37	1,723	-61	1,662
Dependents of Active Duty	2,309	+56	2,365	-85	2,280
Dependents of Retirees Under 65	2,015	+4	2,019	+4	2,023
Retirees Under 65	1,134	+5	1,139	+8	1,147
Beneficiaries Over 65	<u>1,634</u>	<u>+48</u>	<u>1,682</u>	<u>+38</u>	<u>1,720</u>
Total	8,778	+150	8,928	-96	8,832

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

FY 2003	Price	Program	(\$ in millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
905.9¹	+11.0	-8.3	908.6²	+11.9	-67.8	852.7

¹Included for comparability, these funds were transferred to other Defense appropriations for execution; includes \$34.0 million appropriated in the FY 2003 Emergency Supplemental (Public Law 108-11).

²Includes \$73.0 million appropriated in the FY 2004 Emergency Supplemental (Public Law 108-106).

The Drug Interdiction and Counterdrug Activities, Defense appropriation is a central transfer account that funds the Department’s Counternarcotics (CN) Program. The Department uses these resources to finance CN activities that use military-unique resources and capabilities to contribute to the war on terrorism, security cooperation guidance, military readiness, and national security. The account provides inherent flexibility for the Department’s CN program to respond effectively to the dynamic nature of the drug threat. It covers all CN resources with the exception of those resources for the Active components’ military personnel, Service OPTEMPO, and military construction. The Services budget for the OPTEMPO portion of the program (estimated at \$159 million in FY 2004 and \$160 million in FY 2005) in their Operation & Maintenance appropriations.

The Department of Defense’s programs support the National Drug Control Strategy and the U.S. Government’s international and multi-agency approach to counter the flow of illegal drugs into the United States. Congress authorized the Department:

1. to act as the single lead federal agency for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States in support of law enforcement agencies;
2. to integrate command, control, communications, and technical intelligence assets of the federal government that are dedicated to drug interdiction into an effective communications network;
3. to approve and fund Governors' State Plans for expanded use of the National Guard, when not in federal service, in support of drug interdiction and counterdrug activities, authorized by the laws of the state concerned;
4. to train personnel;
5. to establish operating bases; and
6. to transport, maintain, and repair equipment of U.S. and foreign law enforcement agencies.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

Overall Assessment

The FY 2005 Drug Interdiction and Counterdrug Activities budget ensures continuing support to an array of unique and effective programs that support that National Drug Control Strategy and Department goals.

FY 2005 Budget Request

The FY 2005 budget request of \$852.7 million is an increase of \$17 million over the FY 2004 program, after normalizing the FY 2004 program for \$73 million provided in the FY 2004 Supplemental for drug interdiction and counter drug activities in Afghanistan.

Counternarcotics Programs

The Department executes its missions in five CN programs, described below:

- Demand Reduction
- Domestic Support
- Intelligence and Technology Support
- U.S. Central Command (CENTCOM), Pacific Command (PACOM), and European Command (EUCOM) Area of Responsibility (AOR) Support
- U.S. Southern Command Support (SOUTHCOM) Area of Responsibility (AOR) Support

Demand Reduction (\$122.1 million) includes the National Guard State Plans and Service outreach programs (\$19.4 million) and the DoD Demand Reduction Programs (\$102.7 million). These funds support 100% drug testing for active duty military, National Guard and Reserve personnel, and DoD civilian employees, as well as drug abuse prevention and education activities for military and civilian personnel and their dependents, and drug treatment for military personnel.

Domestic Support (\$219.5 million) supports federal, state, and local drug law enforcement agencies' (DLEAs) requests for domestic operational and logistical support. The program will assist the DLEAs to reduce drug-related crime. It provides for a portion of the total National Guard State Plans that support domestic law enforcement efforts and counter-narcoterrorism schools (\$151.1 million). It also supports Domestic Operations Support such as U.S. Northern Command counter-narcoterrorism support to DLEAs and Title 10 National Guard translation efforts (\$20.3 million); tethered aerostats (TARS) for domestic detection and monitoring efforts (\$32.3 million); and command, control, communication, computers, and intelligence support such as the Anti-Drug Network (\$15.8 million).

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

Intelligence and Technology (\$103.3 million) programs collect, process, analyze, and disseminate information required for counter-narcoterrorism operations. Technology programs increase the Department's ability to target narco-terrorist activity. The program includes intelligence support and analysis (\$58.5 million); signal intelligence collection and processing (\$21.1 million); Service and Special Operations Command (SOCOM) command and control programs (\$10.0 million); and CN Technology efforts (\$13.7 million).

CENTCOM, PACOM, and EUCOM AOR Support (\$40.9 million) programs support efforts to detect, interdict, disrupt, or curtail activities related to substances, material, weapons, or resources used to finance, support, secure, cultivate, process, or transport illegal drugs. The program covers operational support including Section 1003 support (\$29.0 million) and AOR command and control support (\$11.9 million).

SOUTHCOM AOR Support (\$366.9 million) includes detection and monitoring operations that assist U.S. law enforcement agencies to counter the flow of drugs in transit into the U.S. These operations also assist supporting nations such as Colombia to fight narco-terrorism. The program includes detection and monitoring platforms and assets (\$173.0 million), operational support (\$142.5 million), and AOR command and control support including Joint Interagency Task Force South (\$51.4 million).

Major Program Changes

The FY 2005 program reflects the Department's new Demand Reduction, Domestic Counternarcotics, and International Counternarcotics policies. The policies affect the programs as follows:

Demand Reduction

- Increased drug testing for all military members to a minimum average testing rate of one test per member per year for each Service, the Army National Guard, and the Air National Guard. The increase will be phased in incrementally through the outyears.
- Increased testing for civilian employees in testing-designated positions to a minimum average testing rate of one test per testing-designated employee per year for each Agency or Component.

Domestic Support

- Realigned funding and full-time equivalents (FTEs) previously budgeted in Continental U.S. (CONUS) operations support to NORTHCOM CN Headquarters Support.
- Reduced the Military Working Dogs program to fund DoD requirements only. The program continues to fund dog training and drug inspections on military bases.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

- Terminated Air National Guard support to the radar site at El Centro, California, based on DoD mission requirements.
- Transferred funding and FTEs associated with the Mexico Military Liaison Office from SOUTHCOM to NORTHCOM, based on the transfer of Combatant Commander responsibility.
- Increased funding for various critical Anti-Drug Network (ADNET) requirements, including the Secret Internet Protocol Router Network (SIPRNET) Connectivity for National Guard personnel serving at the High Intensity Drug Trafficking Area (HIDTA) command centers, Continuity of Operations (COOP) for ADNET services, enhanced security operations for ADNET, upgrade to Secret dial-in capability, improved ADNET firewalls, and support for the Canadian Email Guard program.
- Closure of the Tactical Area Reconnaissance and Surveillance (TARS) site in Lajas, Puerto Rico, based on congressional reductions to the TARS program.
- Combined funding for the National Guard schools. Funding will be allocated to each of the five schools based on National Guard requirements.
- Renamed the Ground-Based End-Game Operations (GBEGO) Mexico program as NORTHCOM Mexico CN Operational Support to reflect the program's mission.

Intelligence and Technology

- Increased funding for translation efforts provided by the National Guard.
- Realigned four FTEs from the National Geospatial-Intelligence Agency (NGA) CN Support program to the NGA Imagery Exploitation Program to enhance CN geospatial intelligence capability integration.
- Increased funds to the THROTTLE CAR program to ensure readiness.
- Discontinued funding to the POWDER ALPHA program.

PACOM, CENTCOM, and EUCOM AOR Support

- Authorized six additional FTEs to the Office of Naval Intelligence's CN Maritime Intelligence Support program. These FTEs provide extended on-site analytical support to forward-based elements of CENTCOM, PACOM, and EUCOM to help develop and employ programs to track illicit substances through the combatant command AORs.
- Realigned ten FTEs and funding from the Joint Interagency Task Force West (JIATF-W) to support counter-narcoterrorism programs in the CENTCOM and EUCOM AORs. JIATF-W is maintained at its current manning levels.
- Provided funding to exploit linkages between narcotics trafficking and terrorism in the CENTCOM and EUCOM AORs. Increased support includes additional HQ support (contractors and reservists), increased operational support, and the establishment of Section 1033 support for CENTCOM.

DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES, DEFENSE

SOUTHCOM AOR Support

- Realigned funding programmed for the Services' and SOCOM's Joint Planning Action Teams (JPAT) to provide better visibility of the JPAT program.
- Reduced funding in the SOUTHCOM CN Command Management System program due to the transfer of some SOUTHCOM communications costs to non-CN funding sources.
- Reduced funding to the P-3 (Orion) Maritime Patrol Aviation (MPA) Upgrade program due to the reduction in the number of planned upgrades.
- Cancelled the Transit Zone MPA program because the need for contractor-operated aircraft is marginal due to the forward deployment of CN aircraft from Naval Station Roosevelt Roads to Forward Operating Locations (FOLs) in the Caribbean.
- Renamed the GBEGO SOUTHCOM program as SOUTHCOM Operations Support.
- Increased funding to the SOUTHCOM Command Support program to enhance imagery capability in support of CN operational missions.
- Increased funding to U.S. Army South Support-SOUTHCOM to fund SWIFT CANOPY, an intelligence collection system based in the Andean Ridge that supports CN, Counterterrorism, and Force Protection operations. Funding also supports the Digital Mapping Reconnaissance Tool, which supports U.S. Embassy Country Team (Colombia) and SOUTHCOM operations.
- Increased funding for the Relocatable Over-the-Horizon Radar program to support system refurbishment and life cycle support as well as subsystem and component redesign or replacement.
- Provided additional funding for the E-2 Hawkeye Support program due to the increased costs to operate E-2s from the FOLs after closing Naval Station Roosevelt Roads in Puerto Rico.
- Realigned funds in Special Operations Support from the traditional ground/riverine split to a program based on support provided to each AOR. Reduced funding for missions in the SOUTHCOM AOR by \$3.0 million.

ENVIRONMENTAL RESTORATION (ER) TRANSFER APPROPRIATIONS

	<u>(\$ in Millions)</u>						
	<u>FY 2003</u> <u>Actual*</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
ER, Army	394.4	+5.1	-5.4	394.1	+5.5	+1.3	400.9
ER, Navy	255.4	+3.3	-3.8	254.9	+3.6	+8.3	266.8
ER, Air Force	387.8	+5.0	-10.3	382.5	+5.0	+9.9	397.4
ER, Defense-Wide	246.9	+3.2	+33.2	283.3	+4.0	-70.8	216.5
ER, Formerly Used Def. Sites	<u>23.4</u>	<u>+0.3</u>	<u>+0.3</u>	<u>24.0</u>	<u>+0.3</u>	<u>-0.6</u>	<u>23.7</u>
Total	1,307.9	+17.0	+13.9	1,338.8	+18.7	-52.2	1,305.3

* Provided for comparison purposes only. These funds were transferred and obligated in the Components' appropriations. During FY 2001, all of the funds were transferred to the Components' active O&M appropriations except for \$13.2 million of the Army's ER appropriation, which was transferred to the Military Construction, Army appropriation for execution.

The Department's Environmental Restoration program focuses on reducing the risks to human health and the environment at active installations and Formerly Used Defense Sites (FUDS), while ensuring that DoD environmental cleanup policy conforms to existing laws and regulations. The DoD Environmental Restoration appropriations provide for: the identification, investigation, and cleanup of past contamination (prior to 1986) from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnance; and the demolition and removal of unsafe buildings, structures, and debris. Until 1994, the Department spent the majority of the resources documenting the magnitude of the cleanup problem on DoD lands, a significant but necessary investment. In 1994, DoD turned the corner, by devoting more resources to actual cleanup than to studies. As a result, the pace of restoration has increased while more sites continue to be cleaned up and closed out. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. The relative risk process is the key tool used by the Department in the planning, programming, and budgeting of the cleanup program as well as its execution.

Also in FY 1996, the Department developed specific clean-up goals that have been briefed to the Congress, the regulator community, and the public. Accordingly, the Department funds its environmental restoration program to ensure the Military Departments and Defense Agencies meet all legal agreements and ensure compliance with DoD cleanup goals. As required by the Presidential Management Plan and the Office of Management and Budget (OMB) budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. As shown in the various Component DERA budget exhibits for FY 2005, Army, Air Force and DLA cleanup programs are essentially on schedule to meet the Department's cleanup

ENVIRONMENTAL RESTORATION TRANSFER APPROPRIATIONS

goals; Navy is slightly behind in projections to meet the FY 2007 goals but expects to meet all goals by the FY 2014 deadline; and FUDS is falling behind. The FUDS program is unique in that there are no physical boundaries such as a military installation fence line to establish a finite limit of potential contaminated sites and the number of potential new FUDS sites is boundless. While investigations and analyses have been completed for most potential cleanup sites at our military installations, FUDS is still adding new sites. The FUDS baseline number of high relative risk sites for measuring against the DoD cleanup goals initially contained 224 sites in FY 1998. Since that time, an additional 165 high relative risk sites have been identified for a total of 389 sites. Of the 389 FUDS sites categorized as high relative risk, 181 sites have been removed from the list as of February 2004. Had the number of sites not increased, FUDS would have met the Department's FY 2002 cleanup goal of 50 percent of relative high risk sites. In response to increased FUDS sites and cleanup costs, the Department increased FUDS resources by about \$20 million per year in the last program review.

Between FY 2004 and FY 2005, the Department's Defense Environmental Restoration Program decreases by \$33.5 million, reflecting price growth of \$18.7 million and programmatic reductions of \$52.2 million (-3.9 percent). The program decrease of \$52.2 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2004 (\$-72.0 million) and an increase in the Air Force FY 2005 budget request to identify emergent requirements related to unexploded ordnance (+\$15.0 million).

FORMER SOVIET UNION THREAT REDUCTION

<u>(Dollars in Millions)</u>						
<u>FY 2003</u> <u>Actual</u> 414.4	<u>Price</u> <u>Growth</u> +5.4	<u>Program</u> <u>Growth</u> +28.8	<u>FY 2004</u> <u>Estimate</u> 448.6	<u>Price</u> <u>Growth</u> +6.3	<u>Program</u> <u>Growth</u> -45.7	<u>FY 2005</u> <u>Estimate</u> 409.2

The FY 2005 budget contains \$409.2 million to dismantle delivery systems and prevent the proliferation of weapons of mass destruction in Former Soviet Union (FSU) Countries. The budget request decreased by \$39.4 million from the FY 2004 funding level. This includes \$6.3 million for price growth and a net program decrease of \$45.7 million. The overall decrease is attributed to chemical weapons destruction (\$44.8 million), strategic arms elimination (\$13.9 million), and defense and military contacts (\$1.0 million). Programs with increased funding include Weapons of Mass Destruction (WMD) Proliferation Prevention (\$10.2 million), Weapons Transportation Security (\$2.8 million), and Other Programs (\$1.0 million).

The following table shows price and program changes from FY 2003 to FY 2005 for the major programs:

	<u>(\$ in Millions)</u>						
	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Strategic Offensive Arms Elimination - Russia	70.1	.9	-4.4	66.6	.9	-9.0	58.5
Weapons Storage Security – Russia	39.8	.5	7.7	48.0	.7		48.7
Weapons Transportation Security – Russia	19.6	.3	3.3	23.2	.3	2.8	26.3
Strategic Nuclear Arms Elimination - Ukraine	6.4	.1	-1.6	4.9	0	-4.9	
WMD Infrastructure Elimination – Ukraine	8.7		-8.7				
WMD Infrastructure Elimination - Kazakhstan	8.9		-8.9				
BW Proliferation Prevention – Former Soviet Union	54.7	.7	-1.2	54.2	.8		55.0
Chemical Weapons Destruction – Russia	132.9	2.0	65.4	200.3	2.9	-44.8	158.4
WMD Proliferation Prevention – Former Soviet Union	39.8	.5	-10.9	29.4	.4	10.2	40.0
Defense and Military Contacts	18.8	.2	-10.1	8.9	.1	-1.0	8.0
Other Program Support	<u>14.7</u>	<u>.2</u>	<u>-1.8</u>	<u>13.1</u>	<u>.2</u>	<u>1.0</u>	<u>14.3</u>
Total	414.4	5.4	28.8	448.6	6.3	-45.7	409.2

FORMER SOVIET UNION THREAT REDUCTION

The activities for the Former Soviet Union (FSU) Threat Reduction program for FY 2005 are as follows:

Strategic Offensive Arms Elimination (SOAE): - Russia:

- Dismantle Intercontinental Ballistic Missiles, their silos, road and rail mobile launchers, SLBMs, SLBM launchers and associated strategic submarines.

Nuclear Weapons Storage and Transportation Security - Russia:

- Enhances the security, safety, control and accounting of nuclear weapons while in storage;
- Supports movement and consolidation of nuclear weapons from Russian MOD operational sites to MINATOM weapons dismantlement or secure storage facilities;
- Procure cargo rail cars that support the transportation of nuclear weapons to dismantlement or secure storage facilities.

Biological Weapons (BW) Proliferation Prevention - FSU:

- Consolidates and secures or eliminate dangerous pathogen collections;
- Dismantles former Soviet BW research and production facilities;
- Targets collaborative research to encourage higher standards of openness, ethics, and conduct at the scientist level, and preempt potential “brain drain” of scientists to rogue states;
- Provides for BW disease surveillance transportation systems in Uzbekistan, Ukraine and Georgia.

Chemical Weapons (CW) Destruction - Russia:

- Continues funding for the CW destruction facility at Shchuch’ye;
- Dismantles former CW production facilities.

Weapons of Mass Destruction Proliferation Prevention - FSU:

- Project created to enhance the capability of non-Russian FSU military, internal security forces, border guards and customs to deter, detect, interdict illicit trafficking in WMD and related materials across borders and respond to WMD incidents at the borders and in country;
- FY 2005 funds will provide equipment, training, infrastructure and logistical support to these forces.

Defense and Military Contacts – FSU:

- Supports interaction between U.S. and FSU military forces to promote military reform and WMD nonproliferation.

Other Program Support - FSU:

- Supports program to ensure CTR assistance is fully accounted for, used for the intended purpose effectively and efficiently;
- Provides non-government technical assistance to DoD.

OFFICE OF THE INSPECTOR GENERAL

FY 2003	Price	Program	(\$ in Millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
156.5	+5.5	+25.5	187.5	+3.5	+53.6	244.6

The Office of Inspector General (OIG) audits and investigates the programs and operations of the Department of Defense. Additionally, the OIG recommends policies and conducts activities to promote economy, efficiency, and effectiveness in DoD programs and operations by preventing and detecting fraud, waste, and abuse. The OIG also informs DoD management and Congress about the problems and deficiencies in programs and operations and progress of corrective action.

The budget includes \$244.6 million for the OIG, an increase of \$57.1 million over the FY 2004 level. The increase is composed of \$3.5 million for price growth and a net program increase of \$53.6 million to support the OIG Mid-Range Financial Improvement Plan and non-audit mission requirements. The civilian full-time equivalents (FTEs) will increase by 177 to a total of 1,459 FTEs.

The budget includes funds (\$51.0 million) to support the Department's goal of achieving clean and auditable financial statements in the Mid-Range Financial Improvement Plan initiative and support (\$5.0 million) for non-audit mission support associated with the Defense Criminal Investigative Service, OIG Hotline and Intelligence Component. The FY 2005 program reflects the transfer of two full-time equivalents and associated funding (\$-0.3 million) from the OIG to the Defense Legal Services Agency for increased legal support for OIG operations. FY 2005 increases are offset by the decrease of one paid day (\$-0.5 million), a decrease in the workers compensation bill (\$-0.03 million), a reduction in the development costs for the Defense Audit Management Information System (DAMIS) (\$-0.2 million), and the completion of information technology upgrades, replacement and implementation of the electronic workflow system (\$-1.4 million).

OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND

(\$ in Millions)						
FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
5.0	+0.1	-0.1	5.0	+0.1	+24.9	30.0

The Overseas Contingency Operations Transfer Fund (OCOTF) was established by the FY 1997 DoD 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 DoD 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. 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 FY 2005 budget request of \$30.0 million in the OCOTF is for emerging contingency operations costs. 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.

In 2003, \$33.244 million was transferred from the OCOTF to the Components’ appropriations for execution, leaving a balance of \$8.765 million in the OCOTF account. The Department anticipates that a similar amount will be needed to support FY 2005 mission requirements. However, because the account balance has been depleted, the Department will accommodate only the most critical requirements/shortfalls in FY 2004. The funds requested in FY 2005 will restore the funds balance in the account in order to be able to offset unanticipated contingency operations costs incurred by the Components.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

<u>(\$ in Millions)</u>						
<u>FY 2003</u> <u>Actual</u> ^{1/}	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u> ^{2/}	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
94.5	-2.1	+1.8	94.2	-0.7	-34.6	59.0

1. Includes \$36.4 million that was transferred from the Iraq Freedom Fund to OHDACA, pursuant to the authority in the FY 2003 Emergency Wartime Supplemental Appropriations (P.L. 108-11).

2. Includes \$35.5 million was appropriated in the FY 2004 Emergency Supplemental Appropriations (P.L. 108-106).

The Overseas Humanitarian, Disaster and Civic Aid (OHDACA) program includes three segments: the Humanitarian Mine Action Program, the Humanitarian Assistance Program, and Foreign Disaster Relief Assistance. In broad terms, OHDACA programs support U.S. military forces in meeting two key requirements. The first is to maintain a robust overseas presence aimed at shaping the international security environment in a manner that deters would-be aggressors, strengthens friends and allies, and promotes peace and stability in regions of tension. The second requirement is for U.S. forces to respond effectively when called upon to assist the victims of storms, earthquakes, and other natural or manmade disasters.

The OHDACA programs meet these needs by providing the regional Combatant Commanders (CoCom) with an unobtrusive, low cost, but highly efficacious means to carry out their peacetime engagement missions, while providing a valuable training benefit for U.S. troops. Furthermore, OHDACA augments the CoCom capabilities to respond rapidly and effectively to humanitarian crises. In providing relief to areas of need, the U.S. military gains substantial training benefits and obtains access to regions important to U.S. interests. The OHDACA programs enhance readiness across a number of operational areas including: command, control, communication and intelligence (C3I); civil affairs; and logistical support.

The programs conducted under OHDACA are coordinated with the Department of State and approved by the Office of the Secretary of Defense to ensure U.S. Government (USG) unity of effort and compliance with national security and foreign policy interests. In the process of carrying out these activities, a small amount of funding efficiently fosters multiple USG goals.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

The **FY 2005 OHDACA budget request is \$59.0 million**. The FY 2005 level represents a decrease of \$35.2 million from the FY 2003 planned program (\$94.2 million).

OHDACA Program and Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	94.5	94.2	59.0

The **Humanitarian Mine Action Program** requirement of \$10.0 million will support the geographical CoCom planned humanitarian demining activities. These CoCom plans include: assessments of newly designated countries; ongoing worldwide training operations; incremental funding of high-priority, emerging operations; and evaluations of current programs to determine if projected “end states” have been met.

Humanitarian Mine Action Program and Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	1.6	2.8	10.0

The **Humanitarian Assistance Program** FY 2005 requirements of \$39.0 include: transportation; excess property; and other targeted assistance for disaster preparedness and mitigation. Funding also provides for distribution of relief supplies; acquisition and shipment of transportation assets to assist in distribution; acquisition and provision of relief supplies; refurbishment and restoration of excess DoD equipment; storage of excess property; and inspection, packaging and intermediary warehouse storage until excess items can be delivered.

OVERSEAS HUMANITARIAN, DISASTER, AND CIVIC AID

Humanitarian Assistance Program and Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	49.2	47.2	39.0

The **Foreign Disaster Relief Assistance/Emergency Response** estimate for FY 2003 is \$10 million. This funding supports the capacity of the Department, through the CoCom, to respond to natural and manmade disasters and to the humanitarian aspects of security crises. Among the activities covered by this item are transportation of emergency assistance during foreign disasters and programs to prepare for such activities. The emergency response program includes transportation, logistical support, search and rescue, medical evacuation, and refugee assistance, in the form of both supplies and services. Projects also include those that assist Non-Government Organizations (NGO) and recipient countries to build capabilities to respond to emergencies response, thereby, reducing the potential need for United States military involvement in crisis response.

Foreign Disaster Relief Assistance/Emergency Response Funding

	<u>(\$ in Millions)</u>		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Program	7.3	8.7	10.0

SUPPORT FOR INTERNATIONAL SPORTING COMPETITIONS, DEFENSE

FY 2003	Price	Program	(\$ in Millions)			FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
18.9	-	-18.9	-	-	-	-

The Support for International Sporting Competitions (SISC), Defense appropriation is a no-year appropriation that provides for continuing DoD support to international and special events that are certified by the Attorney General. Funds are still available from the FY 2003 DoD Appropriations Act (P.L. 107-248). The FY 2003 funds will be used in FY 2004; DoD is not requesting funds for FY 2005.

These funds are available to fund safety, security and logistical requirements for special events. Under the authority of 10 U.S.C., section 2564, the DoD has the authority to assist Federal, State or local agencies in support of civilian sporting events, if the Attorney General certifies that such assistance is necessary to meet essential security and safety needs. The DoD provides this support through the SISC appropriation only as a supplier of last resort while ensuring that no degradation to readiness results from this effort. Such support is essential to the national responsibility of ensuring the safety of competitors participating and visitors attending these events.

The DoD plans to execute \$18.9 million in FY 2004 for the following scheduled events: Special Olympic Summer Games, Summer Olympic Trials, Goodwill Winter Games, and the Military World Games (Conseil International du Sport Militaire (CISM)). Basic categories of support include physical security, aviation, communications, explosive ordnance disposal, temporary facilities, related equipment, and the manpower costs associated with these requirements.

IRAQ FREEDOM FUND

FY 2003	Price	Program	(\$ in Millions)	Price	Program	FY 2005
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>FY 2004</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
15,678.9	+308.9	-13,999.2	1,988.6	+39.2	-2,027.8	-

The Iraq Freedom Fund (IFF) was initially established in Public Law 108-11, the Emergency Wartime Supplemental Appropriations Act for Fiscal Year (FY) 2003. In that legislation, Congress provided \$15,678.9 million in a special transfer account for the additional expenses of the ongoing military operations in Iraq and other operations and activities supporting the global war on terrorism. The funds may be used to finance the estimated partial costs of combat, stability operations (including natural resource risk remediation activities), force reconstitution, replacement of munitions and equipment and other costs. The IFF is a two-year account with special transfer authority that provides flexibility to meet operational requirements. As unanticipated costs associated with the war on terrorism emerge, the Secretary of Defense may decide to finance those requirements through IFF resources. The Department must notify the congressional defense committees in writing not fewer than five days prior to making transfers from the IFF. Following the notification period, the Secretary may transfer funds from the IFF to the Components' appropriations. As of the end of January 2004, \$14,890.0 million had been transferred from the FY 2003/2004 IFF to the Military Components and Defense Agencies.

Public Law 108-106, the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan for FY 2004, provided \$1,988.6 million in the FY 2004/FY 2005 Iraq Freedom Fund. These funds may be used for the same purposes as the first IFF account with the exception that there is no authority to transfer funds to the research, development, test and evaluation appropriations. The FY 2004/2005 IFF is a two-year account with special transfer authority. The funds may be transferred five days after the Secretary has notified the congressional defense committees in writing of the intended transaction. As of the end of January 2004, \$494.6 million had been transferred from the FY 2004/2005 IFF to the Army.

AIR OPERATIONS

	<u>(\$ in millions)</u>						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	1,239.2	+37.8	-113.5	1,163.5	+7.2	-9.3	1,161.4
Army Reserve	23.9	+2.1	+30.9	56.9	+2.7	-18.2	41.4
Army National Guard	342.9	+4.5	+59.9	407.3	+5.7	-54.8	358.2
Navy	7,092.4	+256.5	-1,499.1	5,849.8	+133.9	+333.6	6,317.3
Navy Reserve	420.3	+18.4	-21.0	417.7	-	-	417.7
Air Force	18,199.3	1,065.8	-5,410.3	13,854.8	+334.1	+631.9	14,820.8
Air Force Reserve	1,486.3	+96.8	+156.0	1,739.1	+43.9	+31.6	1,814.6
Air National Guard	3,533.6	+272.8	+4.1	3,810.5	+128.2	-214.5	3,724.2
USSOCOM	<u>679.3</u>	<u>+52.3</u>	<u>-62.6</u>	<u>669.0</u>	<u>-1.9</u>	<u>+77.9</u>	<u>745.0</u>
Total	33,017.2	1,807.0	-6,855.6	27,968.6	+653.8	+778.2	29,400.6

To operate, to maintain, and to deploy aviation forces that support the national military strategy, the Air Operations activity funds the following activities:

- (1) day-to-day operational activities or air operations;
- (2) organizational, intermediate, and depot level maintenance;
- (3) institutional training; unit training and operational training; and
- (4) engineering and logistical support.

The FY 2005 budget request of \$29,400.6 million reflects a net increase of \$1,432.0 million above the FY 2004 estimate. This includes a price growth of \$653.8 million and a net program increase of \$778.2 million (+2.7 percent).

AIR OPERATIONS

ACTIVE ARMY

The Army's Land Forces Air Operations funds the combat major commands (MACOMs), as well as several other agencies and commands. Within the combatant MACOMs, the FY 2005 program funds rotary wing aircraft at the average operating tempo (OPTEMPO) of 13.1 hours per crew per month.

The Land Forces Air Operations includes flying hours for the following programs:

- Drug Interdiction and Counter-Drug activities,
- Combat Aviation Training Brigade at Fort Hood (the Army's collective trainer for the AH-64D Apache Longbow and the OH-58D Kiowa Warrior programs),
- Combat Training Center support (National Training Center),
- Joint Readiness Training Center,
- Two training centers in Europe (the 7th Army Training Center and Combat Maneuver Training Center), and
- Several other smaller units.

The Land Forces Air Operations program also funds flying hours for fixed wing aircraft in intelligence, command, and theater aviation units as well as the hours for the training of pilots associated with Training Support XXI (Training Support Brigades), Reserve Officers Training Corps (ROTC) program, Multi-Force Operations, Eitem Egypt, and European Command (EUCOM) Headquarters.

The Army's Flight Training program supports the Army's flight training program at Fort Rucker (Initial Entry Rotary Wing courses through Advanced Pilot Training) and flight training programs at the Intelligence School at Fort Huachuca, the Infantry School at Fort Benning, and the Transportation Training Center at Ft. Eustis. It also funds flying hours for the non-training fleet in the Training and Doctrine Command and flying hours at the United States Military Academy.

In FY 2005, the Army will begin the implementation of Flight School XXI (FSXXI). The Army will complete full implementation of FSXXI in FY 2006. The principal benefits of FSXXI are:

- (1) An overall reduction in the time that students spend in flight school, and
- (2) A dramatic increase in the proficiency of pilots in their "go-to-war" aircraft.

These benefits will improve readiness for the Combatant Commanders. Units will no longer have to train pilots on individual skills but will focus on collective training skills and on pilot safety. FSXXI is a strategic element that enables Aviation Transformation and creates a more strategically responsive, agile, versatile, and lethal aviation force across the entire spectrum of military operations.

AIR OPERATIONS

The Servicewide Support program funds flying hours for a small international program at Supreme Headquarters, Allied Powers Europe (SHAPE). In addition, it supports a small contingent of Army aircraft at the Army Materiel Command's (AMC) Corpus Christi Army Depot and at the Aviation and the Army Missile Command's (AMCOM) Navy Test Pilot School.

Funding Summary	(\$ in millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Land Forces Air Operations	718.0	+14.0	-49.0	683.0	+2.0	+5.0	690.0
Depot Maintenance	299.2	+16.8	-103.5	212.5	+3.2	+24.7	240.4
Flight Training	220.0	+7.0	+40.0	267.0	+2.0	-39.0	230.0
Servicewide Support	<u>2.0</u>	<u>-</u>	<u>-1.0</u>	<u>1.0</u>	<u>-</u>	<u>-</u>	<u>1.0</u>
Total	1,239.2	+37.8	-113.5	1,163.5	+7.2	-9.3	1,161.4

Program Data	FY 2003	Change	FY 2004	Change	FY 2005
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
Primary Authorized Aircraft	2,316	-28	2,288	-82	2,206
Total Aircraft Inventory	3,072	-136	2,936	-341	2,595
Flying Hours (000)*	687,728	-53,622	634,106	-41,626	592,480
Percent Executed	108%	N/A	N/A	N/A	N/A

OPTEMPO (Hrs/Crew/Month)

Rotary Wing Programmed	13.1	-	13.1	-	13.1
Rotary Wing Executed*	15.1	N/A	N/A	N/A	N/A

*FY 2003 Executed flying hours and OPTEMPO include contingency operations (i.e., Operation Iraqi Freedom).

The FY 2005 budget request reflects a net decrease of \$2.1 million below the FY 2004 level. This includes a price increase of \$7.2 million and a program decrease of \$9.3 million (-0.8 percent).

Land Force Air Operations: The FY 2005 flying hour program supports an average OPTEMPO of 13.1 hours per crew per month. The FY 2005 budget request increases \$7.0 million above the FY 2004 level and includes a price increase of \$2.0 million and a program increase of \$5.0 million (+0.7 percent). The FY 2005 program increase reflects an increase in the demand for spare parts due to increased OPTEMPO and more intensive maintenance required for an aging fleet.

AIR OPERATIONS

Depot Maintenance: The FY 2005 budget request increases \$29.7 million above the FY 2004 level and reflects a price increase of \$3.2 million and a program increase of \$24.7 million (+11.5 percent) that reflects additional depot maintenance workload to repair crash-damaged aircraft.

Flight Training: The FY 2005 budget request decreases \$37.0 million below the FY 2004 level and reflects a price increase of \$2.0 million and a program decrease of \$39.0 million (-14.5 percent). The FY 2005 program decrease reflects a reduction in pilot and crew training input during FY 2005.

Servicewide Support: The FY 2005 budget request reflects a steady state program with no program change.

ARMY RESERVE

The Army Reserve's Training Operations fund aviation training and operational requirements. The program includes fuel, consumable repair parts, and depot level repair parts to maintain the fleet. The program supports both unit training and operations. The Army Reserve's fixed wing and rotary wing units support the requirements of the warfighting Combatant Commanders. The Reserve fixed wing aircraft are an integral part of the military operational mission support airlift system.

	<u>(\$ in millions)</u>						
<u>Funding Summary</u>	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Training Operations	23.9	+2.1	+30.9	56.9	+2.7	-18.2	41.4
<u>Program Data</u>	<u>FY 2003</u> <u>Actual</u>		<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>		<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Primary Authorized Aircraft	99		+15	114		-	114
Total Aircraft Inventory (TAI)	99		+15	114		-	114
Flying Hours (000)							
Rotary	13.5		+4.4	17.9		-4.3	13.6
Fixed	<u>16.8</u>		<u>+9.2</u>	<u>26.0</u>		<u>-</u>	<u>26.0</u>
Total	30.3		+13.6	43.9		-4.3	39.6
OPTEMPO:							
Rotary (Hours/Crew/Month)	6.8		+2.2	-0		-2.4	6.6
Fixed (Aircraft Hours/Month)	54.0		-	54.0		-	54.0

AIR OPERATIONS

The FY 2005 budget request reflects a net decrease of \$15.5 million. This includes a price increase of \$2.7 million and a program decrease of \$18.2 million (-30 percent), which reflects the Department of the Army decision to fund the Reserve flying hour program based on historical execution levels pending the revision of the Aircrew Training Strategy.

ARMY NATIONAL GUARD

The Army National Guard's Training Operations program provides for training aircrew members, aviation units, and supported combined arms teams to achieve and sustain designated combat readiness. Resources support the utilization, maintenance, and overhaul of aviation assets and related support equipment to sustain unit capabilities. These funds are required to maintain and train units for immediate mobilization and to provide administrative support.

	<u>(\$ in millions)</u>						
<u>Funding Summary</u>	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Flying Hour Program	342.9	-4.5	+78.9	417.3	+5.7	-54.8	368.2
	FY 2003			FY 2004			FY 2005
<u>Program Data</u>	<u>Actual</u>		<u>Change</u>	<u>Estimate</u>		<u>Change</u>	<u>Estimate</u>
Primary Authorized Aircraft	1,659		-199	1,460		-	1,460
Total Aircraft Inventory	1,659		-199	1,460		-	1,460
Flying Hours (000)							
Fixed	58.0		+8.0	66.0		+4.2	70.2
Rotary	224.9		+20.1	245.0		-52.0	193.0
Total	282.9		+28.1	311.0		-47.8	263.2
OPTEMPO:							
Rotary (Hours/Crew/Month)	7.5		+1.5	9.0		-2.4	6.6
Fixed (Aircraft Hours/Month)	8.5		+1.2	9.7		+0.6	10.3

The FY 2005 budget request reflects a net decrease of \$49.1 million. This includes a price change of \$5.7 million and a net program decrease of \$54.8 million (-13.3 percent), which reflects the Department of the Army decision to fund the Army National Guard flying hour program based on historical execution levels pending the revision of the Aircrew Training Strategy.

AIR OPERATIONS

The Navy's Air Operations program funds the active Navy and Marine Corps operating tempo, intermediate, organizational and depot level maintenance, fleet training, engineering support, and logistical support to operate, maintain, and deploy aviation forces in support of the national military strategy. Navy Air Operations is subdivided into the following categories.

	(\$ in millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Funding Summary</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Mission/Flight Operations	3,810.1	+168.4	-905.2	3,073.2	+79.1	-149.6	3,002.7
Fleet Air Training	1,146.2	+37.1	-61.8	1,121.5	+19.3	-74.4	1,066.4
Intermediate Maintenance	69.9	+2.2	+1.4	73.5	+1.5	-8.4	66.6
Air Ops and Safety Support	131.6	+0.1	-15.4	116.3	+2.4	-7.6	111.1
Air System Support	-	-	-	-	-	+498.5	498.5
Depot Maintenance	1,378.3	+35.4	-493.9	919.8	+23.5	+52.4	995.7
Depot Operations Support	63.8	+1.3	-7.6	57.5	+1.3	+9.2	68.0
Combat Communications	62.7	+2.4	-11.7	53.4	+0.8	+13.7	67.9
Flight Training	411.0	+8.6	-4.1	415.5	+5.6	-0.3	420.8
Blue Angels	18.8	+1.1	-0.8	19.1	+0.4	+0.1	19.6
Total	7,092.4	+256.5	-1,499.1	5,849.8	+133.9	+333.6	6,317.3

	FY 2003		FY 2004		FY 2005
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Primary Authorized Aircraft	2,461	-40	2,421	-50	2,371
Total Aircraft Inventory (TAI) *	4,062	-15	4,047	-45	4,002
Total Flying Hours (000)	1,279.2	-106.2	1,173.0	-18.0	1,155.0
Tactical Fighter Wings	10	-	10	-	10
Average Crew Ratio	1.45	-0.04	1.41	-	1.41
Hours Per Crew Per Month	22.1	-2.8	19.3	-0.1	19.2
Average T-Rating	T-1.97	N/A	T-2.6	N/A	T-2.5
<u>Naval Aviation Installations</u>					
CONUS	15	-	15	-	15
Overseas	8	-	8	-	8

* TAI includes Navy and Marine Corps Reserve aircraft.

AIR OPERATIONS

The FY 2005 budget request increases by \$467.5 million above of the FY 2004 level and reflects a price increase of \$133.9 million and a program increase of \$333.6 million (+5.6 percent) from the FY 2004 level. The Primary Authorized Aircraft (PAA) decreases from FY 2004 to FY 2005 due to various force structure changes, including the reduction of one S-3B squadron and the continued decommissioning of F-14s. In FY 2005, the flying hour budget will maintain readiness and safety goals equivalent to those achieved in FY 2004. The Fleet Response Plan (FRP) begins in FY 2004, which increases the Inter-Deployment Readiness Cycle to 27 months from 22 months, thus allowing for a decrease in average hours per crew per month and T-rating.

Mission/Flight Operations: The FY 2005 budget request reflects a net decrease of \$70.5 million below the FY 2004 level, which includes a price increase of \$79.1 million. The FY 2005 program decrease of \$149.6 million (-4.7 percent) reflects a decrease in the flying hour requirement (-16,393 hours) due to force structure changes.

Fleet Air Training: The FY 2005 budget request reflects a net decrease of \$55.1 million below the FY 2004 level, which includes a price increase of \$19.3 million. The FY 2005 program decrease of \$74.4 million (-6.5 percent) reflects a decrease in the flying hours (-5,739) due to force structure reductions.

Navy Intermediate Maintenance: The FY 2005 budget request reflects a net decrease of \$6.9 million below the FY 2004 level, which includes a price growth of \$1.5 million and programmatic decreases of \$8.4 million (-11.2 percent). The net decrease reflects the realignment of fleet Navy Marine Corps Intranet seat costs from fleet readiness subactivity groups, such as Navy Intermediate Maintenance, to the Combat Support Forces subactivity group.

Air Operations and Safety Support: The FY 2005 budget reflects a net decrease of \$5.2 million below the FY 2004 level, which includes a price increase of \$2.4 million and a program decrease of \$7.6 million (-6.4 percent), which reflects the completion of environmental and pollution projects.

Air System Support: The Navy transferred Air System Support program from Budget Activity 4, Administration and Servicewide Activities, to Budget Activity 1, Operating Forces, because it supports air operations (+498.5 million).

Aircraft Depot Maintenance: The FY 2005 budget reflects a net increase of \$75.9 million, which includes a price increase of \$23.5 million and a net program increase of \$52.4 million (+5.6 percent) reflecting increases in phased depot maintenance, integrated maintenance, and air worthiness inspections.

Aircraft Depot Operations Support: The FY 2005 budget request reflects a net increase of \$10.5 million above the FY 2004 level. This includes a price increase of \$1.3 million and a program increase of \$9.2 million (+15.6 percent) reflecting the establishment of the Navy Converged Enterprise Resource Planning (ERP) Program.

AIR OPERATIONS

Combat Communications: Combat Communication funds the E-6A/B TACAMO program. The FY 2005 budget request reflects a net increase of \$14.5 million above the FY 2004 level. This includes a price increase of \$5.6 million and a program increase of \$13.7 million (+25.3 percent) in FY 2005. The program growth represents the higher cost of leasing advanced aircraft (T-43A) to train E-6B Airborne Nuclear Command and Control Aircraft flight crews. Planes currently leased no longer meet the training requirements due to upgrades in the E-6B aircraft.

Flight Training: The FY 2005 budget reflects a net increase of \$5.3 million above the FY 2004 level. This includes price growth of \$5.6 million and a program decrease of \$0.3 million (-0.1 percent). The program decreases reflect lower maintenance costs for the T-45 and T-6A aircraft as a result on-site contractor maintenance to repair engines, avionics, and spare parts.

Blue Angels: Funding for the Blue Angels remains stable and supports 68 Blue Angels shows in FY 2004 and FY 2005.

NAVY RESERVE

The Naval Air Reserve Force consists of 1 carrier air wing with a total of 7 squadrons, 1 long-range Anti-Submarine Warfare (ASW) patrol wing with a total of 7 squadrons, 1 helicopter wing with 5 squadrons, and 1 air logistics wing with 14 squadrons. The Fourth Marine Corps Air Wing (4th MAW) consists of 14 flying squadrons and supporting units, which are budgeted for and maintained by the Commander of the Naval Reserve Force. The Air Operations activity group provides funding for all aspects of Navy and Marine Corps Reserve air operations from flying hours to specialized training, maintenance, and associated support. The following table provides the funding for the programs supporting the Reserve Air Operations.

<u>Funding Summary</u>	<u>(\$ in millions)</u>						
	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Mission/Flight Operations	420.3	+18.4	-21.0	417.7	+7.6	+58.2	483.5
Intermediate Maintenance	16.4	+0.4	+1.5	18.3	+0.3	-2.2	16.4
Air Ops and Safety Support	2.0	+0.1	+0.1	2.2	-	-0.6	1.6
Depot Maintenance	132.2	+5.1	+0.2	137.5	+3.5	-9.4	131.6
Depot Operations Support	<u>0.3</u>	<u>-</u>	<u>+0.1</u>	<u>0.4</u>	<u>-</u>	<u>-</u>	<u>0.4</u>
Total	571.2	+24.0	-19.1	576.1	+11.4	+46.0	633.5

AIR OPERATIONS

<u>Program Data</u>	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Primary Authorized Aircraft	409	-24	385	-7	378
Total Aircraft Inventory (TAI)*	4,202	-77	4,125	-59	4,066
Total Flying Hours (000)	152.0	+18.1	170.1	-1.1	169.0
Tactical Fighter Wings	1	-	1	-	1
Hours Per Crew Per Month	10.1	+1.2	11.3	-	11.3
Average T-rating	T-2.5	N/A	T-2.2	N/A	T-2.2

* TAI shown under the active account includes Navy and Marine Corps Reserve aircraft.

The FY 2005 request reflects a net increase of \$57.4 million above the FY 2004 funding level. This includes a price increase of \$11.4 million and a real program growth of \$46.0million (+7.8 percent) above FY 2004 level. Programmatic increases in FY 2005 reflect increases for consumption for Aviation Depot Level reparables (AVDLRs), contract maintenance, contract aircrew training for the logistics aircraft and the transfer-in of \$19.0 million for F-5 spare parts that were centrally managed and funded in the Aircraft Procurement, Navy appropriation.

ACTIVE AIR FORCE

The Air Force Air Operations funding provides the resources that support combat forces. These activities provide for the operational flying requirements of bomber, fighter, mobility, and training forces stationed in the United States as well as overseas. Also included are resources supporting: land based intercontinental ballistic missiles; air launched strategic and tactical missiles; electronic warfare and defense suppression missions; combat command, control, and communications; combat aircrew training; and associated combat related base support.

Financing provides for the operating tempo, organizational and depot level maintenance, training, engineering support, logistical support, and base support to operate, maintain, and deploy aviation forces in support of the national military strategy. The Air Operations activity of the Air Force are subdivided into the following categories:

AIR OPERATIONS

<u>Funding Summary</u>	(\$ in millions)						
	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Primary Combat Forces	3,496.6	+351.0	-582.6	3,265.0	+94.9	-84.6	3,275.3
Primary Combat Weapons	321.0	+10.3	-5.4	325.9	+5.2	+0.2	331.3
Combat Enhancement Forces	371.1	+7.7	-58.0	320.8	+4.7	+20.8	346.3
Air Operations Training	1,158.7	+92.3	-1.3	1,249.7	+24.9	-	1,274.6
Combat Communications	2,075.6	+51.1	-920.2	1,206.5	+19.9	+91.8	1,318.2
Global C3I & Early Warning	928.1	-7.8	+50.3	970.6	+15.1	+161.5	1,147.2
Other Combat Ops Spt Programs	1,758.4	+35.8	+1,224.6	569.6	+9.4	+43.5	622.5
Airlift Operations	3,611.3	+123.5	-1748.0	1,986.8	-10.1	-56.7	1,920.0
Flight Training	693.2	+29.4	-57.5	665.1	+14.6	+96.1	775.8
Rescue & Recovery Services	127.8	+9.8	-23.0	114.6	+2.9	+11.9	129.4
Arms Control	41.3	+0.9	-8.6	33.6	+0.5	+7.5	41.6
Security Programs	1,151.1	+14.4	-336.9	828.6	+14.5	+181.0	1,024.1
Depot Maintenance (All Air Force)	<u>2,465.1</u>	<u>+347.4</u>	<u>-494.5</u>	<u>2,318.0</u>	<u>+137.6</u>	<u>+158.9</u>	<u>2,614.5</u>
Total	18,199.3	+1,065.8	-5,410.3	13,854.8	+334.1	+631.9	14,820.8

The FY 2005 budget request reflects a net increase of \$966.0 million above the FY 2004 funding level. This includes a price increase of \$334.1 million and a program increase of \$631.9 million (+4.5 percent).

<u>Program Data</u>	<u>FY 2003</u> <u>Actual</u>	<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Primary Aircraft Authorized					
Bomber	122	+5	127	-4	123
Fighter/Attack	1,384	+6	1,390	-7	1,383
Trainer	1,047	-124	923	37	960
Airlift	368	105	473	+2	475
Tanker	282	-26	256	-16	240
Other	<u>179</u>	<u>+207</u>	<u>386</u>	<u>+11</u>	<u>397</u>
Total	3,382	+173	3,555	+23	3,578
Total Aircraft Inventory (TAI)					

AIR OPERATIONS

	FY 2003		FY 2004		FY 2005
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Bomber	173	-6	167	-19	148
Fighter/Attack	1,547	+32	1,579	-3	1,576
Trainer	1,305	-137	1,168	-26	1,142
Airlift	529	-10	519	+3	522
Tanker	308	-18	290	-16	274
Other	<u>470</u>	<u>-18</u>	<u>452</u>	<u>+11</u>	<u>463</u>
Total	4,332	-157	4,175	-50	4,125
Flying Hours (000)	1,348.2	-97.7	1,250.5	-18.7	1,231.8
Percent Executed	102%	N/A	N/As	N/A	N/A
Air Expeditionary Forces (AEF)	10	-	10	-	10
Crew Ratio (Average per Aircraft)					
Bombers	1.35	-0.01	1.34	-	1.34
Fighters	1.25	-	1.25	-	1.25
OPTEMPO (Hrs/Crew/Month)					
Bombers	15.6	-	15.6	-0.3	15.3
Fighters	16.9	-0.3	16.6	+0.3	16.9
Primary Mission Capable (%)					
Bombers	76.1	+0.2	76.3	-0.9	75.4
Fighters	75.6	+1.1	76.7	-0.9	75.8
ICBM Inventory					
Minuteman III	500	-	500	-	500
Peacekeeper	<u>33</u>	-17	<u>16</u>	<u>-16</u>	<u>-</u>
Total	533	-17	516	-16	500

AIR OPERATIONS

Primary Combat Forces: The FY 2005 budget request reflects a net increase of \$10.3 million above the FY 2004 funding level. This includes a price growth of \$94.9 million and a net program decrease of \$84.6 million (-2.5 percent). The net program decrease reflects a \$21.9 million increase for force structure realignments implementing military-to-civilian conversions offset by decreases for reductions in the flying hour program due to force structure changes (\$-27.0 million), travel (\$-26.5 million), and one-time Congressional increase for B-52 attrition reserve (\$-25.1 million).

Primary Combat Weapons: The FY 2004 budget request includes a net increase of \$5.4 million about the FY 2004 funding level. This includes a price growth of \$5.2 million and a net program increase of \$0.2 million (+0.1 percent). Program increases of \$8.0 million for Minuteman guidance repair and communications maintenance, for Vandenberg Air Force Base security forces, and for force structure realignment are offset by a reduction in contract maintenance (\$-7.9 million).

Combat Enhancement Forces: The FY 2005 budget request includes a net increase of \$25.5 million above the FY 2004 funded level. This includes a price growth of \$4.7 million and a net program growth of \$20.8 million (+6.4 percent). The major program increases are: mission expansion of the U.S. Strategic Command (STRATCOM) (\$+15.2 million) and initial startup costs for DoD Information Operations Planning capability (\$+3.8 million).

Air Operations Training: The FY 2005 budget request reflects a net increase of \$24.9 million for price growth above the FY 2004 funded level. The program changes that net to zero include increases for Distributed Mission Operations (\$+34.9 million) offset by a reduction in the flying hour program due to changes in training requirements.

Combat Communications: The FY 2005 budget request reflects a net increase of \$111.7 million above the FY 2004 funded level. This includes a price growth of \$19.9 million and a net program increase of \$91.8 million (+7.5 percent). The net program increase pays for: Air Force Air Operation Centers standardization, training, equipment installation, and maintenance (+\$29.5 million); U-2 contractor logistics support (\$+15.2 million); distributed common ground systems for Predator and Global Hawk (\$+11.9 million); USCENTCOM communications (\$+10.6 million); and the bed down of a Global Hawk unit at Beale Air Force Base, CA (\$+8.7 million).

Global C3I & Early Warning: The FY 2005 budget request reflects a net increase of \$176.6 million above the FY 2004 funded level. This includes a price increase of \$15.1 million and a net program increase of \$161.5 million (+16.4 percent). Major program increases include: the maintenance and sustainment of the expanded internal radar picture at NORAD (a new mission since September 11, 2001); contractor logistics and sustaining engineering for satellite communications including MILSTAR; sustainment of 70 internal long range radars that currently belong to the Federal Aviation Administration and that feed the internal radar picture (\$+27.1 million), new missions for STRATCOM (\$+26.4 million), support for MILSATCOM terminal maintenance and equipment purchases; and improvement to the E-4B National Airborne Operations Center (\$+10.5 million).

AIR OPERATIONS

Other Combat Operations Support Programs: The FY 2005 budget request reflects a net increase of \$52.9 million above the FY 2004 funded level. This includes a price increase of \$9.4 million and a net program increase of \$43.5 million (+7.5 percent). The increase will pay for improvements in the Air Force combat support communications infrastructure, improve network security and increase capacity to handle the growth in command and control, intelligence, weather and logistics communications needed to support the warfighter.

Airlift Operations: The FY 2005 budget request reflects a net decrease of \$66.8 million below the FY 2004 funded level. This includes a price decrease of \$10.1 million and a net program decrease of \$56.7 million (-2.9 percent). Decreases in the USTRANSCOM billing rates (\$-116.8 million) are partially offset by increases for C-17 contractor logistics support (\$+24.0 million), flying hour program requirements (\$+14.5 million), for pilot training aids (\$+7.5 million), and for contractor logistics support for Operational Support Aircraft (\$+7.2 million).

Flight Training: The FY 2005 funding budget request reflects a net increase of \$110.7 million above the FY 2004 funded level. Changes include a price growth of \$14.60 million and a net program increase of \$96.1 million (+14.1 percent). The major program increases is for Undergraduate Flying Training contractor logistics support (\$+88.4 million).

Rescue & Recovery Services: The FY 2005 budget request reflects a net increase of \$14.8 million above the FY 2004 funded level. This change includes a price increase of \$2.9 million and a program increase of \$11.9 million (+10.1 percent). The net program increase reflects the standup of two Combat Search and Rescue organizations: the 563rd Rescue Group, Davis Monthan Air Force Base (AFB) and its subordinate unit at Nellis AFB (\$+22.3 million) offset by decreases in the flying hour program due to force structure realignments (\$-8.8 million).

Arms Control: The FY 2005 budget request reflects a net increase of \$8.0 million above the FY 2005 funded level, including price growth of \$0.5 million and a program increase of \$7.5 million (+22.0 percent). The program growth includes increases for Counter-Chemical Biological Radiological Nuclear Operations (\$+6.2 million).

Security Programs: The FY 2005 budget request reflects a net increase of \$195.5 million above the FY 2004 funded level. This includes price growth of \$14.5 million and net program growth of \$181.0 million (+21.5 percent) for classified programs.

Depot Maintenance (Air Force-wide): The FY 2005 budget request reflects a net increase of \$296.5 million above the FY 2004 level. The change includes price growth of \$137.6 million and a net program increase of \$158.9 million (+6.5 percent) that will fund the FY 2005 program at 84 percent of requirements. The program increase reflects increases for programmed depot maintenance (F-15C/D/E, B-52, B-2, and B-1 airframes (\$+113.0 million) and for increased engine overhauls (\$+53.4 million).

AIR OPERATIONS

AIR FORCE RESERVE

The Air Force Reserve Air Operations budget provides the resources to maintain and train units for immediate mobilization and to provide administrative support for the Air Reserve Personnel Center. The FY 2005 request provides for the operation and training of 74 flying units, 359 mission support units, 13 Air Force Reserve flying installations, and the flying and mission training of 76,100 Selected Reserve personnel. Activities supported include aircraft operations, base and depot level aircraft maintenance, facility maintenance, medical treatment, civilian pay, travel, transportation, maintenance of other equipment, and base operating support.

	(\$ in millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Funding Summary</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Primary Combat Forces	1,030.0	+68.0	+255.6	1,353.6	+23.5	-47.5	1,329.6
Mission/Flight Operations	125.6	+4.0	-61.7	67.9	+1.6	+4.6	74.1
Depot Maintenance	<u>330.7</u>	<u>+24.8</u>	<u>-37.9</u>	<u>317.6</u>	<u>+18.8</u>	<u>+74.5</u>	<u>410.9</u>
Total	1,486.3	+96.8	+156.0	1,739.1	+43.9	+31.6	1,814.6
<u>Program Data</u>	FY 2003			FY 2004			FY 2005
	<u>Actual</u>	<u>Change</u>		<u>Estimate</u>	<u>Change</u>		<u>Estimate</u>
Primary Aircraft Authorized							
Bomber	8	-		8	-		8
Fighter	105	-		105	-		105
Tankers	70	+2		72	-		72
Airlift	179	-41		138	-10		128
Rescue	25	-7		18	-		18
Weather Reconnaissance	10	-		10	-		10
Special Operations Forces	<u>12</u>	<u>-</u>		<u>12</u>	<u>-</u>		<u>12</u>
Total	409	-46		363	-10		353

AIR OPERATIONS

<u>Program Data</u>	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Total Aircraft Inventory (TAI)					
Bomber	9	-	9	-	9
Fighter	121	+1	122	-4	118
Tanker	70	+2	72	-	72
Airlift	187	-32	155	-15	140
Rescue	27	-7	20	-	20
Weather Reconnaissance	20	-	20	-	20
Special Operations Forces	<u>14</u>	<u>-14</u>	<u>-</u>	<u>+14</u>	<u>14</u>
Total	448	-50	398	-5	393
Flying Hours (000)	143.4	-11.1	132.3	-3.7	128.6
Crew Ratios (Average per Aircraft)					
Bombers	1.31	-	1.31	-	1.31
Fighters	1.25	-	1.25	-	1.25
OPTEMPO (Hrs/Crew/Month)					
Bombers	19.8	-2.7	17.1	-	17.1
Fighters	12.9	-1.8	11.1	-	11.1
Tankers	16.9	-3.4	13.5	-1.2	12.3
Strategic Airlift	25.1	-13.3	11.8	-1.2	10.6
Tactical Airlift (C-130)	14.1	-2.4	11.7	-1.3	10.4
Rescue	7.4	+4.3	11.7	-	11.7
Weather Reconnaissance	20.8	-8.9	11.9	-	11.9
Primary Mission Readiness (%)					
Bomber	59.8	+0.7	60.5	+0.5	61.0
Fighter	73.0	-2.3	70.7	-0.4	70.3

AIR OPERATIONS

The FY 2005 budget request increases \$75.5 million above the FY 2004 level. The price change is an increase of \$43.9 million and the program change is an increase of \$31.6 million (+1.8 percent).

Primary Combat Forces (Air Operations): The FY 2005 budget request reflects a net decrease of \$24.0 million. This includes a price increase of \$23.5 million and a program decrease of \$47.5 million (-3.4 percent). The program decrease reflects force structure changes and the associated reduction in programmed flying hours.

Mission Support Operations: The FY 2005 budget request reflects a net increase of \$6.2 million. This includes a price increase of \$1.6 million and a program growth of \$4.6 million (+6.6 percent). The program increase is primarily attributed to increased civil engineering and services support to sustain support at the current level.

Depot Maintenance: The FY 2005 budget request includes a net increase of \$93.3 million. This includes a price increase of \$18.8 million and a program increase of \$74.5 million (+22.1 percent). The program increase will fund programmed depot maintenance and aircraft engine overhauls at 85 percent of requirements.

AIR NATIONAL GUARD

The Air National Guard Air Operations program provides for the flying and maintenance of Air National Guard mission related aircraft. These funds also provide for the facilities, equipment, and manpower required to train, equip, and support the Air National Guard force structure at a combat readiness level that enables it to immediately assimilate into the active Air Force and to be capable of conducting independent operations in accordance with unit taskings.

	<u>(\$ in millions)</u>						
	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
<u>Funding Summary</u>	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Aircraft Operations	2,265.1	+152.2	+415.0	2,832.3	+83.6	-230.4	2,685.5
Mission/Flight Ops	583.0	+18.5	-240.7	360.8	+7.6	-6.3	362.1
Depot Maintenance	<u>685.5</u>	<u>+102.1</u>	<u>-170.2</u>	<u>617.4</u>	<u>+37.0</u>	<u>+22.2</u>	<u>676.6</u>
Total	3,533.6	+272.8	+4.1	3,810.5	+128.2	-214.5	3,724.2

AIR OPERATIONS

	FY 2003		FY 2004		FY 2005
<u>Program Data</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Primary Aircraft Authorized					
JSTARS	-	+14	14	-	14
Fighter	480	-	480	-	480
Training	107	-	107	-	107
Tactical Airlift	218	-5	213	-5	208
Strategic Airlift	28	-8	20	+4	24
Tanker	210	-11	199	-	199
Air Defense	60	-	60	-	60
Other	<u>53</u>	<u>-</u>	<u>53</u>	<u>-1</u>	<u>52</u>
Total	1,156	-10	1,146	-2	1,144
Total Aircraft Inventory (TAI)					
JSTARS	-	+17	17	+1	18
Fighter	548	-13	535	+3	538
Training	132	-14	118	-3	115
Tactical Airlift	218	+4	222	-4	218
Strategic Airlift	22	-	22	+3	25
Tanker	227	-21	206	+2	208
Air Defense	105	-37	68	+13	81
Other	<u>61</u>	<u>+5</u>	<u>66</u>	<u>-1</u>	<u>65</u>
Total	1,313	-59	1,254	+14	1,268
Flying Hours (000)	263	+53	316	-59	257
Tactical Fighter Wing Equivalents	6.5	-	6.5	-	6.5

AIR OPERATIONS

<u>Program Data</u>	<u>FY 2003</u> <u>Actual</u>	<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Crew Ratios (Average per Aircraft)					
JSTARS	-	+2.00	+2.0	-	2.00
Fighters	1.25	+0.50	1.50	-	1.50
OPTEMPO (Hrs/Crew/Month)					
JSTARS	-	+25.7	25.7	-	25.7
Fighter	10.6	-	10.6	-	10.6

The Air National Guard (ANG) FY 2005 budget decreases \$86.3 million from FY 2004 reflecting price growth of \$128.2 million and program decreases of \$214.5 million (-5.4 percent).

Primary Combat Forces Aircraft Operations: The FY 2004 budget request reflects a net decrease of \$146.8 million. This includes a price growth of \$83.6 million and a program decrease of \$230.4 million (-7.9 percent). The program decreases include a realignment of \$181.5 million to depot maintenance to fund aircraft and engine repairs and reduction in the consumption of depot level reparable and consumable spare parts (\$-59.6 million).

Mission Support Operations: The FY 2005 budget reflects a net increase of \$1.3 million above the FY 2004 level. This includes price increases of \$7.6 million and program decreases of \$6.3 million (-1.7 percent) reflecting miscellaneous program adjustments.

Depot Maintenance: The FY 2005 budget reflects a net increase of \$59.2 million. The change includes price increases of \$37.0 million and program increases of \$22.2 million (+3.4 percent). The FY 2005 budget includes program increases for aircraft and engine repairs for F-15, F-16, C-5, and A-10 aircraft offset by a reduction in programmed depot maintenance for KC-135 and C-130 aircraft and by the retirement of C-141 aircraft.

AIR OPERATIONS

US SPECIAL OPERATIONS COMMAND

The Air Operations funding for the U.S. Special Operations Command (USSOCOM) supports the manpower authorizations, Special Operations Forces (SOF) unique support equipment, flying hours, aircraft, necessary facilities, and the associated costs specifically identified and measurable to initial qualification and training of aircrews for SOF aviation operations and tactics. The funding supports operations of the Air Force Special Operations Command (AFSOC) and the U.S. Army Special Operations Command (USASOC).

	(\$ in millions)						
<u>Funding Summary</u>	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
USSOCOM - SOF Operations	679.3	+52.3	-62.6	669.0	-1.9	+77.9	745.0
<u>Program Data</u>	<u>FY 2003</u>			<u>FY 2004</u>			<u>FY 2005</u>
Primary Aircraft Authorized	<u>Actual</u>		<u>Change</u>	<u>Estimate</u>		<u>Change</u>	<u>Estimate</u>
AFSOC							
Tactical/Mobility	91		+3	94		-	94
Training	<u>23</u>		<u>-2</u>	<u>21</u>		<u>+2</u>	<u>23</u>
Total	114		+1	115		+2	117
USASOC							
Tactical/Mobility	112		-	112		+3	115
Training	<u>26</u>		<u>+3</u>	<u>29</u>		<u>+5</u>	<u>34</u>
Total	138		+3	141		+8	149
Total Aircraft Inventory (TAI)							
AFSOC							
Tactical/Mobility	91		+3	94		-	94
Training	<u>23</u>		<u>-2</u>	<u>21</u>		<u>+2</u>	<u>23</u>
Total	114		+1	115		+2	117

AIR OPERATIONS

<u>Program Data</u>	FY 2003 <u>Actual</u>	<u>Change</u>	FY 2004 <u>Estimate</u>	<u>Change</u>	FY 2005 <u>Estimate</u>
USASOC					
Tactical/Mobility	112	-	112	+3	115
Training	<u>26</u>	<u>+3</u>	<u>29</u>	<u>+5</u>	<u>34</u>
Total	138	+3	141	+8	149
 Flying Hours (000)					
AFSOC	49.5	-3.3	46.2	+2.7	48.9
USASOC	<u>28.9</u>	<u>+7.9</u>	<u>36.8</u>	<u>+0.4</u>	<u>37.2</u>
Total	78.4	+4.6	83.0	+3.1	86.1
 Crew Ratio (Average per Aircraft)					
AFSOC	1.7	-	1.7	-	1.7
USASOC	1.4	-	1.4	-	1.4
 OPTEMPO					
AFSOC	22.8	-2.5	20.3	+0.6	20.9
USASOC	12.8	+1.7	14.5	-0.2	14.3
 Primary Mission Readiness (%)	75%	-	75%	-	75%

* Air Force Special Operations Command (AFSOC)

** U.S. Army Special Operations Command (USASOC)

The FY 2005 budget reflects a net increase of \$76.0 million above the FY 2004 level. This includes price decreases of \$1.9 million and program increases of \$77.9 million (+11.7 percent). Program increases includes increased flying hour program requirements, standup of an additional detachment, and increased maintenance for the aircraft fleet.

BASE OPERATIONS SUPPORT

	(\$ in millions)*						
	FY 2003 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2004 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2005 <u>Estimate</u>
Army	6,298.8	+153.6	(1,298.8)	5,153.6	+142.0	+314.4	5,610.0
Navy	3,517.4	+52.1	(518.1)	3,051.4	+44.1	+99.9	3,195.4
Marine Corps	1,188.2	(29.2)	(49.5)	1,109.5	+14.1	+84.5	1,208.1
Air Force	7,890.0	+103.2	(3,243.7)	4,749.5	+122.5	+263.6	5,135.6
Army Reserve	459.2	+8.4	(104.0)	363.6	+4.6	+10.9	379.1
Navy Reserve	169.6	+0.2	(84.8)	85.0	+1.4	+22.5	108.9
Marine Corps Reserve	33.3	+0.7	+6.1	40.1	+0.9	(3.0)	38.0
Air Force Reserve	404.7	+10.3	(149.3)	265.7	+5.2	(6.5)	264.4
Army National Guard	715.8	+9.4	(232.7)	492.5	+6.9	+77.6	577.0
Air National Guard	461.6	+8.6	(20.8)	449.4	+7.1	(25.4)	431.1
Defense Health Program	<u>604.5</u>	<u>+8.8</u>	<u>+31.6</u>	<u>644.9</u>	<u>+8.4</u>	<u>+9.6</u>	<u>662.9</u>
Total	21,743.1	+326.1	(5,664.0)	16,405.2	+357.2	+848.1	17,610.5

* Values have been rounded.

Base operations support (BOS) provides the resources to operate the bases, installations, camps, posts, and stations of the Military Departments and the Defense Health Program. These resources provide personnel and infrastructure support to sustain mission capability, ensure quality-of-life, and enhance work force productivity.

- Personnel support includes food and housing services for unaccompanied and deployed forces; religious services and programs; payroll support; personnel management; and morale, welfare, and recreation services to military members and their families.
- Infrastructure support includes utility system operations; installation equipment maintenance; engineering services including fire protection, crash rescue, custodial, refuse collection, snow removal, and lease of real property; security protection and law enforcement; and motor pool transportation operations.

The FY 2005 budget request of \$17,610.5 million includes a net price increase of \$357.2 million and a net program increase of \$848.1 million (+5 percent) above the FY 2004 funding level. Some of the specific changes are addressed in the following sections for each Active Component and the Defense Health Program.

BASE OPERATIONS SUPPORT

ACTIVE FORCES PROGRAM DATA

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Number of Active Installations</u>					
CONUS	223	-	223	-	223
Overseas	115	(1)	114	-	114
<u>Active Forces Personnel</u>					
Military (End Strength)	75,589	(10,170)	65,419	(3,364)	62,055
Civilian (Full-Time Equivalents)	92,489	(5,224)	87,265	+4,457	91,722

Installations: The total number of active forces' installations declined by one from FY 2003 to FY 2004 due to the transfer of Fort Buchanan, Puerto Rico, to the Army Reserve. No changes are expected from FY 2004 to FY 2005.

Personnel: The military end strength decreases in FY 2005 are due primarily to continued efforts to convert military positions to civilian or contractor positions. These conversions will alleviate the stress on the operating forces. Consequently, the civilian personnel assigned to base support activities increase from FY 2004 to FY 2005 due to the effect of military to civilian conversions and enhanced force protection efforts.

ARMY

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active</u>					
Funding (\$ in millions)	6,298.8	(1,145.2)	5,153.6	+456.4	5,610.0
<u>Installations</u>					
CONUS	55	-	55	-	55
Overseas	85	-1	84	-	84
<u>Personnel</u>					
Military (End-strength)	7,460	(1,829)	5,631	(3,160)	2,471
Civilian (Full-Time Equivalents)*	31,217	(3,678)	27,539	+1,736	29,275

*Direct hire only.

BASE OPERATIONS SUPPORT

The Army's FY 2005 Base Operations Support request of \$5,610 million reflects a net increase of \$456.4 million above the FY 2004 funding level. This net increase includes a price growth of \$142.0 million; a net functional transfer-out of \$27.4 million; and a net real program growth of \$341.8 million. The major changes in FY 2005 include:

- Increased funding increase for additional military to civilian conversions (\$+108.9 million). In the Army's continued effort to transition to a more cost effective workforce mix, it will convert, in FY 2005, additional "non-military essential" base support positions to either Army civilians or private sector contractors. This conversion will allow the Army to relieve the stress on the operating forces.
- Increased funds for critical base operations services needed to maintain a high quality of life for military personnel and their families (such as child care and counseling) and to prevent execution problems drive the migration of funds from mission programs (\$+112.8 million).
- Support for real property services (e.g., fire protection) based on most recent experience in FY 2003 (\$+85.0 million). These services directly affect safety, health, sanitation standards, and quality of life for soldiers and families on military installations.
- Additional security guards at high risk chemical storage sites (\$39.2 million).

NAVY

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active</u>					
Funding (\$ in millions)	3,517.4	(466.0)	3,051.4	+144.0	3,195.4
Installations					
CONUS	83	-	83	-	83
Overseas	15	-	15	-	15
Personnel					
Military (End-strength)	24,036	(2,409)	21,627	(387)	21,240
Civilian (Full-Time Equivalents)	16,535	+1,567	18,102	+269	18,371

BASE OPERATIONS SUPPORT

The FY 2005 budget request for the active Navy component reflects a net increase of \$144.0 million above the FY 2004 funding level. This net increase includes:

- \$+44.1 million for price growth.
- A functional transfer from the Navy Working Capital Fund in conjunction with the establishment of the Commander, Navy Installations as the single Shore Installation Manager (\$+83.0 million).
- Net program growth to achieve the installation readiness goals for the Navy’s port operations, air operations, barracks operations, galley operations, quality-of-life services, and other critical BOS requirements (\$+16.9 million).

MARINE CORPS

<u>Active</u>	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
<u>Funding (\$ in millions)</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Installations					
CONUS	19	-	19	+1	20
Overseas	3	-	3	-	3
Personnel					
Military (End Strength)	11,543	(355)	11,188	(247)	10,941
Civilian (Full-Time Equivalents)	8,707	(2,422)	6,285	+1,405	7,690

The FY 2005 budget request for the active Marine Corps component reflects a net increase of \$98.6 million above the FY 2004 funding level. This net increase includes a price growth of \$14.1 million and a net program increase of \$84.5 million. Major changes in FY 2005 include:

- Funding for the Marine Corps’ effort to continue to transition to a more cost effective workforce mix by converting “non-military essential” base support positions to either Marine Corps civilians or private sector contractors. This conversion will allow the Marine Corps to relieve the stress on the operating forces (\$+43.4 million).
- Increased funds to cover cost growth in Navy Marine Corps Intranet (NMCI) services (\$26.9 million).

BASE OPERATIONS SUPPORT

- Increases for training and operations support for range operations to comply with environmental regulations (\$+8.4 million).
- Increased funding increase for command support equipment in order to fund critical environmental, industrial, and general purpose requirements (\$+6.9 million).

AIR FORCE

<u>Active</u>	FY 2003		FY 2004		FY 2005
Funding (\$ in millions)	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Installations					
CONUS	66	-	66	-1	65
Overseas	12	-	12	-	12
Personnel					
Military (End Strength)	32,550	(5,577)	26,973	+430	27,403
Civilian (Full-Time Equivalents)	36,030	(691)	35,339	+1,047	36,386

The FY 2005 budget request for the active Air Force component reflects a net increase of \$386.1 million above the FY 2004 funding level. This net increase includes a price growth of \$122.5 million, a net functional transfer-in of \$16.9 million, and a net program growth of \$246.7 million. This program growth in FY 2005 is primarily attributed to:

- Increases increase to continue the transition to a more cost effective workforce mix by converting “non-military essential” base support positions to either Air Force civilians or private sector contractors (\$+203.9 million). The Air Force is committed to finding efficiencies as it determines the appropriate manpower size to accomplish its mission.
- Increases for real property services, primarily due to anticipated growth in utility costs above standard inflation rates (\$+50.2 million).

BASE OPERATIONS SUPPORT

DEFENSE HEALTH PROGRAM (DHP)

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Funding (\$ in millions)	604.5	+40.4	644.9	+18.0	662.9
Installations					
CONUS	9	-	9	-	9
Overseas	1	-	1	-	1
Personnel					
Military (End Strength)	2,737	+8	2,745	(129)	2,616
Civilian (Full-Time Equivalent)	1,772	(46)	1,726	-	1,726

The FY 2005 budget request for DHP reflects a net increase of \$18.0 million above the FY 2004 funding level. This net increase includes a price growth of \$8.4 million and a net program increase of \$9.6 million. The net program increase is necessary to provide essential personnel support for hospitals, clinics, and other DHP facilities

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ in Millions)						
	FY 2003 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2004 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2005 <u>Estimate</u>
Army	634.2	+6.8	-196.4	444.6	+6.0	-53.2	397.4
Navy	714.1	+9.3	-99.1	624.3	+8.6	-5.8	627.1
Marine Corps	45.5	+0.6	-8.2	37.9	+0.5	-	38.4
Air Force	2,333.7	+59.2	-252.1	2,140.8	+43.2	+356.2	2,540.2
Defense-Wide	963.7	+15.7	-25.6	953.8	+15.0	+79.4	1,048.2
Army Reserve	85.6	+1.1	-31.7	55.0	+0.5	+2.1	57.6
Navy Reserve	7.7	+0.2	+0.2	8.1	+0.2	-0.3	8.0
Marine Corps Reserve	4.4	+0.1	+0.2	4.7	+0.1	-	4.8
Air Force Reserve	165.3	+3.0	-102.3	66.0	+1.0	-7.3	59.7
Army National Guard	166.3	+2.2	-75.6	92.9	+1.2	+2.1	96.2
Air National Guard	21.8	+0.3	-5.7	16.4	+0.2	-	16.6
Defense Health Program	36.8	+0.5	+10.0	47.3	+0.6	+0.5	48.4
Court of Military Appeals	<u>9.4</u>	<u>+0.3</u>	<u>+0.7</u>	<u>10.3</u>	<u>+0.2</u>	<u>+0.3</u>	<u>10.8</u>
Total	5,188.5	+99.2	-785.7	4,502.0	+77.4	+373.9	4,953.3

Command, control, and communications (C³) resources provide seamless base level and worldwide communication networks for voice, data, and imagery traffic of sufficient quality, reliability, and flexibility to ensure responsive support to U.S. forces. This information infrastructure contains communications networks, computers, software, databases, applications, data, security services, and other capabilities that meet the information processing and transport needs of DoD users. The C³ program specifically funds telecommunications systems, leased circuits, and other services necessary for information transfer, messaging operations, and equipment associated with sending and receiving communications transmissions. Additionally, this program funds efforts to integrate command and control systems with communications in order to support the information needs of field commanders. The FY 2005 budget request of \$4,953.3 million includes price increases of \$77.4 million and a net program increase of \$373.9 million (8.2 percent) above the FY 2004 funding level.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	(\$ in Millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
Program Data	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
<u>Communications</u>	<u>2,555.4</u>	<u>+47.5</u>	<u>-603.4</u>	<u>1,999.5</u>	<u>+38.2</u>	<u>+163.8</u>	<u>2,201.4</u>
Sustaining Base Communications	1,263.0	+27.1	-178.4	1,111.7	+18.9	+124.7	1,255.3
Long Haul Communications	797.0	+10.8	-289.5	518.3	+13.8	+17.8	549.9
Deployable and Mobile Communications	495.4	+9.6	-135.5	369.5	+5.4	+21.3	396.2
<u>Command and Control</u>	<u>1,435.1</u>	<u>+28.8</u>	<u>-34.4</u>	<u>1,429.4</u>	<u>+22.9</u>	<u>+179.2</u>	<u>1,631.5</u>
National	349.8	+7.7	+11.7	369.2	+5.7	+81.8	456.7
Operational	993.2	+19.9	-51.6	961.5	+15.7	+96.9	1,074.2
Tactical	92.1	+1.2	+5.4	98.7	+1.4	+0.5	100.6
<u>C3-Related</u>	<u>1,198.0</u>	<u>23.0</u>	<u>-147.9</u>	<u>1,073.1</u>	<u>+16.3</u>	<u>+31.0</u>	<u>1,120.4</u>
Navigation	103.9	+5.2	-23.1	86.0	+1.9	+16.9	104.8
Meteorology	175.9	+5.0	-18.4	162.5	+3.0	-1.2	164.3
Combat Identification	3.0	-	-0.9	2.1	-	-0.1	2.0
Information Assurance Activities	915.2	+12.7	-105.4	822.5	+11.4	+15.4	849.3
Total	5,188.5	+99.2	-785.7	4,502.0	+77.4	+373.9	4,953.3

Communications: Communications are an integral element of C³ and include sustaining base, long haul, and deployable and mobile forms of communications assets. Resources for sustaining base communications are almost exclusively fixed plant and installation support and provide the “backbone” and other communications infrastructure for CONUS and overseas locations. Funding for long-haul communications, largely comprised of the Defense Information Systems Network (DISN) costs, includes primarily voice and data services for all off-post connectivity, worldwide web, and other connectivity. The DISN is a combination of DoD-owned and leased telecommunications networks and subsystems comprised of equipment, services, personnel, and facilities under the management control and operational direction of the Defense Information Systems Agency (DISA). Resources for deployable and

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

mobile communications include funding for systems and capabilities to extend communications into areas of operations, which are primarily provided through satellite systems and other wireless transmission means and constitute moveable or transportable communications. The FY 2005 budget request of \$2,201.4 million reflects a price increase of \$38.2 million and net program increase of \$163.8 million (+8.0 percent) over the FY 2004 funding level. The following are the significant changes:

- The Army's budget request includes real program growth of \$24.6 million, which includes \$28.4 million for sustaining day-to-day installation operations, as well as ensuring emergency response capability. A \$5.2 million reduction resulting from Telecommunication Program realignments is also included. The Army Guard and Reserve requests include a \$6.2 million increase in sustaining base communications costs.
- The Navy's budget request includes real program growth of \$1.5 million, which reflects increased costs associated with security and information assurance upgrades to base communication networks, especially in wireless communications.
- The Air Force's budget request includes real program growth of \$143.4 million, which includes \$92.4 million for sustaining base communications due to the increased emphasis on improving Defensive Information Operations. The focus will be to improve reliability and security of communications infrastructure supporting network-centric warfare. The budget also includes an increase of \$51.0 million to sustain long haul and deployable communication capabilities.

Command and Control (C2): This category represents the facilities, systems, and manpower essential to a commander for planning, directing, coordinating, and controlling operations of assigned forces. These command and control capabilities cover the National Command Authority, through the joint operational and theater level echelon, and down to the front-line tactical elements. Additionally, this category includes funding for the Defense portion of the National Airspace System and other air traffic control activities. The FY 2005 budget request reflects price growth of \$22.9 million and a net program increase of \$179.2 million (+12.3 percent) over the FY 2004 funding level. Major changes include:

- The Army's budget request includes real program growth of \$1.8 million which is required to meet day-to-day operational requirements.
- The Navy's budget request reflects a real program reduction of \$4.4 million, including a \$3.21 million decrease for Command and Control systems used by the National Command Authorities (NCA) and a \$1.2 million decrease in the cost of Tactical Command and Control programs.

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- The Air Force's budget request includes real program growth of \$167.7 million that includes a \$107.6 million increase for National Command and Control Programs, and US Strategic Command mission taskings. Operational Command and Control Programs also increase by \$82.7 million in support of several programs key to increasing reliance on satellite communication systems for command and control missions.
- The Defense-Wide budget request includes real program growth of \$14.1 million which predominately supports System Architecture and Engineering improvements, and the development, integration, fielding, operation and maintenance of the Global Combat Support System by the Defense Information Systems Agency (DISA).

C3-Related: This category includes various programs and functions related to and supportive of communications, command, and control requirements and includes both communications security and computer security. Included are communication resources to support navigation, meteorological reporting, combat identification that provides positive identification of friendly forces to prevent fratricide, and information assurance to protect information systems against denial of service and unauthorized (accidental or intentional) disclosure, modification, or destruction of the information system or data. The FY 2005 budget request reflects price growth of \$16.3 million and a net program increase of \$31.0 million (+2.8 percent) above the FY 2004 funding level. The significant changes include:

- The Army's budget request includes real program reduction of \$79.5 million principally resulting from the realignment of funds to support Microsoft licensing, and a program realignment of Information Assurance activities to Information Operations for appropriate execution.
- The Navy's budget request includes real program reduction of \$2.9 million primarily achieved through efficiencies in Information Assurance activities.
- The Air Force's budget request includes real program growth of \$45.1 million including \$17.0 million reflecting the pay increases for Air Traffic Controllers to reduce the pay disparity between the Federal Aviation Administration and Air Force Traffic Controllers. Information Assurance program also increased \$29.1 million due to the upgrades in equipment security.
- The Defense-Wide budget request includes real program growth of \$70.0 million due to numerous Information Assurance initiatives by DISA designed to enhance information assurance programs.

DEPOT MAINTENANCE

	(\$ in millions)							
	FY 2003 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2004 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2005 <u>Estimate</u>	
Army	1,176.3	+65.9	-261.6	980.6	+14.8	+35.6	1,031.0	
Navy	6,675.9	+28.8	-1,714.8	4,989.9	+142.5	+387.6	5,520.0	
Marine Corps	248.9	+18.9	-163.6	104.2	-2.5	+0.4	102.1	
Air Force	2,454.0	+367.2	-503.2	2,318.0	+137.1	+159.5	2,614.6	
USSOCOM	<u>279.1</u>	<u>+3.6</u>	<u>-41.0</u>	<u>241.7</u>	<u>+3.4</u>	<u>-1.0</u>	<u>244.1</u>	
Subtotal Active Forces	10,834.2	+484.4	-2,684.2	8,634.4	+295.3	+582.1	9,511.8	
Army Reserve	48.4	+4.0	+10.5	62.9	+0.9	+7.7	71.5	
Navy Reserve	224.5	+6.3	-10.1	220.7	+4.9	-1.2	224.4	
Marine Corps Reserve	12.4	+0.9	-3.1	10.2	-0.2	+2.1	12.1	
Air Force Reserve	330.6	+24.8	-37.8	317.6	+18.8	+74.6	411.0	
Army National Guard	170.4	+13.4	+10.3	194.1	+2.9	+33.6	230.6	
Air National Guard	<u>685.5</u>	<u>+102.0</u>	<u>-170.1</u>	<u>617.4</u>	<u>+37.0</u>	<u>+22.2</u>	<u>676.6</u>	
Subtotal Reserve/Guard	1,471.8	+151.4	-200.3	1,422.9	+64.3	+139.0	1,626.2	
Total	12,306.0	+635.8	-2,884.5	10,057.3	+359.6	+721.1	11,138.0	

Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide the maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from active forces to reserve components. The FY 2005 Depot Maintenance budget request reflects a net funding increase of \$1,080.7 million above the FY 2004 funding level. This is comprised of \$359.6 million in price growth and a net program increase of \$721.1 million (+0.9%).

DEPOT MAINTENANCE

Price Growth

Of the overall \$359.6 million price increase, \$156.3 million is in aircraft maintenance, \$114.6 million is in ship maintenance, \$2.9 million is for combat vehicle maintenance, and \$85.8 million is for maintenance of missiles and other equipment.

Program Changes

There is a net program increase of \$721.1 million. The program increases include \$341.0 million in aircraft maintenance, \$310.5 million in ship maintenance, \$32.8 million in combat vehicle maintenance, and \$36.9 million in missiles and other equipment. The major programmatic changes are discussed below.

- The Army depot maintenance program increases by \$76.9 million (+6.2 percent) in FY 2005. The Active Army program increases by \$35.7 million (3.6 percent) which is the net result of program increases in aircraft and combat vehicles totaling \$45.1 million offset by program decreases in missile maintenance. Of the increases, \$28.6 million supports Post Production Software Support (PPSS) due to a number of systems transitioning from production to sustainment. The increase in aircraft maintenance is a result of increased quantities associated with crash damage. Missile maintenance decreases are due to the successful completion of the Patriot Reliability Enhancement Program. The Army Reserve program increases \$7.7 million in FY 2005 in support of other end items. Finally, the Army National Guard program increases by \$33.6 million in FY 2005, primarily to support other end items and aircraft.
- The Navy and Marine Corps depot maintenance programs increase \$388.9 million (+7.3 percent) in FY 2005. For the Active Navy this reflects increases in ship depot maintenance (\$302.3 million), aircraft maintenance (\$52.3 million), and other depot maintenance (\$33.0 million). The ship depot maintenance program reflects the funding of an increase in number and scope of scheduled ship availabilities offset by a decrease in ship operating months. The aircraft maintenance increase is associated with 26 phased depot maintenance/integrated maintenance concept tasks, 42 worthiness inspections, and Aircraft Service Period Adjustment (ASPA) inspections. The Broad Area Maritime Surveillance (BAMS)/Global Hawk and the Pioneer Unmanned Aerial Vehicle program are supported by the other increase of \$33.0 million. The decrease in Marine Corps funding (\$-0.4 million) is a net of increases to combat vehicles (\$+3.4 million) and decreases to other end items (\$-3.0 million). The Navy Reserve reflects an net decrease which is made up of an increase of \$9.6 million for mine-hunting class ships scheduled for phased maintenance availabilities partially offset by a decrease in aircraft maintenance of \$5.9 million commensurate with a decrease in commercial and organic inductions. The Marine Corps Reserve increase of \$2.1 million supports maintenance of combat vehicles.
- The Air Force's depot maintenance program has a net increase of \$256.3 million (+7.9 percent) in FY 2005. This program adjustment is comprised of a \$159.5 million increase for the Active forces and a \$96.8 million increase for the Guard and Reserve forces. The Active Air Force program increase includes funding for additional Programmed Depot Maintenance (PDM) for a variety of aircraft (\$138.2 million); for engine overhauls for the C-130 and C-135 engine (\$7.0 million); for increased Analytical Condition Inspections (ACI) during scheduled overhauls (\$2.4 million); and for software requirements (\$12.3 million). These increases are offset by a decrease in missile support (\$-22.0 million) due to Peacekeeper missile deactivation. The Air Force

DEPOT MAINTENANCE

Reserve depot maintenance program net increases of \$74.6 million reflects increases of \$32.0 million in aircraft and \$42.6 million for engines. The FY 2005 Air National Guard maintenance program includes a net increase of \$22.2 million. This is attributable to an increase of \$33.8 million for engine maintenance for F-15s, F-16s, C-5s, and A-10s offset by a decrease of \$22.6 million for aircraft due to fewer programmed depot maintenance for KC-135 and C-130 aircraft.

- The Special Operations Command (SOCOM) FY 2005 net program decrease of \$1.0 million (-0.4 percent) is composed of decreases of \$8.0 million for aircraft maintenance offset by increases of \$7.0 million for other end items. The decrease in aircraft maintenance is associated with one-time FY 2004 costs associated with the 160th Special Operations Aviation Regiment. Increases in other support include Dry Deck Shelter continued maintenance (\$+3.9 million) and Special Operations Forces automation systems including the Tactical Local Area Network and the Special Operations Command Research Analysis and Threat Evaluation System network (\$+2.9 million).

Maintenance Backlog

- Between FY 2004 and FY 2005, depot maintenance funding increases by \$1,080.7 million (+16.5 percent), and the percentage of funded executable requirements increases from 80.1 percent in FY 2004 (\$10,057.3 million of \$12,488.6 million executable requirement is funded) to 83.0 percent in FY 2005 (\$11,138.0 million of \$13,415.6 million executable requirement is funded). Executable requirements are those maintenance requirements that can be accommodated within current physical depot maintenance capacity. The table on the following page displays funded and financial backlog amounts for depot maintenance:

DEPOT MAINTENANCE

(\$ in millions)

	FY 2003		FY 2003/04	FY 2004		FY 2004/05	FY 2005	
	Funded Rqmt.	Unfunded Rqmt.	Change in Unfunded Requirement	Funded Rqmt.	Unfunded Rqmt.	Change in Unfunded Requirement	Funded Rqmt.	Unfunded Rqmt.
Army	<u>1,320.1</u>	<u>403.9</u>	<u>+59.0</u>	<u>1,150.2</u>	<u>462.9</u>	<u>-13.4</u>	<u>1,227.8</u>	<u>449.5</u>
Aircraft	383.3	135.2	-77.5	301.4	57.7	+45.7	342.3	103.4
Combat Vehicle	262.3	40.4	+61.3	237.8	101.7	-45.0	267.1	56.7
Other	674.5	228.3	+75.2	611.0	303.5	-14.1	618.4	289.4
Navy	<u>6,900.4</u>	<u>420.1</u>	<u>+498.9</u>	<u>5,210.6</u>	<u>919.0</u>	<u>-29.3</u>	<u>5,744.4</u>	<u>889.7</u>
Ship	4,710.4	38.3	+106.7	3,578.1	145.0	-27.6	4,003.2	117.4
Aircraft	1,510.5	17.4	+141.8	1,057.3	159.2	+70.8	1,127.2	230.0
Other	679.5	364.4	+250.4	575.2	614.8	-72.5	614.0	542.3
Marine Corps	<u>261.3</u>	<u>14.6</u>	<u>+47.8</u>	<u>114.4</u>	<u>62.4</u>	<u>-1.5</u>	<u>114.2</u>	<u>60.9</u>
Combat Vehicle	174.5	1.3	+37.7	26.7	39.0	-5.2	33.1	33.8
Other	86.8	13.3	+10.1	87.7	23.4	+3.7	81.1	27.1
Air Force	<u>3,470.1</u>	<u>199.2</u>	<u>+721.7</u>	<u>3,253.0</u>	<u>920.9</u>	<u>-100.5</u>	<u>3,702.2</u>	<u>820.4</u>
Aircraft	2,130.7	14.5	+457.5	1,961.9	472.0	-48.0	2,354.3	424.0
Other	1,339.4	184.7	+264.2	1,291.1	448.9	-52.5	1,347.9	396.4
USSOCOM	<u>279.1</u>	=	=	<u>241.7</u>	=	=	<u>244.1</u>	=
Ship	-	-	-	-	-	-	-	-
Aircraft	163.9	-	-	151.3	-	-	145.4	-
Other	115.2	-	-	90.4	-	-	98.7	-
Total	<u>12,306.0</u>	<u>1,094.9</u>	<u>+1,336.4</u>	<u>10,057.3</u>	<u>2,431.3</u>	<u>-153.7</u>	<u>11,138.0</u>	<u>2,277.6</u>
Ship	4,710.4	38.3	+106.7	3,578.1	145.0	-27.6	4,003.2	117.4
Aircraft	4,188.4	167.1	+521.8	3,471.9	688.9	+68.5	3,969.2	757.4
Combat Vehicles	436.8	41.7	+99.0	264.5	140.7	-50.2	300.2	90.5
Other	2,970.4	847.8	+608.9	2,742.8	1,456.7	-144.4	2,865.4	1,312.3

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	(\$ in Millions)						
	FY 2003 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2004 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2005 <u>Estimate</u>
Environmental Restoration	1,307.9	+17.0	+13.9	1,338.8	+18.7	-52.2	1,305.3
Environmental Compliance	1,724.8	+22.4	-184.2	1,563.0	+21.9	+81.8	1,666.7
Environmental Conservation	180.3	+2.3	-41.5	141.1	+2.0	+25.5	168.6
Pollution Prevention	188.2	+2.4	-25.5	165.1	+2.3	+3.1	170.5
Environmental Technology	222.1	+2.9	+24.9	249.9	+3.5	-67.2	186.2
Base Realignment & Closure (BRAC)	<u>760.6</u>	<u>+9.9</u>	<u>-426.5</u>	<u>344.0</u>	<u>+4.8</u>	<u>-27.3</u>	<u>321.5</u>
Total Environmental Program*	4,383.9	+56.9	-638.9	3,801.9	+53.2	-36.3	3,818.8

* Includes environmental funding for all DoD appropriations/funds, not just those funded in the operation and maintenance (O&M) title.

The Department of Defense Environmental Program addresses five overriding and interconnected goals: (1) to support the readiness of U. S. Forces by ensuring access to air, land, and water for training and operations; (2) to improve the quality of life by protecting military personnel and families from environmental, safety, and health hazards; (3) to ensure that weapons systems, logistics, installations, et. al., have greater performance, lower total ownership costs, and minimal health and environmental effects; (4) to serve customers, clients, and stakeholders through public participation and advocacy; and (5) to enhance international security through military-to-military cooperation. To help achieve these goals, the Department established its environmental program around five pillars -- cleanup, compliance, conservation, pollution prevention, and environmental technology. Much of this program is addressed in the Defense Environmental Restoration (or Cleanup) Program Annual Report to Congress and the Defense Environmental Quality (includes Compliance, Conservation, and Pollution Prevention) Annual Report to Congress. The FY 2005 budget request of \$3,818.8 million increases by \$16.9 million, which includes price growth of \$53.2 million and a net program reduction of \$36.3 million (-1.0 percent) that primarily reflects a discontinuance of one-time FY 2004 congressional adds. Historically, approximately three-fourths of the Department's environmental funding is resourced from the Operation and Maintenance appropriation; about one-fifth from the Military Construction appropriation (including BRAC and construction projects); and the remaining 5 percent from the RDT&E appropriation.

Environmental Restoration

The Department's Environmental Restoration program focuses on reducing the risks to human health and the environment at active installations and Formerly Used Defense Sites (FUDS), while ensuring that DoD environmental cleanup policy conforms to existing laws and regulations. The DoD Environmental Restoration appropriations provide for: the identification, investigation, and cleanup

ENVIRONMENTAL PROGRAMS

of past contamination (prior to 1986) from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnance; and the demolition and removal of unsafe buildings, structures, and debris. Until 1994, the Department spent the majority of the resources documenting the magnitude of the cleanup problem on DoD lands, a significant but necessary investment. In 1994, DoD turned the corner, by devoting more resources to actual cleanup than to studies. As a result, the pace of restoration has increased while more sites continue to be cleaned up and closed out. In FY 1996, DoD began a relative risk approach to environmental cleanup. This process enables the Department to prioritize cleanup activities that pose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements. The relative risk process is the key tool used by the Department in the planning, programming, and budgeting of the cleanup program as well as its execution.

Also in FY 1996, the Department developed specific clean-up goals that have been briefed to the Congress, the regulator community, and the public. Accordingly, the Department funds its environmental restoration program to ensure the Military Departments and Defense Agencies meet all legal agreements and ensure compliance with DoD cleanup goals. As required by the Presidential Management Plan and the Office of Management and Budget (OMB) budget guidance, the current budget exhibits and justification make explicit links between the cleanup goals and the funded DoD program. As shown in the various Component DERA budget exhibits for FY 2005, Army, Air Force and DLA cleanup programs are essentially on schedule to meet the Department's cleanup goals; Navy is slightly behind in projections to meet the FY 2007 goals but expects to meet all goals by the FY 2014 deadline; and FUDS is falling behind. The FUDS program is unique in that there are no physical boundaries such as a military installation fence line to establish a finite limit of potential contaminated sites and the number of potential new FUDS sites is boundless. While investigations and analyses have been completed for most potential cleanup sites at our military installations, FUDS is still adding new sites. The FUDS baseline number of high relative risk sites for measuring against the DoD cleanup goals initially contained 224 sites in FY 1998. Since that time, an additional 165 high relative risk sites have been identified for a total of 389 sites. Of the 389 FUDS sites categorized as high relative risk, 181 sites have been removed from the list as of February 2004. Had the number of sites not increased, FUDS would have met the Department's FY 2002 cleanup goal of 50 percent of relative high risk sites. In response to increased FUDS sites and cleanup costs, the Department increased FUDS resources by about \$20 million per year in the last program review.

Between FY 2004 and FY 2005, the Department's Defense Environmental Restoration Program decreases by \$33.5 million, reflecting price growth of \$18.7 million and programmatic reductions of \$52.2 million (-3.9 percent). The program decrease of \$52.2 million primarily consists of the discontinuance of a one-time congressional increase to the FUDS account in FY 2004 (\$-72.0 million) and an increase in the Air Force FY 2005 budget request to identify emergent requirements related to unexploded ordnance (+\$15.0 million).

ENVIRONMENTAL PROGRAMS

Environmental Compliance

The FY 2005 compliance program includes sufficient resources to enable the Department's day-to-day operations to comply with state and local government enforcement of current environmental laws and regulations. Environmental Compliance projects include the replacement and upgrade of waste water treatment plants to comply with Clean Water Act standards, hazardous waste management, testing and remediation of underground storage tanks, and monitoring waste water treatment systems. In FY 2005, the environmental compliance program increases by \$103.7 million. This increase reflects a price growth of \$21.9 million and a programmatic increase of \$81.8 million (5.2 percent) due to increased manpower costs, wastewater and underground storage tank projects to protect our people and the surrounding environment, and the Department of the Navy targeted increases in range environmental sustainment (\$40.2 million).

Environmental Conservation

The Department of Defense is the steward of nearly 30 million acres of public lands. The DoD has a responsibility to protect, maintain, and enhance the natural and cultural resources found on these lands. Through the conservation program, biological and cultural resources are managed to help support the military mission. Additionally, conservation activities are required by law (e.g., Endangered Species Act, Sikes Act, and National Historic Preservation Act) and must be funded. In FY 2005, the Environmental Conservation funding increases by \$27.5 million, reflecting a price growth of \$2.0 million and a program increase of \$25.5 million (+18.1 percent). The program increase of \$25.5 million primarily consists of the inclusion of the Readiness and Environmental Protection Initiative by OSD to fund a comprehensive strategy for sustainability of DoD ranges while ensuring environmental stewardship.

Pollution Prevention

The Pollution Prevention program targets the reduction of hazardous material, solid waste, toxic releases, air emissions, and water pollution at the source. The funding requested for FY 2005 will support these efforts, as well as implementation of Executive Order 13148, "Greening the Government through Leadership in Environmental Management," and Executive Order 13101, "Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition." In FY 2005, the Pollution Prevention program increases by \$5.4 million. This reflects a price increase of \$2.3 million and a program increase of \$3.1 million (+1.9 percent). The program increase of \$3.1 million primarily results from increases in the Navy program to reduce water pollution.

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Environmental Technology

Technology development is important to meet DoD-unique environmental needs with programs that yield quick results and have high payoffs, including accelerating the development and deployment of technologies that address issues such as shipboard discharges and remediation of soil, surface, and ground water contamination from explosives. The FY 2005 request allows DoD to continue environmental research, development, test, demonstration, and validation activities to provide technologies that result in direct operational savings, mitigate future liabilities, and permit the Department to meet its environmental obligations more cost-effectively. In FY 2005, the Environmental Technology program decreases by \$63.7 million. This reflects a price increase of \$3.5 million and a program decrease of \$67.2 million (-26.9 percent). The program decrease of \$67.2 million is primarily the result of the discontinuance of several one-time FY 2004 Army programs focusing on new environmental restoration and pollution prevention efforts.

Base Realignment and Closure (BRAC)

The DoD is striving to complete scheduled base closures as rapidly as possible to realize potential savings to the government and to make property available to local communities for redevelopment. To do this, the DoD must complete environmental restoration and compliance work at these bases. In FY 2005, the BRAC environmental program decreases by \$22.5 million. This reflects a price increase of \$4.8 million and a program decrease of \$27.3 million (-7.9 percent). The program decrease primarily reflects significant progress in closing installations and completing BRAC cleanup investigations.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

<u>ENVIRONMENTAL RESTORATION*</u>	FY 2003		FY 2004		FY 2005
<u>Cleanup</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	245.1	+10.4	255.5	+32.3	287.8
Navy	162.0	+8.3	170.3	+18.9	189.2
Air Force	232.7	+32.3	265.0	+43.7	308.7
Formerly Used Defense Sites	124.3	+22.5	146.8	-27.4	119.4
Defense-Wide	<u>14.5</u>	<u>+1.4</u>	<u>15.9</u>	<u>+0.9</u>	<u>16.8</u>
Subtotal	778.6	+74.9	853.5	+68.4	921.9
<u>Investigations and Analysis</u>					
Army	93.3	-15.8	77.5	-10.2	67.3
Navy	56.5	-5.2	51.3	-7.9	43.4
Air Force	97.3	-25.5	71.8	-25.2	46.6
Formerly Used Defense Sites	91.6	+0.5	92.1	-29.1	63.0
Defense-Wide	<u>4.3</u>	<u>-0.6</u>	<u>3.7</u>	<u>-1.1</u>	<u>2.6</u>
Subtotal	343.0	-46.6	296.4	-73.5	222.9
<u>Program Oversight</u>					
Army	56.0	+5.1	61.1	-15.3	45.8
Navy	36.9	-3.6	33.3	+0.9	34.2
Air Force	57.8	-12.1	45.7	-3.6	42.1
Formerly Used Defense Sites	31.0	+13.3	44.3	-10.2	34.1
Defense-Wide	<u>4.6</u>	<u>-0.2</u>	<u>4.4</u>	<u>-0.1</u>	<u>4.3</u>
Subtotal	186.3	+2.5	188.8	-28.3	160.5
<u>Total</u>					
Army	394.4	-0.3	394.1	+6.8	400.9
Navy	255.4	-0.5	254.9	+11.9	266.8
Air Force	387.8	-5.3	382.5	+14.9	397.4
Formerly Used Defense Sites	246.9	+36.4	283.3	-66.8	216.5
Defense-Wide	<u>23.4</u>	<u>+0.6</u>	<u>24.0</u>	<u>-0.3</u>	<u>23.7</u>
Total Environmental Restoration	1,307.9	+30.9	1,338.8	-33.5	1,305.3

* This display shows the amounts budgeted by functional area for each of the five Environmental Restoration transfer appropriations – one for each Department, one for Formerly Used Defense Sites, and one for Defense-wide. The FY 2003 amounts (executed in various Component appropriations) are included for comparability purposes.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

ENVIRONMENTAL COMPLIANCE

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	649.6	-106.4	543.2	+38.8	582.0
Navy	368.0	-19.0	349.0	+39.6	388.6
Marine Corps	105.8	+21.5	127.3	+2.9	130.2
Air Force	435.6	-61.4	374.2	+5.2	379.4
Defense-Wide	<u>165.8</u>	<u>+3.5</u>	<u>169.3</u>	<u>+17.2</u>	<u>186.5</u>
Total Environmental Compliance	1,724.8	-161.8	1563.0	+103.7	1,666.7

(\$ in Millions)

ENVIRONMENTAL CONSERVATION

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	97.6	-17.9	79.7	-2.8	76.9
Navy	14.5	-7.4	7.1	+5.7	12.8
Marine Corps	13.9	+0.2	14.1	+0.4	14.5
Air Force	41.9	-11.3	30.6	+2.5	33.1
Defense-Wide	<u>12.4</u>	<u>-2.7</u>	<u>9.7</u>	<u>+21.6</u>	<u>31.3</u>
Total Environmental Conservation	180.3	-39.2	141.1	+27.5	168.6

(\$ in Millions)

POLLUTION PREVENTION

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	38.4	-1.9	36.5	+2.0	38.5
Navy	46.4	-25.4	21.1	+6.3	27.4
Marine Corps	13.8	+3.1	16.9	-1.4	15.5
Air Force	80.2	-0.1	80.1	-1.9	78.2
Defense-Wide	<u>9.4</u>	<u>+1.1</u>	<u>10.5</u>	<u>+0.4</u>	<u>10.9</u>
Total Pollution Prevention	188.2	-23.1	165.1	+5.4	170.5

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

ENVIRONMENTAL TECHNOLOGY

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>					
RDT&E, Army	80.5	+22.9	103.4	-51.0	52.4
<u>Navy</u>					
RDT&E, Navy	69.6	-9.7	59.9	-20.6	39.3
<u>Air Force</u>					
RDT&E, Air Force	1.0	-1.0	-	-	-
<u>Defense-Wide</u>					
Strategic Environmental R&D Program (SERDP)	50.9	-3.8	47.1	+9.8	56.9
Env Security Technology Certification Program	20.1	+14.4	34.5	-1.9	32.6
Defense Warfighter Protection	<u>0</u>	<u>+5.0</u>	<u>5.0</u>	<u>0</u>	<u>5.0</u>
Total Defense-Wide	71.0	+15.6	86.6	+7.9	94.5
<u>Total</u>					
Army	80.5	+22.9	103.4	-51.0	52.4
Navy	69.6	-9.8	59.8	-20.5	39.3
Air Force	1.0	-1.0	-	-	-
Defense-Wide	<u>76.0</u>	<u>+10.6</u>	<u>86.6</u>	<u>+7.9</u>	<u>94.5</u>
Total Environmental Technology	222.1	+27.8	249.9	-63.7	186.2

BASE REALIGNMENT&CLOSURE (BRAC)

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>BRAC 95</u>					
Army	162.8	-105.5	57.3	+34.8	92.1
Navy	462.2	-361.0	101.2	+0.5	101.7
Air Force	125.4	+50.2	175.6	-47.9	127.7
Defense-Wide	<u>10.2</u>	<u>-0.3</u>	<u>9.9</u>	<u>-9.9</u>	<u>0.0</u>
Total BRAC 95	760.6	-416.6	344.0	-22.5	321.5

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) AND DEMOLITION PROGRAMS

	(\$ in millions)						
	FY 2003 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2004 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2005 <u>Estimate</u>
Army	1,361.8	+31.0	+455.7	1,848.5	+28.4	+79.2	1,956.1
Navy	1,832.0	+31.0	-477.0	1,386.0	+20.0	-76.0	1,330.0
Marine Corps	610.8	+2.0	-34.6	578.2	+8.4	-63.8	522.8
Air Force	2,815.5	+51.6	-1,144.9	1,722.2	+29.0	+188.4	1,939.6
Defense-Wide	144.5	+7.8	+17.2	169.5	+1.6	+26.9	198.0
Defense Health Program	436.5	+6.4	+59.5	502.4	+6.7	-0.3	508.8
Army Reserve	189.0	+2.7	-12.5	179.1	+2.4	+19.6	201.1
Navy Reserve	111.9	+1.0	-50.3	62.6	+1.0	+9.8	73.4
Marine Corps Reserve	25.5	+0.3	-17.1	8.7	+0.1	+3.3	12.1
Air Force Reserve	132.1	+2.3	-74.6	59.8	+1.0	-7.7	53.2
Army National Guard	320.4	+4.2	+53.2	377.8	+5.3	+1.0	384.0
Air National Guard	202.1	+2.6	-32.0	172.7	+2.2	+55.7	230.6
Total	8,182.0	+142.9	-1,257.4	7,067.5	+106.1	+236.1	7,409.7

The Facilities Sustainment, Restoration and Modernization (SRM) program, (formerly Real Property Maintenance) provides funds to keep the Department's inventory of facilities in good working order, (i.e., day to day maintenance requirements). In addition, the program provides resources to restore facilities whose age is excessive or have been damaged by fire, accident, or natural disasters, and alterations of facilities to implement new or higher standards or to accommodate new functions or missions. The demolition program provides funds to demolish and dispose of obsolete and excess structures, some of which date back to World War II.

The FY 2005 budget request of \$7,409.7 million includes price growth of \$106.1 million and net program growth of \$236.1 million (3.3 percent) above the FY 2004 funding level. This request includes \$7,322.6 million for the SRM program, which includes price growth of \$104.4 million and net program growth of \$237.6 million (3.4 percent) above the FY 2004 funded level. Facilities sustainment is funded at 95 percent of the requirement. This funded level is higher than the FY 2004 sustainment rate of 94 percent and represents the third consecutive year in which there has been an improvement in the rate. The budget also includes \$87.1 million for the demolition program, which includes price growth of \$1.7 million and a net program decrease of \$1.5 million (-1.7 percent) from the FY 2004 funded level.

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) AND DEMOLITION PROGRAMS

TOTAL SRM PROGRAM

(\$ in millions)

	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	1,306.3	+31.0	+475.3	1,812.6	+27.8	+92.2	1,932.6
Navy	1,790.0	+31.0	-477.0	1,344.0	+19.0	-79.0	1,284.0
Marine Corps	605.8	+2.0	-34.6	573.2	+8.3	-63.7	517.8
Air Force	2,815.4	+51.6	-1,144.9	1,722.1	+29.0	+188.4	1,939.5
Defense-Wide	139.2	+7.8	+21.5	168.5	+1.6	+26.9	197.0
Defense Health Program	436.5	+6.4	+59.5	502.4	+6.7	-0.3	508.8
Army Reserve	186.6	+2.6	-9.9	179.1	+2.4	+16.1	197.6
Navy Reserve	107.9	+1.0	-49.2	59.7	+1.0	+9.6	70.3
Marine Corps Reserve	25.5	+0.3	-17.1	8.7	+0.1	+3.3	12.1
Air Force Reserve	132.1	+2.3	-74.6	59.8	+1.0	-9.5	51.3
Army National Guard	315.9	+4.1	+57.8	377.8	+5.3	-2.1	381.0
Air National Guard	199.2	+2.6	-29.1	172.7	+2.2	+55.7	230.6
Total	8,060.2	+142.7	-1,222.3	6,980.6	+104.4	+237.6	7,322.6

DEMOLITION COSTS

Army	55.5	-	-19.6	35.9	+0.6	-12.9	23.5
Navy	42.0	-	-	42.0	+1.0	+3.0	46.0
Marine Corps	5.0	-	-	5.0	+0.1	-0.1	5.0
Air Force	0.1	-	-	0.1	-	-	0.1
Defense-Wide	5.3	-	-4.3	1.0	-	-	1.0
Defense Health Program	-	-	-	-	-	-	-
Army Reserve	2.5	+0.1	-2.6	-	-	+3.5	3.5
Navy Reserve	4.0	-	-1.1	2.9	-	+0.2	3.1
Marine Corps Reserve	-	-	-	-	-	+1.8	1.8
Air Force Reserve	-	-	-	-	-	+1.8	1.8
Army National Guard	4.5	+0.1	-4.6	-	-	+3.1	3.1
Air National Guard	2.9	-	-2.9	-	-	-	-
Total	121.8	+0.2	-35.1	86.9	+1.7	-1.5	87.1

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) AND DEMOLITION PROGRAMS

PERSONNEL DATA

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active Force Military Personnel (End Strength)</u>					
Officer	274	-110	164	-3	161
Enlisted	<u>3,157</u>	<u>-27</u>	<u>3,130</u>	<u>-304</u>	<u>2,826</u>
Total	3,431	-137	3,294	-307	2,988
<u>Civilian Personnel (Full-Time Equivalents)</u>					
U.S. Direct Hires	11,766	-162	11,604	-122	11,482
Foreign National Direct Hires	<u>3,311</u>	<u>-1,837</u>	<u>1,474</u>	<u>-</u>	<u>1,474</u>
Total Direct Hire	15,077	-1,999	13,078	-122	12,956
Foreign National Indirect Hire	<u>4,793</u>	<u>-1,906</u>	<u>2,887</u>	<u>-43</u>	<u>2,844</u>
Total	19,870	-3,905	15,965	-165	15,800

Army

The Army is requesting \$1,932.6 million in FY 2005 for SRM in its Operation and Maintenance (O&M), Army appropriation. These funds reflect a net increase of \$120.0 million from the FY 2004 funding level: \$+27.8 million in price growth and \$+92.2 million in program growth. The Army is committed to fully funding the repair and maintenance of its infrastructure to bring command, control and communications (C3) facilities up to C2 standard level. SRM funding for FY 2005 will fund critical facility requirements and upgrade deteriorating facilities at 139 Army installations worldwide. The Army is requesting \$23.5 million for its demolition program, which reflects a decrease of \$12.4 million from the FY 2004 funded level.

Navy

The Navy is requesting \$1,284.0 million in FY 2004 for SRM in its O&M, Navy appropriation. These funds reflect a net decrease of \$60.0 million from the FY 2004 funding level: \$+19.0 million in price growth and \$-79.0 million (-5.8 percent) in program decrease. The net program decrease in FY 2005 reflects lower per-square-foot commercial benchmarks for facilities sustainment and lower area cost factors in the Facilities Sustainment Model (\$-84.0 million); an increase to fund sustainment at 95 percent of requirement (\$+21.0 million); and reductions in new footprint construction (\$-15.0 million) and restoration and modernization (\$-1.0 million). The Navy is requesting \$46.0 million for demolition, which reflects price and program growth of \$4.0 million over the FY 2004 funded level.

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) AND DEMOLITION PROGRAMS

Marine Corps

The Marine Corps is requesting \$517.8 million in FY 2005 for SRM in its O&M, Marine Corps appropriation. These funds reflect a net decrease of \$55.4 million from the FY 2004 funding level: \$+8.3 million in price growth and \$-63.7 million (-11.0 percent) in program decrease. The decrease reflects lower per-square-foot commercial benchmarks for facilities sustainment and lower area cost factors in the Facilities Sustainment Model and reductions to Restoration and Modernization. The Marine Corps is requesting \$5.0 million for its demolition program consistent with prior year funding levels.

Air Force

The Air Force is requesting \$1,939.5 million in FY 2005 for SRM in its O&M, Air Force appropriation. These funds reflect a net increase of \$217.4 million from the FY 2004 funding level: \$+29.0 million in price growth and \$+188.4 million (10.9 percent) in increased program. The program growth over the FY 2004 level achieves a 95 percent sustainment level and funds critical annual maintenance and repair activities. The Air Force is requesting \$0.1 million for its demolition program, which reflects no change from the FY 2004 funded level.

Defense-Wide

The Defense-Wide activities are requesting \$197.0 million in FY 2005 for SRM in the O&M, Defense-Wide appropriation. These funds reflect a net increase of \$28.5 million from the FY 2004 funding level: \$+1.6 million in price growth and \$+26.9 million (16.0 percent) in increased program. The program growth in FY 2005 is primarily attributed to NSA's efforts to enhance funding for critical sustainment requirements to support operational activities at the NSA Headquarters complex. Defense-Wide activities are also requesting \$1.0 million for demolition, which is the same as the FY 2004 funded level.

Defense Health Program (DHP)

The DHP is requesting \$508.8 million in FY 2005 for SRM in its O&M budget activity. These funds reflect a net increase of \$6.4 million from the FY 2004 funding level: \$+6.7 million for price growth and \$-0.3 million for program growth. The program funds the maintenance of military medical facilities, such as heating and air conditioning units, and plumbing and electrical systems, that are required to support active duty, military dependents, eligible retirees, and family members.

FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM) AND DEMOLITION PROGRAMS

Guard and Reserve Forces

The Guard and Reserve Forces are requesting \$954.4 million in FY 2005, which reflects an increase of \$93.7 million from the FY 2004 funding level: \$+12.0 million in price growth and \$+81.7 million (9.4 percent) in increased program. The program supports the operation, protection and maintenance of real property facilities including, buildings, roads, grounds, and airfields of the Guard and Reserve. These facilities support the combat readiness for the Guard and Reserve that enables them to augment the active forces. The Guard and Reserve Forces are also requesting \$11.5 million for their demolition programs, which is an increase of \$8.6 million (+296.6 percent) from the FY 2004 funded level.

LAND FORCES

	<u>(\$ in Millions)</u>						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	3,549.0	+69.0	-392.0	3,226	+14.0	+261.0	3,501
Marine Corps	<u>2,077.0</u>	<u>+21.0</u>	<u>-1,527.5</u>	<u>570.5</u>	<u>-11.9</u>	<u>+75.3</u>	<u>633.9</u>
Total	5,626.0	+90.0	-1,919.5	3,796.5	+2.1	+336.4	4,134.9

The Land Forces program describes those resources committed to the training and sustainment of DoD's land forces. Land Forces encompass the Land Forces Activity Group within the Army and that portion of the Expeditionary Forces Activity Group within the Marine Corps for the Fleet Marine ground forces. The Army's Land Forces are comprised of the units assigned to heavy, airborne, air assault and light division; corps combat units and corps support forces; echelon above corps forces; and combat training centers. The Marine Corps' land forces include Marine Divisions, Marine Air Wings, and Force Service Support Groups that constitute the Marine air-ground team.

Resources in Land Forces train and sustain the active component ground combat forces. These resources support the key ingredients of combat readiness by providing the funds necessary to operate combat vehicles and weapon systems, train combat personnel, perform field level equipment maintenance, and maintain required readiness levels. The FY 2005 budget request of \$4,134.9 million reflects a net increase of \$338.5 million. This includes a price increase of \$2.1 million and a net program increase of \$336.4 million (8.9 percent).

ARMY

The Army's Land Forces program provides Operating Tempo (OPTEMPO) resources to train and sustain the active component combat forces and support training strategies at high (T1/T2) readiness levels, which ensures that operating forces train to reach full proficiency on their mission essential task lists (METL). In FY 2005, it fully supports the Army's ground OPTEMPO training strategy, which includes live ground operations (homestation and National Training Center (NTC) miles) and virtual miles associated with simulator operations (i.e., Close Combat Tactical Trainer (CCTT) and Unit Conduct of Fire Trainer (UCOFT)) as a part of the overall Army training strategy. Funding in this activity group will allow the Army to field a trained and ready force, possessing the combat capabilities necessary to execute assigned missions and fulfill the Army's critical role in meeting the National Military Strategy and other national military requirements. In addition to funding unit training and its associated costs (such as fuel, supplies, repair parts, travel, and transportation), the Land Forces program includes the resources to fund the operation of the ground Combat Training Centers (CTCs), the Joint Air Ground Center of Excellence (JAGCE), and the Army's participation in Joint National Training Capability (JNTC) events.

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The Army's Land Forces resources support a training strategy that exposes all soldiers, from the infantryman to the corps commander, to a full range of realistic training exercises. The funding in FY 2005 will permit the Army to train 9 Active Component and 1 Army National Guard brigade at the National Training Center (NTC), 9 Active Component and 1 National Guard brigades at the Joint Readiness Training Center (JRTC), 4 brigades at the Combat Maneuver Training Center (CMTC), and several Corps and Echelon Above Corps units at the Western Army National Guard Aviation Training Site (WAATS) as part of the Army's JAGCE. Additionally, 1 corps and 7 division staffs will participate in the Battle Command Training Program (BCTP).

The FY 2005 budget request reflects the Army's implementation of improved Major Command (MACOM) unique training strategies that support the M1 ground combat system of 899 training miles. This strategy takes into account the unique MACOM missions and geographic locations (availability of maneuver areas, ranges, and CTCs), as well as the availability of simulators (i.e., CCTT and UCOFT). The Army began using this training strategy in FY 2004.

The FY 2005 program reflects an increase of \$275.0 million above the FY 2004 funding level. This growth in Land Forces includes a price increase of \$14.0 million and a net program increase of \$261.0 million (+8.0 percent). This growth is necessary primarily to finance:

- Increased cost growth associated with the demand changes in repair parts and pricing redistribution (\$+99.0M).
- Increase in the number of battalions (+19) participating in each brigade rotation at CTCs based on lessons learned from Operation Enduring Freedom and Operation Iraqi Freedom (\$+41.6M).
- Increase in force protection with more Portal Shields and better clothing and equipment for soldiers (\$+27.3M).
- Increase in cost of maintaining and operating modernized fielded equipment (\$+27.2M).
- Increase in contractor logistics support for systems such as High Mobility Artillery Rocket System (HIMARS) and Multiple Launch Rocket System (MLRS)(\$+24.0M).
- Conversion of another brigade to a Stryker Brigade Combat Team (SBCT) (\$+16.2M).
- Addition of new Biological Integrated Detection System (BIDS) units (\$+6.1M).

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MARINE CORPS

The Marine Corps Land Forces program encompasses the ground portion of Fleet Marine Forces and includes three Marine Divisions, three Marine Air Wings, and three Force Service Support Groups. Forces are located at installations on the east and west coasts of the United States and at bases in the Pacific Ocean.

The Operating Forces are considered the heart of the Marine Corps. About 65 percent of all active duty Marines are assigned to the operating forces. They constitute the forward presence, crisis response, and fighting power available to the warfighting combatant commanders. The Land Forces program supports the operating forces that constitute the Marine Air-Ground Team and Marine security forces at naval installations and aboard naval vessels. The funding provides for training and routine operations; maintenance and repair of organic ground equipment; routine supplies, travel, per diem and emergency leave; automatic data processing and initial purchase; and replenishment and replacement of both unit and individual equipment. Additionally, resources support the movement of troops and their participation in training exercises essential to sustaining readiness levels.

The FY 2005 program reflects an increase of \$63.4 million above the FY 2004 funding level. This increase is the sum of a price decrease of \$11.9 million and a net program increase of \$75.3 million (+13.5 percent). Major changes include:

- A transfer from the Operation and Maintenance, Navy appropriation for NMCI seats supporting USMC Aviation (\$+32.4 million). The costs for the Marine Air NMCI requirement were previously managed by the Navy; Marine Corps is now responsible for managing these costs.
- Increase for a full year of Navy/Marine Corps Intranet service during FY 2005 (\$+26.2 million). NMCI will be fully implemented during FY 2004.
- Increase for initial issue equipment based on the mix of equipment purchased in FY 2005; priority programs include the Ballistic Protection System, Shelters and Shelter Equipment, and Field Medical Equipment (\$+8.9 million).

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Program Data
Army OPTEMPO Miles

	FY 2003	FY 2004	FY 2005
<u>Armor (M1)</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Live Training (Home station & NTC)			
Requirement (No Contingency Ops)^{1/}	857	804	804
Actual (Includes Contingency Ops)^{2/}	961	804	804
Virtual Training (CCTT and UCFT Simulators)			
Requirement	76	95	95
Actual	76	95	95
Other Live Training (Actual Only)^{3/}	34	(Not Projected)	(Not Projected)

1/ Excludes M1 OPTEMPO miles executed in Bosnia, S.W. Asia, Iraq, Afghanistan, and other locations in support of contingency operations.

2/ Execution exceeded the planned M1 OPTEMPO miles primarily due to contingency operations in Iraq and Afghanistan.

3/ The Army business rules for OPTEMPO tank miles only account for tank miles driven by the unit's vehicles (whether deployed or not). It does not count the tank miles driven by vehicles from Army Prepositioned Stocks (APS) or pre-positioned for use in the Balkans that are separately funded in non-OPTEMPO program.

Marine Corps Combat Ready Days

	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
	<u>Budgeted *</u>	<u>Actual</u>	<u>Budgeted *</u>	<u>Estimate</u>	<u>Estimate</u>
Funds Allocated to Training & Equipment Maint (\$M)	N/A	430.3	N/A	423.2	419.1
Combat Ready Days-Equipment & Training (CRED-ET)	N/A	118,522	N/A	118,800	118,800
Cost per CRED-ET (\$000)	N/A	3.631	N/A	3.562	3.527
Total Possible CRED-ETs	N/A	134,640	N/A	135,000	135,000
% Achieved	N/A	88%	N/A	88%	88%

* New performance measures. The Combat Ready Day-Equipment and Training represents one Status of Resources and Training System (SORTS) unit reporting an equipment rating of R1 or R2 and a training rating of T1 or T2 for one day.

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Personnel Data

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Active Forces Personnel</u>			<u>(End Strength)</u>		
Army Officer	35,135	-3,412	31,723	+436	32,159
Army Enlisted	<u>286,633</u>	<u>-20,191</u>	<u>266,442</u>	<u>+5,619</u>	<u>272,061</u>
Subtotal Army	321,768	-23,603	298,165	+6,055	304,220
Marine Corps Officer	8,417	+18	8,435	+15	8,450
Marine Corps Enlisted	<u>97,989</u>	<u>+360</u>	<u>98,349</u>	<u>+375</u>	<u>98,724</u>
Subtotal Marine Corps	106,406	+378	106,784	+390	107,174
Total Officer	43,552	-3,394	40,158	+451	40,609
Total Enlisted	<u>384,622</u>	<u>-19,831</u>	<u>364,791</u>	<u>+5,994</u>	<u>370,785</u>
Total Active Force Personnel	428,174	-23,225	404,949	+6,445	411,394
<u>Civilian Personnel</u>			<u>(Full-Time Equivalents)</u>		
Army	2,439	+923	3,362	-617	2,745
Marine Corps	<u>242</u>	<u>+30</u>	<u>272</u>	<u>-1</u>	<u>271</u>
Total Civilian Personnel	2,681	+953	3,634	-618	3,016

MOBILIZATION

	(\$ in millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Army	918.0	+36.0	-469.4	484.6	+16.6	-39.2	462.0
Navy	812.7	+67.5	-147.1	733.1	+39.0	+40.9	813.0
Marine Corps	188.7	+0.8	-110.2	79.3	+2.8	-2.2	79.9
Air Force	<u>5,656.8</u>	<u>+193.8</u>	<u>-2,639.8</u>	<u>3,210.8</u>	<u>+19.8</u>	<u>+61.1</u>	<u>3,291.7</u>
Total	7,576.2	+298.1	-3,366.5	4,507.8	+78.2	+60.6	4,646.6

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 27% of the Navy's Mobilization program. 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).

The Mobilization program increases by \$138.8 million from FY 2004 to FY 2005. This includes price growth of \$78.2 million and real program increase of \$60.6 million. The price growth is primarily associated with the Military Sealift Command (MSC) and Depot Maintenance Defense Working Capital Fund rate changes. The majority of the program increases is associated with the Navy's ship inactivation program. The increases are primarily offset by a decrease in the Air Force's Airlift Operations.

Airlift and Sealift Programs

	(\$ in millions)				
	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Airlift Subsidy (Air Force)	3.7	-3.7	0.0	0.0	0.0

The Air Force's airlift program is financed primarily through US Transportation Command (USTRANSCOM) rates; however, a direct payment to USTRANSCOM is sometimes required to meet airlift expenses due to the difference between USTRANSCOM rates and

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total costs of airlift operations, which include maintaining airlift mobilization capabilities to meet potential contingency requirements. The FY 2005 program does not include a payment.

	(\$ in millions)				
	FY 2003			FY 2004	FY 2005
<u>Afloat Prepositioned Fleet (APF)</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army APF	287.5	-4.9	282.6	-8.8	273.8
Navy Maritime Prepo Ships (MPS)	425.9	-9.0	416.9	+23.2	440.1
Navy Maritime Prepo Ships (Enhanced)	40.9	+2.3	43.2	+3.3	46.5
CENTCOM Ammo Prepo Ship	11.6	-4.2	7.4	+2.3	9.7
Air Force APF	<u>57.8</u>	<u>-6.0</u>	<u>51.8</u>	<u>+1.3</u>	<u>53.1</u>
Total	823.7	-21.8	801.9	+21.3	823.2

The Afloat Prepositioned Fleet (APF) 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 13/12/12 APF ships in FY 2003/FY 2004/FY 2005, respectively, with a capability to deploy and sustain five and one-third division corps with its associated force structure to any crisis worldwide.
- 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). 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 surge assets. These include 8 Fast Sealift Ships that are high-speed container ships, two hospital ships, two aviation maintenance and support ships and three Maritime Preposition Forces (enhance) ships that provide increased capability carrying a fleet hospital, expeditionary airfield, naval mobile construction battalion support, and addition sustainment cargo.

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- The Air Force funds four prepositioned ships, containing approximately 63,500 tons of munitions in approximately 3,728 International Standards Organization (ISO) sea-land containers with assets worth of over \$1.885 billion. The prepositioned ships have the capacity to ferry a total of 5,463 ISO containers if required. The increase in FY 2005 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 to begin in FY 2004 and will be completed in FY 2005.

Other Mobilization Programs

	<u>(\$ in millions)</u>				
	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>630.6</u>	<u>-428.6</u>	<u>202.0</u>	<u>-13.9</u>	<u>188.1</u>
Prepositioned Stocks	300.8	-171.7	129.1	-3.0	126.1
Industrial Preparedness	187.8	-180.2	7.6	+0.9	8.5
Other Prepositioned	107.4	-55.6	51.8	-9.6	42.2
Exercises	24.1	-10.6	13.5	-2.2	11.3
Facilities Sustainment, Res & Mod	10.5	-10.5	0.0	0.0	0.0
<u>Navy</u>	<u>334.4</u>	<u>-68.8</u>	<u>265.6</u>	<u>+51.1</u>	<u>316.7</u>
Activations/Inactivations	203.2	-21.1	182.1	+37.9	220.0
Fleet Hospital Program	70.9	-46.7	24.2	+1.9	26.1
Industrial Readiness	1.4	+0.1	1.5	+0.0	1.5
Coast Guard Support	17.8	-0.7	17.1	+0.1	17.2
Other Sealift/Surge	34.8	-0.4	34.4	+10.9	45.3
Exercises	6.3	0.0	6.3	+0.3	6.6
<u>Marine Corps</u>	<u>188.7</u>	<u>-109.4</u>	<u>79.3</u>	<u>+0.6</u>	<u>79.9</u>
Prepositioned Equipment	188.7	-109.4	79.3	+0.6	79.9

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	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force</u>	<u>5,595.4</u>	<u>-2,436.4</u>	<u>3,159.0</u>	<u>+79.6</u>	<u>3,238.6</u>
Airlift Operations	3,611.3	-1,624.5	1,986.8	-66.8	1,920.0
Airlift Operations C3I	93.1	-55.8	37.3	+14.5	51.8
Mobilization Preparedness	198.9	-93.4	105.5	+12.0	117.5
Air Force (continued)					
Depot Maintenance	435.4	-77.0	358.4	+52.3	410.7
Real Property Maintenance	551.2	-344.6	206.6	-5.7	200.9
Base Support	705.5	-241.1	464.4	+73.3	537.7
Total Other Mobilization	6,749.1	-3,043.2	3,705.9	+117.4	3,823.3

The Army's Other Mobilization programs fund manpower, material handling and other supply support equipment, facilities, etc., that is 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 Iraqi Freedom.

- The FY 2004 request for prepositioned stocks reflects a net decrease of \$13.9 million. The request includes \$11.1 million for watercraft assets, a decrease of \$14.1 million for stocks afloat. Stocks afloat are reduced due to the realignment of a maintenance cycle for one ammunition ship. The watercraft assets are currently prepositioned in Japan and Kuwait. The realignment of these assets will cause a reduction in the Care of Supplies in Storage (COSIS) and cyclic maintenance funding. These decreases are offset by an increase of \$5.7 million in Pacific non-ammunition due to the addition of a second mechanized infantry battalion set in Army Prepositioned Stocks.

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

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changes. The Mobilization program also funds medical support to U.S. and allied forces through hospital ships that are prepositioned throughout the world, maintenance, overhaul, and support of Navy equipment aboard Coast Guard vessels; and an industrial readiness program.

- The FY 2004 increase of \$37.9 million in Activations/Inactivations primarily reflects the inactivation of a reactor compartment encapsulation/disposal and hull recycling for \$35.8 million and the inactivation of a reactor compartment disposal for \$23.6 million. There is an additional increase of \$9.5 million to transport and deliver nuclear reactor compartments to the burial site. These increases are partially offset by a decrease in submarine inactivation/disposals program due to fewer inactivations and less advance planning and studies of \$30.1 million.
- The increase for Other Sealift/Surge support includes funding for the Elevated Causeway System disposal and delivery of new Improved Navy Lighterage System (\$3.0 million).

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 Geographic Prepositioned Force which provides storage of equipment, supplies, and ammunition in caves and shelters throughout central Norway.

- The FY 2004 increase of \$0.6 million is for support, training and maintenance costs due to exercise Battle Griffin -5, a triennial joint/combined live field training exercise.

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 and air refueling KC-10s and KC-135s. school-house and proficiency training for C-5, C-130, C-17, C-12, C-21, and UH-1N aircrews; and operational support airlift. 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 (TNWSSS), industrial preparedness, inactive aircraft storage and disposal, and station hospitals and clinics.

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- The FY 2003 increases to overall Airlift Operations (\$+79.6 million) includes an increase for civilian pay of \$34.4 million as a result of newly approved special salary rates. Depot maintenance increases include the C-135 Program Depot Maintenance increase of \$25.2 million, reflecting an increase of 8 inductions and C-130 and C-135 engine maintenance (\$+7.0 million). The C-17 Contractor Logistics Support program increases \$24.0 million due to an additional aircraft being deployed. The Flying Hour Program growth of \$14.5 million supports additional hours and is required for basic flying skills and pilot development. Base support increases for utilities (\$+13.0 million), environmental compliance (\$+9.1 million), and base services (\$+5.7 million) in FY 2005. These increases are offset by a net decrease in Airlift Operations of \$66.8 million associated with Special Assignment Airlift Missions (SAAM), The Joint Chiefs of Staff Exercise program flights, and the Training, Testing and Ferrying program.

RECRUITING, ADVERTISING, AND EXAMINING

Overall funding in recruiting, advertising, and examining provides support for recruiting commands and stations throughout the United States for local, regional, and national advertising to access and retain quality enlisted and officer personnel. It provides for the U.S. Military Entrance Processing Command (MEPCOM), which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty. Overall funding in recruiting, advertising, and examining increases from \$1,338.1 million in FY 2004 to \$1,395.6 million in FY 2005, which is a net increase of \$57.5 million above the FY 2004 level. Of this amount, \$24.4 million is for price growth and \$33.1 million (2.5 percent) is for net program growth.

RECRUITING, ADVERTISING, AND EXAMINING

(\$ in Millions)

	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	558.0	10.7	-26.1	542.6	8.0	41.8	592.4
Navy	254.5	9.4	-33.4	230.5	8.0	44.0	282.5
Marine Corps	114.4	1.7	-3.8	112.3	1.7	-	114.0
Air Force	147.7	3.3	-6.0	145.0	2.1	-0.4	146.7
Defense Health Program	34.3	0.9	-3.8	31.4	0.6	1.2	33.2
Defense-Wide	23.4	0.4	-9.2	14.6	0.1	4.0	18.7
Army Reserve	93.4	1.3	8.0	102.7	1.5	-13.9	90.3
Navy Reserve	22.4	0.4	0.9	23.7	0.4	-24.1	0.0
Marine Corps Reserve	8.2	0.1	-0.2	8.1	0.1	-0.2	8.0
Air Force Reserve	28.3	0.4	-14.6	14.1	0.2	0.3	14.6
Army National Guard	106.2	1.6	-4.3	103.5	1.6	-19.3	85.8
Air National Guard	23.3	0.4	-14.1	9.6	0.1	-0.3	9.4
Total	1,414.1	+30.6	-106.6	1,338.1	+24.4	+33.1	1,395.6

RECRUITING, ADVERTISING, AND EXAMINING

The following tables provide the funding by Component for each category.

Recruiting

The recruiting mission is to maintain the highest quality force possible. The recruiting funds provide support for recruiting commands and stations throughout the United States. Recruiting costs are for those items essential to the accomplishment of the recruiting mission, including meals, lodging, and travel of applicants; recruiter expenses, travel and per diem; civilian pay; vehicle operation and maintenance; lease of office space; and other incidental expenses necessary to support the recruiting mission. The FY 2005 recruiting program reflects a net increase of \$13.5 million. Of this amount, \$7.1 million is for price growth and \$6.4 million (1 percent) is for net program growth.

	<u>RECRUITING</u>						
	<u>(\$ in Millions)</u>						
	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	280.3	+2.2	-24.2	258.3	+0.2	+2.1	260.6
Navy	165.4	+4.3	-22.2	147.5	+2.8	+31.4	181.7
Marine Corps	69.9	+1.1	-6.9	64.1	+1.1	-0.3	64.9
Air Force	127.6	+3.0	-69.5	61.1	+1.0	+0.9	63.0
Army Reserve	42.6	+0.5	-3.6	39.5	+0.6	-3.1	37.0
Navy Reserve	14.5	+0.3	+1.5	16.3	+0.3	-16.6	0.0
Marine Corps Reserve	5.2	-	-0.2	5.0	+0.1	-0.2	4.9
Air Force Reserve	7.3	+0.2	-2.4	5.1	+0.1	+0.2	5.4
Army National Guard	43.9	+0.7	+5.8	50.4	+0.8	-7.8	43.4
Air National Guard	<u>4.5</u>	<u>+0.1</u>	<u>-0.9</u>	<u>3.7</u>	<u>+0.1</u>	<u>-0.2</u>	<u>3.6</u>
Total	761.2	+12.4	-122.6	651.0	+7.1	+6.4	664.5

RECRUITING, ADVERTISING, AND EXAMINING

Advertising

The advertising funds provide for local, regional, national and corporate advertising to access quality enlisted and officer personnel. All advertising is designed to increase public awareness and describe employment opportunities. The Services fund a media mix of advertising that includes television and radio; magazines and newspapers; internet websites and banner advertising; informational videos; direct mail campaigns; and recruiting booklets, pamphlets, and posters. The Operation and Maintenance (O&M), Defense-Wide appropriation funds a joint program managed by the Defense Human Resources Field Activity. This program consists of a corporate campaign for joint service recruiting and advertising, market research and studies, and survey requirements for the Active and Reserve Components. This joint funding is used for consolidated lead lists, direct mail campaigns, youth and adult influencer public opinion polls, and Selective Service System direct market mailings. The FY 2005 Advertising program reflects a net decrease of \$7.3 million. This amount is the net sum of \$14.9 million for price growth and a \$22.2 million (3.8 percent) net program decrease.

ADVERTISING
(\$ in Millions)

	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
Army	196.6	+5.9	-	202.5	+6.1	-8.0	200.6
Navy	89.1	+5.1	-11.2	83.0	+5.2	+12.6	100.8
Marine Corps	44.5	+0.6	+3.1	48.2	+0.6	+0.3	49.1
Air Force	17.4	+0.2	+63.1	80.7	+1.0	-1.3	80.4
Defense-Wide	23.4	+0.4	-9.2	14.6	+0.1	+4.0	18.7
Army Reserve	50.8	+0.8	+11.6	63.2	+0.9	-10.8	53.3
Navy Reserve	7.9	+0.1	-0.6	7.4	+0.1	-7.5	0.0
Marine Corps Reserve	3.0	+0.1	-	3.1	-	-	3.1
Air Force Reserve	21.0	+0.2	-12.2	9.0	+0.1	+0.1	9.2
Army National Guard	62.3	+0.9	-10.1	53.1	+0.8	-11.5	42.4
Air National Guard	<u>18.8</u>	<u>+0.3</u>	<u>-13.2</u>	<u>5.9</u>	<u>-</u>	<u>-0.1</u>	<u>5.8</u>
Total	534.8	+14.6	+21.3	570.7	+14.9	-22.2	563.4

RECRUITING, ADVERTISING, AND EXAMINING

Examining

The examining funds provide support for the U.S. Military Entrance Processing Command (MEPCOM), which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty. The MEPCOM is a joint-Service organization. Each Service contributes military personnel based on its share of total budgeted accessions. The Army is the DoD Executive Agent for the command and funds and manages the civilian staff. In addition, the Army provides funds for the MEPCOM to administer the Armed Service Vocational Aptitude Battery (ASVAB) test. This administration includes both the production and institutional (high school) testing programs and the Mobile Examining Teams (MET) operating under MEPS direction. Funds also provide for automated data processing (ADP) requirements of MEPCOM and the Selective Service System at their shared Joint Computer Center. The Air Force provides funding for an Air Force specific strength aptitude test program. This Air Force program provides a gender neutral test to ensure personnel are capable of performing their duties, therefore reducing accidents and injuries due to overexertion and alleviating attrition in strenuous jobs.

The Defense Health Program finances the medical activities in the MEPS, primarily the examination of applicants to determine their medical qualifications for enlistment in the Armed Forces. In addition, the Defense Health Program includes funds for the DoD Medical Evaluation Review Board, which schedules and reviews physical examinations for the Service Academies and for the Reserve Officers Training Corps (ROTC) scholarship program.

The FY 2005 Examining program reflects a net increase of \$51.3 million, of which \$2.4 million is for price growth. A realignment of \$18.8 million from recruiting and advertising is included in program growth. The remaining is net program growth of \$30.1 million (+25.8 percent) of which the majority is for military to civilian conversions.

	<u>EXAMINING</u>						
	<u>(\$ in Millions)</u>						
	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	81.1	+2.6	-1.9	81.8	+1.7	+47.7	131.2
Air Force	2.7	+.1	+.4	3.2	+.1	+.0	3.3
Defense Health Program	<u>34.3</u>	<u>+.9</u>	<u>-3.8</u>	<u>31.4</u>	<u>+.6</u>	<u>+1.2</u>	<u>33.2</u>
Total	118.1	+3.6	-5.3	116.4	+2.4	+48.9	167.7

RECRUITING, ADVERTISING, AND EXAMINING

Explanation of Funding Changes

Major program increases and decreases for the Recruiting, Advertising, and Examining activity are summarized below:

(\$ in Millions)

<u>Recruiting</u>	<u>+6.9</u>
• Army realignment to Examining to centralize funding for U.S. Army Accessions Command	-11.0
• Army Recruit Information Support System	+9.9
• Army recruiting and retention programs such as War Game for Recruiting and The Army Game to support an increase in non-prior service accessions	+3.2
• Army Reserve reprioritization of funding requirements	-3.1
• Army National Guard reprioritization of funding requirements	-7.8
• Navy transfer to Active from Navy Reserve to consolidate program management	+16.6
• Navy full-year resumption of vehicle and transportation costs	+14.8
• Navy Reserve Transfer to Active Navy to consolidate program management	-16.6
• Air Force Civilian pay reprice	+0.9
<u>Advertising</u>	<u>-22.5</u>
• Army realignment to Examining to centralize funding for U.S. Army Accessions Command	-8.0
• Army Reserve reprioritization of funding requirements	-10.8
• Army National Guard reprioritization of funding requirements	-11.5
• Air Force Civilian pay reprice	-1.3
• Defense Human Resources Activity (DHRA) increase for the Joint Advertising Program	+4.0
• Navy transfer to Active from Navy Reserve to consolidate program management	+7.5
• Navy increased magazine inserts	+5.1
• Navy Reserve Transfer to Active Navy to consolidate program management	-7.5
<u>Examining</u>	<u>+48.9</u>
• Army realignment from Recruiting and Advertising to centralize funding for U.S. Army Accessions Command	+18.8
• Army Military to Civilian conversions	+22.0
• Army contractor support for Integrated Resource System	+6.9
• Defense Health Program increase for increased examining workload	+1.2

SHIP OPERATIONS

	(\$ in millions)						
	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Active Forces</u>	<u>10,570.7</u>	<u>+66.5</u>	<u>-2,989.9</u>	<u>7,647.3</u>	<u>+241.4</u>	<u>+362.8</u>	<u>8,251.5</u>
Mission and Other Ship Operations	3,254.2	+44.3	-867.8	2,430.7	+87.7	+86.6	2,605.0
Operational Support and Training	595.4	+8.6	+30.3	634.3	+9.5	-21.7	622.1
Intermediate Maintenance	427.2	+3.5	-430.7	0.0	0.0	0.0	0.0
Depot Maintenance	4,618.1	-11.3	-1,111.9	3,494.9	+113.2	+302.3	3,910.4
Depot Operations Support	1,675.8	+21.4	-609.8	1,087.4	+31.0	-4.4	1,114.0
<u>Reserve Forces</u>	<u>164.6</u>	<u>+1.9</u>	<u>-12.5</u>	<u>154.0</u>	<u>+2.7</u>	<u>-0.7</u>	<u>156.0</u>
Mission and Other Ship Operations	67.4	+0.5	-1.0	66.9	+1.2	-9.0	59.1
Operational Support and Training	0.5	0.0	0.0	0.5	0.0	0.0	0.5
Intermediate Maintenance	13.1	+0.4	-13.5	0.0	0.0	0.0	0.0
Depot Maintenance	79.2	+0.9	+3.1	83.2	+1.4	+8.2	92.8
Depot Operations Support	4.4	0.1	-1.1	3.4	+0.1	+0.1	3.6
Total	10,735.3	+68.4	-3,002.4	7,801.3	+244.1	+362.1	8,407.5

Ship Operations funds the operating tempo (OPTEMPO), intermediate maintenance, depot level maintenance, engineering support, and logistics support to maintain and deploy combat-ready ships to ensure control of the sea. From this activity, the Navy purchases ship fuel, repair parts, utilities, consumable supplies, and repair maintenance at public and private shipyards, as well as Fleet intermediate maintenance facilities. In addition, this category includes the cost to charter logistics support and other ships from the Military Sealift Command (MSC), and includes payments to the Department of Energy (DOE) for consumed nuclear fuel as well as storage and processing of expended nuclear cores. The FY 2005 Ship Operations budget increases by \$606.2 million from the FY 2004 level. The increase is composed of a price increase of \$244.1 million and net program increases of \$362.1 million (+4.6 percent).

SHIP OPERATIONS

The FY 2005 budget request provides \$8,251.5 million for Active ship operations, which includes price growth of \$241.4 million and program growth of \$362.8 million above the FY 2004 level.

The key components of the \$362.7 million Active program change are described below:

- The net program increase of \$86.6 million in Mission and Other Ship Operations is due to activation costs, habitability modifications, and an increase in steaming days and operating status of MSC chartered ships (\$+127.8 million), and an increase in nuclear fuel depreciation costs paid to the Department of Energy (\$+32.0 million). The increases are partially offset by a decrease in fuel and utility requirements (\$-4.4 million), and the realignment of headquarters staff (\$-10.8 million) and the Navy-Marine Corps Intranet (NMCI) of (\$-58.1 million) into Combat Support Forces sub-activity group.
- The net program decrease of \$21.7 million in Ship Operational Support and Training is associated with the removal of the FY 2004 congressional increase for the Combating Terrorism Database (\$-1.0 million), cancellation of AEGIS baseline 5.4 upgrades on DDGs 51-78 (\$-8.9 million), reductions in ordnance certification and range sustainment (\$-4.0 million) at the Naval Ordnance Safety and Security Activity (NOSSA), and technical support reductions (\$-7.8 million) due to completion of application interfaces between the Naval Tactical Command Support System (NTCSS) and Enterprise Resource Planning (ERP).
- The net program increase of \$302.3 million in Ship Depot Maintenance is due primarily to the increase in the number and the scope of scheduled ship availabilities (\$+430.9 million) offset by a reduction in emergent repair costs corresponding to a decrease in ship operating months (\$-74.7 million) and transfer out of Navy-Marine Corps Internet (NMCI) (\$-51.9 million).
- The net decrease of \$4.4 million in Depot Operations Support is comprised of the realignment of Radiation Detection, Indication and Computation (RADIAC), the Forces Afloat Maintenance Improvement (FAMI) program, NMCI and the SRF Yokosuka (-\$49.6 million), and a decrease in Enterprise Resource Planning (ERP) reflecting initial phase out of pilot and phase in of convergence plan (-34.9 million). The decreases are partially offset by the increase in Fleet Modernization Program efforts for various ship classes (\$+66.5 million) and increase in Fleet Technical Support Centers for increased waterfront support and materials required for the planned number and scope of availabilities (\$+13.5 million).

The FY 2005 Operation and Maintenance, Navy Reserve (OMNR) Ship Operations request increases \$2.0 million above the FY 2004 level. This increase includes a pricing increase of \$2.7 million and a program decrease of \$0.7 million. The main components of the Reserve program change are a decrease to the mine-hunting class ships' nondeployed steaming days per quarter (\$-9.0 million) and an increase for depot level maintenance for both mine-hunting and frigate class ships (\$+8.2 million).

SHIP OPERATIONS

<u>Ship Inventory (End of Year)</u>	<u>FY 2003</u> <u>Actual</u>	<u>Change</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Change</u>	<u>FY 2005</u> <u>Estimate</u>
Navy Active	244	-6	238	-4	234
MSC Charter/Support	38	+1	39	+2	41
Battle Force Ships (Active)	282	-5	277	-2	275
Reserve Battle Force	14	+1	15	-	15
Reserve Non-Battle Force	9	-	9	-	9
Naval Reserve Force	23	+1	24	-	24
Total Battle Force Ships (Active plus Reserve)	296	-4	292	-2	290

<u>Battle Force Ships Inventory by Category</u>	<u>FY 2003</u> <u>Ending</u> <u>Inventory</u>	<u>Gains</u>	<u>Losses</u>	<u>FY 2004</u> <u>Ending</u> <u>Inventory</u>
Strategic Ballistic Missile Submarines	14	-	-	14
Guided Missile Submarines	4	-	-	4
Carriers	12	-	-	12
Surface Combattants	103	+3	-6	100
Submarines	54	+2	-1	55
Amphibious	35	+2	-1	36
Mine Warfare, Patrol	17	-	-	17
Support Ships	<u>53</u>	<u>+2</u>	<u>-3</u>	<u>52</u>
Total	292	+9	-11	290

The total number of Battle Force ships decreases by two between FY 2004 and FY 2005. In FY 2005, the Navy gains two attack submarines (SSNs) (one Virginia class and one Seawolf class), three Arleigh Burke class destroyers (DDGs), two Amphibious Transport Docks, and two MSC combat support ships (one T-AKE & 1 T-AO), and loses one Amphibious Transport Dock, one Los Angeles Class SSN, two Ticonderoga class cruisers (CGs), three underway replenishment ships (AOE's), and four Spruance class destroyers (DDs). The Navy will continue to maintain a force of 12 aircraft carriers in FY 2005.

SHIP OPERATIONS

<u>Shipyears</u>	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Conventional, OMN ¹	266	-20	246	-11	235
Nuclear, OMN	9	+1	10	-	10
Conventional, OMNR ²	24	-	24	-	24

1 Operation and Maintenance, Navy

2 Operation and Maintenance, Navy Reserve

Shipyear data provides a more accurate indicator of the overall force level for that year. A shipyear measures that portion of a fiscal year that a ship serves in the fleet. For example, a ship decommissioning on June 30th would have 0.75 shipyears for that fiscal year (October through June), whereas the end-of-year ship inventory would be zero.

The changes from FY 2004 to FY 2005 for the Conventional Forces reflect the net loss of two conventional battle force ships.

<u>Operating Tempo (Underway Days Per Quarter)</u>	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Deployed Fleet (Active)	67.3	-16.3	51.0	-	51.0
Nondeployed Fleet (Active)	29.3	-5.3	24.0	-	24.0
Fleet (Reserve)	23.0	-	23.0	-5	18.0

Sustaining the ship operating tempo is critical to meeting global forward-deployed missions and overseas presence commitments of the deployed fleet and to maintain a combat ready and rapidly deployable force in the nondeployed fleet. The budget request meets the Navy's peacetime readiness goal of 51 underway days per quarter for the deployed fleet and 24 underway days per quarter for the nondeployed fleet.

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<u>Operating Months (Less Charter Ships)</u>	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Conventional, OMN	2,340	-561	1,779	-129	1,650
Nuclear, OMN	82	-11	71	+11	82
Conventional, OMNR	278	-17	261	+1	262

Operating month data is also a good measure of ship operations costs. Operating months reflect the part of the fiscal year that a ship is fully available for missions. The complement of operating months is repair months. For example, a ship not available for missions while undergoing a 3-month repair period would have 9 operating months and 3 repair months (assuming it was not to be commissioned or decommissioned in that particular year).

The decrease in conventional operating months from FY 2004 to FY 2005 reflects the decrease in shipyears offset by a decrease in repair months. The increase in nuclear operating months reflects the addition of one SSN in FY 2005.

Ship Depot Level Maintenance

Ship Depot Level Maintenance requires skills or facilities beyond the capacity or capability of organizational or intermediate level activities. Public and Private Shipyards, Naval Ship Repair Facilities, and Equipment Depot Maintenance Facilities perform Ship Depot Maintenance. Ships are assigned maintenance availabilities according to the class maintenance plan established for the ship class. Class maintenance plans vary but always include both shorter non-docking availabilities and longer docking availabilities. The primary categories of availabilities follow:

Overhauls are docking availabilities, normally exceeding six months in duration that involve major repairs and alterations.

Phased Maintenance Availabilities (PMA) and Selected Restricted Availabilities (SRA) are relatively short and highly intensive averaging two to three months in duration during which both alterations and repairs are typically performed. They may be docking or non-docking.

Phased Incremental Availabilities (PIA) are availabilities specific to USS NIMITZ class Aircraft Carriers during which both alterations and repairs are typically performed. They may be docking or non-docking.

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Three categories of depot level maintenance are performed outside of scheduled availabilities. Emergent Restricted Availabilities/Technical Availabilities (RA/TA) is used to repair discrepancies that must be corrected prior to the next scheduled availability. Other RA/TA is maintenance planned for execution between scheduled availabilities that will maintain ships systems at a fully operational level. Continuous Maintenance allows flexible execution of required Surface Ship depot level work during in port periods.

The following table shows the number of major depot level maintenance availabilities executed in FY 2003 and planned for FY 2004 and FY 2005.

<u>Ship Depot Level Maintenance</u>	FY 2003		FY 2004		FY 2005
Active Forces	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Overhauls	4	-1	3	+2	5
Selected Restricted Availability	68	-15	53	+9	62
Phased Maintenance Availability	27	-14	13	+8	21
Phased Incremental Availability	3	-1	2	-	2
<u>Reserve Forces</u>					
Selected Restricted Availability	4	-	4	+1	5
Phased Maintenance Availability	10	-6	4	+6	10

SPECIAL OPERATIONS FORCES (SOF)

	(\$ in Millions)						
	FY 2003* <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
Baseline Program	2,884.4	72.5	-947.0	2,009.9	-50.4	+184.3	2,143.8
MFP-3 Classified Programs							
Transfer In						<u>+87.5</u>	<u>87.5</u>
Total	<u>2,884.4</u>	<u>72.5</u>	<u>-947.0</u>	<u>2009.9</u>	<u>-50.4</u>	<u>271.8</u>	<u>2,231.3</u>

* FY 2003 includes Supplemental funding of \$1,242.6 million.

FY 2004 excludes Supplemental funding of \$1,426.5 million.

Summary:

USSOCOM's #1 priority is the Global War on Terrorism. To meet this challenge, USSOCOM refocused resources to address three vital areas: planning and directing the Global War on Terrorism (GWOT); preserving readiness of our Special Operations Forces (SOF); and transforming SOF to be more agile, adaptive, and responsive warriors.

Long term success in the Global War on Terrorism depends largely upon our ability to rapidly employ a sustainable mix of capabilities with little warning. Terrorist threats today are elusive, pervasive, asymmetric, and adaptive. Non-traditional approaches to planning and tactics are required. To address this challenge, USSOCOM recently created a warfighting center to focus and coordinate SOF efforts solely on the Global War on Terrorism.

SOF are comprised of specially selected, trained, and organized special operations soldiers, sailors, and airmen from the Armed Services. Their training, education, maturity, initiative, and experience set them apart from all others in the Department of Defense. The USSOCOM FY 2005 President's Budget request centers around the concept of funding the right training and equipment for the right people arriving at the right objective, and most importantly, producing mission success. Fundamental to mission success is the readiness of our SOF warriors and their unique skill sets, including the Reserves and National Guard who fight side by side with our active duty forces. Our readiness efforts also extend to support programs for families of our SOF warriors.

USSOCOM faces a strategic environment characterized by rapid geopolitical change and technological advancement, evolving threats, and potential emerging new roles. These factors require innovative thinking and new ways to shape change to provide the widest array of options in protecting American interests. To meet this challenge, USSOCOM is pursuing a holistic approach to

SPECIAL OPERATIONS FORCES (SOF)

transformation through training, organizational structure, and technology. We must establish command and control infrastructures which complement the Combatant Commanders and invest in programs and systems improving SOF's speed, agility, precision, lethality, stealth, survivability, and sustainability.

To remain the most capable and relevant SOF in the world, USSOCOM is pursuing the elimination of legacy systems in order to invest in more relevant and beneficial warfighting assets. This will require hard decisions, but will result in our ability to respond faster to counter global threats. Key resourcing initiatives identified by USSOCOM will support transformation of special operations in the realm of materiel, organization, training and doctrine. These initiatives include, but are not limited to: Naval Special Warfare's 21st Century realignment, Army Special Operations Aviation 21st Century reorganization initiatives, improved theater Special Operations Command capabilities, enhanced training curriculums, maintenance and sustainment of key SOF assets, and providing the optimum mix of gear for our SOF operators.

The USSOCOM Fiscal Year 2005 President's Budget requests the resources necessary to continue to provide full spectrum, multi-mission global SOF that provides a comprehensive set of unique capabilities for the nation.

FY 2004 to FY 2005 program changes are as follows:

<u>BA-1 Operating Forces</u>	<u>Program Growth</u>	<u>Price Growth</u>	<u>Total Growth</u>
Special Operations Operational Forces			
Flight Operations	78.0	-1.9	76.1
Ship/Boat Operations	8.4	-3.9	4.6
Combat Development Activities	58.9	-33.1	25.9
Other Operations	8.9	-20.3	-11.5
Special Operations Operational Support			
Force Related Training	14.6	-2.3	12.3
Operational Support	4.1	0.6	4.6
Intelligence & Communication	1.7	2.3	4.0
Management/Operational Hqtrs	1.6	1.6	3.1
	Program	Price	Total

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SPECIAL OPERATIONS FORCES (SOF)

	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Depot Maintenance	3.9	2.6	6.5
Base Support	.4	1.5	1.9
MFP-3 Transfer-In	10.7	-	10.7
Total BA-1	191.1	-52.8	138.3
BA-3 Training			
Skill and Advanced Training			
Specialized Skill Training	1.8	1.2	3.0
Professional Development Education	0.1	0.1	0.2
Base Support	-	-	-
Total BA-3	1.9	1.3	3.2
<u>BA-4 Administrative</u>			
Logistics Operations			
Acquisition/Program Management	2.1	1.0	3.1
MFP-3 Transfer-In	76.8	-	76.8
Total BA-4	78.9	1.0	79.9
<u>Total Special Operations Command</u>	271.8	-50.4	221.4

*Numbers may not add due to rounding

SPECIAL OPERATIONS FORCES (SOF)

Narrative Explanation of Changes:

The FY 2005 budget estimate increases by \$221.4 million of which -\$50.4 million is price growth and \$271.8 million is program growth. The above table displays USSOCOM, Operation and Maintenance (O&M), Defense-Wide funding by Budget Activity (BA). An explanation of the program changes includes the following:

Budget Activity 1: Operating Forces

BA-1 increased by \$138.3 million in FY 2005; of which \$52.8 million is price decreases, \$191.1 million is program increase, and a transfer of MFP-3 totaling \$10.7 million. Specific sub-activities contributing to the program growth are as follows:

Flight Operations: Price Growth -\$1.9 million, Program Increase \$78.0 million.

Program growth includes; \$39.7 million increase in the Flying Hour Program; revised airlift rates allow \$16.8 million to be applied toward FY 2005 contingency airlift; \$9.5 million required to stand up an additional detachment of the 160th SOAR; \$4.0 million increase to assess, train, and advise foreign aviation forces in flight and maintenance operations associated with MI-8/AN-2/AN-32 and other aviation platforms; \$3.7 million to incorporate TOPSCENE mission rehearsal systems into operation curriculums; \$2.7 million for increased O&M to support initial delivery of CV-22 aircraft; and \$1.6 million for increased AC-130 Gunship Contract Logistics Support for additional aircraft arriving in FY 2005.

Ship/Boat Operations: Price Growth -\$3.9 million, Program Increase \$8.4 million.

Program growth includes: \$5.2 million for revised airlift rates; funding for a new Naval Special Warfare deployment strategy to be more respondent to the demands of the Global War on Terrorism (GWOT) (\$1.8 million); and increased support requirements for the Rigid Hull Inflatable Boat (RIB) due to increasing requirements resulting from the GWOT (\$1.0 million).

Combat Development Activities: Price Growth -\$33.1 million, Program Increase \$58.9 million.

See Classified Submission provided under separate cover.

Other Operations: Price Growth -\$20.3 million, Program Increase \$8.9 million.

Program growth of \$8.9 million includes; various MILCON collateral equipment requirements including funds associated with Building 501 Add/Alter MILCON project added to FY 2004 via the Amended President's Budget Submission; \$2.5 million for Naval Special Warfare (NSW) Combat Service Support Teams (CSST) to provide logistic planning and support of deployed NSW forces; \$2.0 million for implementation of NSW squadron deployment strategy; \$1.9 million for NSW Mission Support Center; revised airlift

SPECIAL OPERATIONS FORCES (SOF)

rates allow \$27.0 million to be applied toward FY 2005 contingency airlift. These increases were offset by: a \$23.4M decrease in USSOCOM Ground Mobility Vehicle program (GMVS) due to initial start up costs in FY 2004 and a pending request to reprogram \$15 million to Procurement in FY 2004; and realignment of \$14.6 million previously used to support Southwest Asia Operations (Southern Watch, Northern Watch, and Desert Spring) and Balkan operations (realigned from Force Related Training sub-activity).

Operational Support: Price Growth \$0.6 million, Program Increase \$4.1 million.

Program growth funds US Army Special Operations logistical command and control for US Army Special Operations Support Command and the Civil Affairs Psychological Operations Command to provide enhanced logistical planning for special operations forces (SOF).

Force Related Training: Price Growth -\$2.3 million, Program Increase \$14.6 million.

Program growth is due to realignment of funding previously used to support Southwest Asia Operations (Southern Watch, Northern Watch, and Desert Spring) and Balkan operations. This funding was realigned from Other Operations sub-activity group.

Intelligence and Communications: Price Growth \$2.3 million, Program Increase \$1.7 million.

Program growth provides sustainment for purchases made in FY 2002 with DERF and FY 2003 Supplemental to support critical communications and intelligence systems including; Tactical Local Area Network Systems, Special Operations Tactical Video System, Special Operations Tactical Systems and SCAMPI deployable gateways.

Management/Operational Headquarters: Price Growth \$1.6 million, Program Increase \$1.6 million.

Program growth includes, \$1.1 million for 15 workyears realigned from Other Operations and five workyears added to support the Special Operations Joint Interagency Collaborative Center (\$0.4 million).

Depot Maintenance: Price Growth \$2.6 million, Program Increase \$3.9 million.

Program growth is due to maintenance and overhaul requirements for Naval Special Warfare (NSW) Dry Deck Shelters which attach to US Navy submarines to provide underwater launch capability for NSW forces.

Budget Activiy-3: Training and Recruiting

Programs in BA-3 increased \$3.2 million over the FY 2004 level including \$1.3 million in price growth and \$1.9 million in program growth. Program increase supports more flexible and comprehensive foreign language training for SOF forces.

SPECIAL OPERATIONS FORCES (SOF)

Budget Activity 4: Administration and Service Wide Activities

BA-4 changes reflect price growth of \$1.0 million, program increase of \$2.1 million, and transfer in of \$76.8 million in FY 2005 for MFP-3 Classified programs. See Classified Submission provided under separate cover. Program growth (\$2.1 million) funds A/MH-6 Little Bird Combat Mission Simulator.

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Aircraft Inventory</u>					
<u>Air Force Special Operations Command</u>					
Tactical/Mobility	91	3	94	-	94
Training	23	-2	21	2	23
Total	114	1	115	2	117
<u>United States Army Special Operations Command</u>					
Tactical/Mobility	112	-	112	3	115
Training	26	3	29	5	34
Total	138	3	141	8	149

TRAINING AND EDUCATION

The Training and Education program provides funds (including the costs of staff, curricula, equipment, and services) for the training and educational requirements primarily for military personnel. The principal effort is to acquire and maintain a trained force of personnel able to effectively man and support DoD's military units, ships, aircraft, and installed weapon systems. To accomplish this goal, resources are required to finance the operation of a wide range of training centers, Service schools and colleges, DoD and joint-Service schools, Reserve Officer Training Corps (ROTC) units, Service academies, and the Uniformed Services University of Health Services (USUHS), and to finance the Health Professional Scholarship Program (HPSP). Resources to finance base support activities are also included. The FY 2005 budget request reflects a total funding increase of \$691.7 million. Of this amount, \$113.5 million is for price growth and \$578.2 million (8.7 percent) is for net program growth.

	(\$ in Millions)						
	FY 2003 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
Army	3,615.8	+75.0	-1,793.4	1,897.3	+23.3	+281.7	2,202.4
Navy	1,955.3	+36.4	-616.7	1,375.0	+24.8	+41.3	1,441.1
Marine Corps	368.0	+7.2	+32.1	407.4	+6.0	+17.2	430.6
Air Force	2,490.2	+62.6	-355.3	2,197.6	+43.0	+222.9	2,463.4
American Forces Information Services	11.5	+.3	+2.2	14.0	+.4	-.4	14.0
Other Programs	2.8	+.0	-2.8	0.0	+.0	+.0	0.0
Defense Acquisition University (DAU)	103.9	+1.9	-2.6	103.1	+1.5	-1.1	103.5
Defense Contract Audit Agency (DCAA)	5.1	+.2	-.1	5.2	+.1	-.0	5.3
Defense Finance and Accounting Svc.(DFAS)	7.3	+.1	-7.4	0.0	+.0	+.0	0.0
Defense Human Resources Activity (DHRA)	45.3	+.5	-3.5	42.4	+.6	+13.1	56.1
Defense Security Service (DSS)	7.0	+.1	+.0	7.2	+.1	+.0	7.3
Defense Threat Reduction Agency (DTRA)	1.4	+.0	+3.4	4.9	+.1	+1.0	6.0
National Defense University (NDU)	74.7	+2.0	+10.5	87.2	+1.3	+1.8	90.3
USSOCOM	108.2	+2.1	-17.2	93.1	+1.3	+1.9	96.3
Defense Health Program (DHP)	<u>398.8</u>	<u>+12.7</u>	<u>-22.4</u>	<u>389.1</u>	<u>+10.8</u>	<u>-1.2</u>	<u>398.8</u>
Total	9,195.2	+201.2	-2,773.1	6,623.4	+113.5	+578.2	7,315.1

TRAINING AND EDUCATION

Individual Training by Category by Service

(\$ in Millions)

	<u>FY 2003</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Estimate</u>
<u>Recruit Training</u>							
Army ^{1/}	49.5	+1.3	+44.9	95.7	+0.6	-33.6	62.7
Navy	6.3	+0.1	+2.3	8.6	+0.1	-1.0	7.7
Marine Corps	11.0	+0.2	-1.4	9.8	+0.1	+0.6	10.5
Air Force	<u>8.1</u>	<u>+0.1</u>	<u>-0.9</u>	<u>7.3</u>	<u>+0.1</u>	<u>-1.3</u>	<u>6.0</u>
Total	74.8	+1.7	+44.9	121.5	+1.0	-35.4	87.0
<u>Specialized Skills Training</u>							
Army	419.2	+11.3	-55.7	374.8	+7.3	+124.5	506.6
Navy	384.0	+6.3	-32.5	357.8	+5.1	+71.5	434.4
Marine Corps	34.8	-1.5	+7.1	40.5	+9	+3.7	45.2
Air Force	339.2	+9.0	-15.0	333.2	+5.6	-2.0	336.8
Defense Health Program	147.0	+3.5	-21.6	128.8	+2.3	+9.4	140.5
USSOCOM	95.4	+1.8	-11.0	86.2	+1.2	+1.9	89.3
AFIS	11.5	+0.3	+2.2	14.0	+0.4	-0.4	14.0
DTRA	<u>1.4</u>	<u>-</u>	<u>+3.4</u>	<u>4.9</u>	<u>+0.1</u>	<u>+1.0</u>	<u>6.0</u>
Total	1,432.4	+30.9	-123.1	1,340.2	+22.9	+209.7	1,572.8
<u>Officer Acquisition</u>							
Army	86.5	+2.7	-	89.3	+1.4	+16.9	107.6
Navy	108.8	+1.2	+7.8	117.8	+3.4	-0.3	120.8
Marine Corps	0.4	-	-0.1	0.3	+0.1	-	0.4
Air Force	73.4	+2.5	-7.8	68.1	+1.6	+4.1	73.8
Defense Health Program	<u>225.0</u>	<u>+8.9</u>	<u>-4.1</u>	<u>229.9</u>	<u>+8.3</u>	<u>-13.7</u>	<u>224.4</u>
Total	494.1	+15.3	-4.1	505.4	+14.6	+7.0	526.9

^{1/} Includes Army One Station Unit Training (OSUT).

TRAINING AND EDUCATION

(\$ in Millions)

	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Professional Development</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	70.3	+1.6	+17.2	89.2	+1.3	+12.4	102.8
Navy	109.7	+3.5	-3.0	110.1	+2.2	+4.4	116.8
Marine Corps	9.1	-	-0.2	8.9	+0.1	-	9.0
Air Force	145.7	+3.3	-1.7	147.3	+2.6	+9.0	159.0
Other Programs	2.8	-	-2.8	-	-	-	-
DAU	103.9	+1.9	-2.6	103.1	+1.5	-1.1	103.5
DCAA	5.1	+0.2	-0.1	5.2	+0.1	-	5.3
DFAS	7.3	+0.1	-7.4	-	-	-	-
DHRA	45.3	+0.5	-3.5	42.4	+0.6	+13.1	56.1
NDU	7.0	+0.1	-	7.2	+0.1	-	7.3
USSOCOM	8.0	+0.4	-3.3	5.1	+0.1	-	5.2
Defense Health Program	<u>26.8</u>	<u>+0.3</u>	<u>+3.3</u>	<u>30.4</u>	<u>+0.2</u>	<u>+3.2</u>	<u>33.9</u>
Total	615.7	+13.9	+6.5	636.1	+10.2	+42.7	689.1
<u>Senior ROTC</u>							
Army	209.3	+3.9	-0.8	212.4	+3.1	+18.8	234.3
Navy	87.0	+4.7	-0.7	91.1	+5.0	+6.3	102.3
Air Force	<u>80.3</u>	<u>+1.1</u>	<u>-4.6</u>	<u>76.8</u>	<u>+1.0</u>	<u>+6.5</u>	<u>84.4</u>
Total	376.6	+9.8	-6.1	380.3	+9.1	+31.7	421.0
<u>Flight Training</u>							
Army	470.2	+11.9	+15.9	498.0	+3.1	+72.8	573.9
Navy	411.0	+8.6	-4.1	415.5	+5.6	-0.3	420.8
Marine Corps	0.2	-	-	0.2	-	-	0.2
Air Force	<u>693.2</u>	<u>+29.4</u>	<u>-57.5</u>	<u>665.1</u>	<u>+14.7</u>	<u>+96.1</u>	<u>775.8</u>
Total	1,574.7	+49.8	-45.7	1,578.8	+23.4	+168.5	1,770.7

TRAINING AND EDUCATION

	(\$ in Millions)						
	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
<u>Training Support</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
Army	561.6	+17.2	-40.9	537.9	+6.6	+70.0	614.5
Navy	225.9	+3.7	+44.4	274.0	+3.5	-39.3	238.2
Marine Corps	113.8	+1.8	+2.3	117.9	+1.9	+14.5	134.2
Air Force	<u>104.9</u>	<u>+3.8</u>	<u>-14.6</u>	<u>94.0</u>	<u>+2.4</u>	<u>+12.1</u>	<u>108.5</u>
Total	1,006.1	+26.5	-8.8	1,023.8	+14.3	+57.3	1,095.5
<u>Base Support/Facilities Sustainment Restoration and Modernization</u> ^{2/}							
Army	1,749.1	+25.0	-1,774.0	-	-	-	-
Navy	622.7	+8.3	-631.0	-	-	-	-
Marine Corps	198.7	+6.8	+24.3	229.8	+3.0	-1.6	231.1
Air Force	1,045.5	+13.4	-253.2	805.7	+15.1	+98.4	919.2
AFIS	-	-	-	-	-	-	-
USSOCOM	<u>4.8</u>	<u>-0.1</u>	<u>2.9</u>	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>1.8</u>
Total	3,620.8	+53.3	-2,636.8	1,037.3	+18.0	+96.8	1,152.1

^{2/} Includes Base Operations Support and Facilities Sustainment, Restoration and Maintenance in support of training.

PROGRAM DATA (Hours in Thousands)

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Flying Hours					
Army	277.1	-24.6	252.5	-57.9	194.6
Navy	311.1	+8.8	319.9	+4.6	324.5
Air Force	<u>404.2</u>	<u>-8.7</u>	<u>395.5</u>	<u>-16.1</u>	<u>379.4</u>
Total	992.4	-24.5	967.9	-69.4	898.5

TRAINING AND EDUCATION

WORKLOAD INDICATORS (Student/Trainee Workyears)

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>67,792</u>	<u>+440</u>	<u>68,232</u>	<u>-863</u>	<u>67,369</u>
Recruit Training	14,225	+131	14,356	-1,446	12,910
One Station Unit Training	10,753	+784	11,537	+611	12,148
Specialized Skill 3/ Officer Acquisition	34,781	+150	34,931	+247	35,178
Flight Training	4,574	+68	4,642	-5	4,637
Professional Development	1,265	-166	1,099	-274	825
	2,194	-527	1,667	+4	1,671
<u>Navy</u>	<u>42,546</u>	<u>-917</u>	<u>41,629</u>	<u>-93</u>	<u>41,536</u>
Recruit Training	6,692	-166	6,526	+64	6,590
One Station Unit Training	-	-	-	-	-
Specialized Skill 3/ Officer Acquisition	23,412	-493	22,919	-390	22,529
Senior ROTC	1,340	+110	1,450	+78	1,528
Flight Training	5,939	-10	5,929	+296	6,225
Professional Development	2,912	-555	2,357	+5	2,362
	2,251	+197	2,448	-146	2,302
<u>Marine Corps</u>	<u>16,844</u>	<u>+1,331</u>	<u>18,175</u>	<u>+408</u>	<u>18,583</u>
Recruit Training	8,142	-493	7,649	+564	8,213
One Station Unit Training	-	-	-	-	-
Specialized Skill 3/ Officer Acquisition	7,561	+1,343	8,904	-152	8,752
Senior ROTC	172	+50	222	-	222
Flight Training	-	-	-	-	-
Professional Development	969	+431	1,400	-4	1,396
	-	-	-	-	-

3/ Specialized skill includes initial skill, skill progression, and functional training for both officer and enlisted.

TRAINING AND EDUCATION

(Student/Trainee Workyears)

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force</u>	<u>24,073</u>	<u>+1,363</u>	<u>25,436</u>	<u>-699</u>	<u>24,737</u>
Recruit Training	4,355	-	4,355	-177	4,178
One Station Unit Training	-	-	-	-	-
Specialized Skill 3/ Officer Acquisition	11,603	+349	11,952	-93	11,859
Flight Training	4,831	-94	4,737	-103	4,634
Professional Development	1,702	0	1,702	-137	1,565
	1,582	+1,108	2,690	-189	2,501
<u>Defense Health Program</u>	<u>83,249</u>	<u>-9,902</u>	<u>73,347</u>	<u>-1,032</u>	<u>71,315</u>
Recruit Training	-	-	-	-	-
One Station Unit Training	-	-	-	-	-
Specialized Skill 3/ Officer Acquisition	71,531	-10,246	61,285	-2,232	58,053
Flight Training	5,583	+129	5,712	+1,062	6,774
Professional Development	-	-	-	-	-
	6,135	+215	6,350	+138	6,488
<u>USSOCOM</u>	<u>3,111</u>	<u>+408</u>	<u>3,519</u>	<u>+91</u>	<u>3,610</u>
Recruit Training	-	-	-	-	-
One Station Unit Training	-	-	-	-	-
Specialized Skill 3/ Officer Acquisition	2,695	+347	3,042	+91	3,133
Flight Training	-	-	-	-	-
Professional Development	416	+61	477	-	477

3/ Specialized skill includes initial skill, skill progression, and functional training for both officer and enlisted.

Note: Training workload and dollars includes Guard and Reserve Forces when training is the mission responsibility of the Activity Component.

TRAINING AND EDUCATION

Major program increases and decreases for the Training and Education activity are summarized below:

(\$ in Millions)

Recruit Training

-35.7

- Army one-time increase for organizational clothing -13.0
- Army FY 2004 surge in student load and support costs -20.5
- Navy civilian pay, supplies and equipment -1.4
- Marine Corps supplies and equipment +0.5
- Air Force supply support transfer from Logistics Operations Service-wide Transportation -1.3

Specialized Skill Training

+215.2

- Army Defense Language Program +66.8
- Army Military to Civilian conversions +58.5
- Navy transfer in from Training Support +40.3
- Navy Anti-terrorism Force Protection Training, Restructure of Surface Warfare Officer School Division, increased maintenance at Moored Training Ships and Prototype Reactors, Submarine Escape Training +33.5
- Marine Corps increase for Military Occupational Specialties (MOS) and Skills Enhancement Training increase for support for newly fielded equipment such as the Pedestal Mounted Stinger and Transition Switch Modules +3.8
- Defense Health Program (DHP) medical training +9.4
- Special Operations foreign language training +1.9
- Defense Threat Reduction Agency (DTRA) Joint Advanced Distributed Learning (JADL) +1.0

Officer Acquisition

+7.4

- Army transfer in of installation management from Operating Forces +8.8
- Army implementation of wireless technology at the United States Military Academy +8.2
- Air Force civilian pay reprice +2.2
- Air Force United States Air Force Academy visiting faculty to augment academic staff +1.9
- Defense Health Program (DHP) officer acquisition -13.7

Professional Development

+41.4

- Army tuition costs for Advanced Civil Schooling and pilot studies that precede the transition to Intermediate Level Education +12.4
- Navy Center for Executive Education/Flag University, Naval Postgraduate School, Naval War College, Senior Enlisted and Officer Training +4.7

TRAINING AND EDUCATION

(\$ in Millions)

Professional Development (continued)

- Air Force Graduate Education at the Air Force Institute of Technology (AFIT), Senior NCO Academy, Curriculum Module 3, travel to school and Professional Military Education +21.4
- Air Force civilian pay reprice -12.4
- Defense Acquisition University (DAU) one-time add in FY 2004 for Distance Learning and Performance -2.6
- Defense Acquisition University (DAU) course modernization/conversion +1.6
- Defense Human Resources Activity (DHRA) for the Defense Leadership Management Program (DLAMP) to bring program in line with historical levels +9.2
- Defense Human Resources Activity (DHRA) for Joint Advertising Market Research Studies (JAMRS) +3.9
- Defense Health Program courses for medical workforce proficiency +3.2

Senior ROTC

- Army increased enrollments and associated mission +18.9
- Navy increased scholarships and stipend increase +6.3
- Air Force Technical Interns and Rising Sophomore program +6.5

Flight Training

- Army Flight School XXI +72.9
- Navy Planned Pilot Training Rate (PTR) increase offset by decrease in Naval Flight Officer Training Rate (NFOR) +1.6
- Navy reduction in Joint Procurement Aircraft System (JPATS) T6A Texan aircraft operating costs -3.5
- Air Force Undergraduate Flying Training Contract Logistics Support and training contracts +96.1

Training Support

- Army training aids and devices, video tele-training +37.6
- Army training development – revision of aviation doctrine +33.1
- Navy transfer out to Specialized Skill Training -40.3
- Navy Training Management systems - Sea Warrior, Task Force Web Requirements, Multi-Purpose Electronic Classroom equipment purchases and the Integrated Learning Environment (ILE) under the Chief of Naval Operation's Revolution in Training +6.7
- Navy manpower and support efficiencies -5.5
- Marine Corps Command and Control Systems Training +5.3
- Marine Corps newly fielded simulation equipment +4.4

TRAINING AND EDUCATION

(\$ in Millions)

Training Support (continued)

- Marine Corps Multiple Integrated Laser Engagement System (MILES) +3.0
- Air Force civilian pay reprice +6.7
- Air Force engineering and installation support +5.7

Base Support/Facilities Sustainment Restoration and Modernization (FSRM)

+69.9

- Air Force increases to Base Support for civilian pay reprice, competitive sourcing, military to civilian conversions, base communications, and utilities +33.1
- Air Force increase to FSRM to restore the readiness of existing facilities to at least a C-2 Installation Readiness Report rating on average by the end of FY 2010 +36.8

TRANSPORTATION

	(\$ in Millions)						
	FY 2003 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
Army	1,003.6	-5.2	-470.7	527.8	-3.2	-70.5	454.1
Navy	270.0	1.0	-87.0	184.0	-	6.0	190.0
Marine Corps	178.9	3.8	-148.0	34.6	0.7	2.0	37.3
Air Force	413.1	-23.2	-185.1	204.8	-0.3	-33.0	171.5
Defense-Wide	293.6	-12.9	10.9	291.6	-96.5	9.7	204.8
Army Reserve	1.4	-	0.5	1.9	-	3.9	5.8
Navy Reserve	1.0	-	0	1.0	0.1	-	1.1
Marine Corps Reserve	1.0	-	-0.4	0.6	-	-	0.6
Air Force Reserve	1.8	-	1.1	2.9	-	-0.4	2.5
Army National Guard	4.3	0.1	-0.1	4.3	0.1	0.1	4.5
Air National Guard	<u>21.3</u>	<u>-1.2</u>	<u>-8.6</u>	<u>11.5</u>	<u>-1.9</u>	<u>-0.5</u>	<u>9.1</u>
Total	2,190.0	-37.6	-887.3	1,265.0	-101.0	-82.7	1,081.3

Transportation costs provide for the movement of materiel between contractors' plants, military logistics centers, and field activities throughout the world. The Components purchase transportation from DoD activities in the Defense Working Capital Funds (DWCF) and from commercial sources. Transportation consists of two types: First Destination and Second Destination. In addition to DoD military supplies and equipment, other major commodities shipped include overseas mail, subsistence items, and Base Exchange stock.

In FY 2005, total DoD transportation costs are \$1,081.3 million, a decrease of \$-183.7 million from the FY 2004 estimate of \$1,265.0 million. This net increase includes a price decrease of \$101.0 million and a net program decrease of \$81.7 million (-7.0 percent). The price change is due to the different mix in the types of transportation procured; the Working Capital Fund publishes the approved transportation rates. The FY 2004 program decrease of \$94.6 million results from various program changes among the Components. The largest single change is the requirement to reimburse the Defense Working Capital Fund directly for over ocean movement of secondary items. Prior to FY 2004, these costs were paid from the Defense Working Capital Fund and cost changes were reflected in the rates. Costs for over ocean transportation have risen dramatically in FY 2004 and normally would be reflected in the transportation estimates shown on this exhibit. However, the cost growth is driven almost entirely by on-going military operations in Iraq, Afghanistan and other locations associated with the global war on terrorism. Those operations are funded by the FY 2004 Emergency Supplemental appropriations and are not shown here. The decrease in the Army and Air Force baseline programs is due

TRANSPORTATION

largely to the diversion of transportation assets to the contingency operations. The FY 2004 baseline programs are in part limited by the need to balance peacetime program priorities within constrained resources. The FY 2005 projection reflects this prudent outlook.

First Destination Transportation

First Destination Transportation (FDT) finances the transportation costs for delivery of items purchased using Operation and Maintenance resources directly from the manufacturer. Transportation costs for delivery of procurement-funded weapon systems and equipment or supplies and equipment purchased through the Defense Working Capital Fund are not included here. The following table summarizes FDT funding:

<u>First Destination Transportation</u>							
(\$ in Millions)							
	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Major Commodity</u>	<u>52.9</u>	<u>0.7</u>	<u>-13.2</u>	<u>40.4</u>	<u>0.5</u>	<u>-2.2</u>	<u>38.7</u>
<u>Military Supplies and Equip</u>	52.9	0.7	-13.2	40.4	0.5	-2.2	38.7
<u>Mode of Shipment</u>	<u>52.9</u>	<u>0.7</u>	<u>-13.2</u>	<u>40.4</u>	<u>0.5</u>	<u>-2.2</u>	<u>38.7</u>
<u>Military Commands</u>	<u>13.9</u>	-	<u>-4.6</u>	<u>9.3</u>	-	-	<u>9.3</u>
Surface	-	-	-	-	-	-	-
Sealift	1.2	-	1.3	2.5	-	-0.1	2.4
Airlift	12.7	-	-5.9	6.8	-	0.1	6.9
<u>Commercial</u>	<u>39.0</u>	<u>0.7</u>	<u>-8.6</u>	<u>31.1</u>	<u>0.5</u>	<u>-2.2</u>	<u>29.4</u>
Surface	39.0	0.7	-8.6	31.1	0.5	-2.2	29.4
Sea	-	-	-	-	-	-	-
Air	-	-	-	-	-	-	-

Second Destination Transportation

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Funding for Second Destination Transportation (SDT) finances the movement of equipment and materiel among and between depots, logistics centers, and field activities including: retrograde cargo; Post Office mail; strategic missiles; support of classified and special programs; spare parts and other cargo by either military airlift and sealift worldwide, commercial surface transportation, or commercial air carriers operating daily flights over regular routes within the Continental United States and Alaska; accessory transportation services such as vessel per diem, retention and demurrage charges; and other cargo. The following table summarizes SDT funding:

Second Destination Transportation (\$ in millions)

	<u>FY 2003</u>	<u>Price</u>	<u>Program</u>	<u>FY 2004</u>	<u>Price</u>	<u>Program</u>	<u>FY 2005</u>
	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
<u>Major Commodity</u>	2137.1	-36.9	-874.1	1,224.6	-101.5	-80.5	1,042.6
Supplies and Equip	1576.7	-36.6	-720.1	820.5	-102.1	-71.1	643.6
Mail Overseas	347.6	-1.6	-148.8	197.1	0.5	-11.0	186.5
Subsistence	29.5	0.4	10.0	39.8	-1.1	-4.5	34.2
Base Exchange	183.3	0.9	-15.2	167.2	1.2	6.1	174.5
<u>Mode of Shipment</u>							
<u>Military Commands</u>	1,276.6	-22.9	-578.6	675.1	-104.9	-15.2	555.0
Surface	129.3	21.7	-56.3	94.7	28.2	-37.6	85.3
Sealift	329.5	-56.7	-77.2	195.6	-12.9	38.7	221.4
Airlift	817.8	12.1	-445.1	384.8	-120.2	-16.3	248.3
<u>Commercial</u>	860.5	-14.0	-295.5	549.5	3.4	-65.3	487.6
Surface	499.0	-17.5	-149.6	330.4	2.3	-65.5	267.1
Sea	33.5	-	-9.5	24.0	-	0.2	24.2
Air	284.1	2.7	-117.7	169.1	0.7	-1.5	168.3
Other*	43.9	0.8	-18.7	26.0	0.4	1.5	28.0

*May not add due to rounding.

**Other includes container leasing, shipping equipment (e.g., cranes), storage costs and cargo tracking systems.

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<u>By Department/Defense-Wide</u>	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Army	224,145	-1,457	222,688	+1,309	223,997
Navy	197,891	-3,906	193,985	-582	193,403
Air Force	159,417	+250	159,667	+3,354	163,021
Defense-Wide	<u>107,188</u>	<u>+2,195</u>	<u>109,383</u>	<u>-1,306</u>	<u>108,077</u>
DoD Total	688,641	-2,918	685,723	+2,775	688,498
<u>By Type of Hire</u>					
U.S. Direct Hire	633,878	-592	633,286	+2,754	636,040
Foreign National Direct Hire	15,013	-492	14,521	+104	14,625
Total – Direct Hire	648,891	-1,084	647,807	+2,858	650,665
Foreign National Indirect Hire	<u>39,750</u>	<u>-1,834</u>	<u>37,916</u>	<u>-83</u>	<u>37,833</u>
DoD Total	688,641	-2,918	685,723	+2,775	688,498
<u>By Appropriation</u>					
Operation and Maint, Active & Defense-Wide	375,607	+2,547	378,154	+7,920	386,074
Operation and Maintenance, Reserve	24,891	+2,410	27,301	-852	26,449
Operation and Maintenance, National Guard	46,635	+3,482	50,117	+906	51,023
Research, Development, Test, and Evaluation	29,104	-2,400	26,704	+95	26,799
Military Construction	8,360	+140	8,500	-256	8,244
Family Housing	2,223	+168	2,391	-148	2,243
Defense Working Capital Funds	199,156	-9,925	189,231	-4,841	184,390
Pentagon Reservation Maintenance Fund	897	+245	1,142	+67	1,209
Defense Stockpile	198	+4	202	-20	182
Building Maintenance Fund	52	+13	65	-	65
Coalition Provisional Authority	-	+277	277	-277	-
Defense Health Program	281	+17	298	+4	302
Office of the Inspector General	1,184	+98	1,282	+177	1,459

CIVILIAN PERSONNEL

U.S. Court of Appeals for the Armed Forces	<u>53</u>	<u>+6</u>	<u>59</u>	<u>-</u>	<u>59</u>
DoD Total	688,641	-2,918	685,723	+2,775	688,498

ARMY

<u>Direct Hires by Appropriation</u>	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Army</u>					
U. S. Direct Hire	116,505	-3,370	113,135	+3,499	116,634
Foreign National Direct Hire	<u>7,597</u>	<u>-127</u>	<u>7,470</u>	<u>+103</u>	<u>7,573</u>
Total Direct Hire	124,102	-3,497	120,605	+3,602	124,207
 <u>Operation and Maintenance, Army Reserve</u>					
U. S. Direct Hire	9,981	+1,515	11,496	-858	10,638
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	9,981	+1,515	11,496	-858	10,638
 <u>Operation and Maintenance, Army National Guard</u>					
U. S. Direct Hire	24,585	+1,346	25,931	+496	26,427
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	24,585	+1,346	25,931	+496	26,427
 <u>Research, Development, Test & Evaluation, Army</u>					
U. S. Direct Hire	19,134	-2,147	16,987	+236	17,223
Foreign National Direct Hire	<u>114</u>	<u>+25</u>	<u>139</u>	<u>-</u>	<u>139</u>
Total Direct Hire	19,248	-2,122	17,126	+236	17,362

CIVILIAN PERSONNEL

ARMY

<u>Direct Hires by Appropriation</u>	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Military Construction, Army</u>					
U. S. Direct Hire	5,513	+73	5,586	-255	5,331
Foreign National Direct Hire	<u>255</u>	<u>+27</u>	<u>282</u>	<u>+14</u>	<u>296</u>
Total Direct Hire	5,768	+100	5,868	-241	5,627
 <u>Family Housing, Army</u>					
U. S. Direct Hire	705	-49	656	-33	623
Foreign National Direct Hire	<u>55</u>	<u>-12</u>	<u>43</u>	<u>+3</u>	<u>46</u>
Total Direct Hire	760	-61	699	-30	669
 <u>Working Capital Fund, Army</u>					
U. S. Direct Hire	21,442	+2,003	23,445	-1,705	21,740
Foreign National Direct Hire	<u>83</u>	<u>-14</u>	<u>69</u>	<u>-2</u>	<u>67</u>
Total Direct Hire	21,525	+1,989	23,514	-1,707	21,807
 <u>Coalition Provisional Authority, Army</u>					
U. S. Direct Hire	-	+277	277	-277	-
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	-	+277	277	-277	-
 <u>Army Total</u>					
U. S. Direct Hire	197,865	-352	197,513	+1,103	198,616
Foreign National Direct Hire	<u>8,104</u>	<u>-101</u>	<u>8,003</u>	<u>+118</u>	<u>8,121</u>

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Total Direct Hire	205,969	-453	205,516	+1,221	206,737
	ARMY				

<u>Summary of Changes</u>	FY04-05
<u>Direct Hires</u>	<u>Change</u>
Working Capital Fund	-1,754
Depot Maintenance	-953
Ordnance	-768
Supply	-33
Military to Civilian Conversions	+2,750
Army Reserve Components	+496
Force Structure Adjustments	<u>-271</u>
Total Direct Hire	+1,221

Note: Military to Civilian Conversions are planned in various functional areas but details are not finalized by functional area.

ARMY

	FY 2003		FY 2004		FY 2005
<u>Indirect Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Army	17,300	-1,004	16,296	+110	16,406
Military Construction, Army	262	+23	285	-12	273
Family Housing, Army	392	+3	395	-8	387
Working Capital Fund, Army	<u>222</u>	<u>-26</u>	<u>196</u>	<u>-2</u>	<u>194</u>
Total Indirect Hire	18,176	-1,004	17,172	+88	17,260
 <u>Army Total</u>					
Total Direct Hire	205,969	-453	205,516	+1,221	206,737
Total Indirect Hire	<u>18,176</u>	<u>-1,004</u>	<u>17,172</u>	<u>+88</u>	<u>17,260</u>

CIVILIAN PERSONNEL

Total Army Civilians	224,145	-1,457	222,688	+1,309	223,997
NAVY					
	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
<u>Direct Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Navy</u>					
U. S. Direct Hire	72,825	+7,436	80,261	-594	79,667
Foreign National Direct Hire	<u>3,014</u>	<u>-167</u>	<u>2,847</u>	<u>-1</u>	<u>2,846</u>
Total Direct Hire	75,839	+7,269	83,108	-595	82,513
 <u>Operation and Maintenance, Marine Corps</u>					
U. S. Direct Hire	12,227	-673	11,554	+806	12,360
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	12,227	-673	11,554	+806	12,360
 <u>Operation and Maintenance, Navy Reserve</u>					
U. S. Direct Hire	1,568	-30	1,538	-50	1,488
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,568	-30	1,538	-50	1,488
 <u>Operation and Maintenance, Marine Corps Reserve</u>					
U. S. Direct Hire	156	-1	155	+3	158
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	156	-1	155	+3	158
 <u>Research, Development, Test and Evaluation, Navy</u>					
U. S. Direct Hire	1,076	+40	1,116	-5	1,111
Foreign National Direct Hire	<u>258</u>	<u>-8</u>	<u>250</u>	<u>-</u>	<u>250</u>

CIVILIAN PERSONNEL

Total Direct Hire	1,334	+32	1,366	-5	1,361
	NAVY				
	FY 2003		FY 2004		FY 2005
<u>Direct Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Military Construction, Navy</u>					
U. S. Direct Hire	2,209	+5	2,214	-3	2,211
Foreign National Direct Hire	<u>56</u>	<u>+5</u>	<u>61</u>	<u>-</u>	<u>61</u>
Total Direct Hire	2,265	+10	2,275	-3	2,272
 <u>Family Housing, Navy</u>					
U. S. Direct Hire	782	+234	1,016	-110	906
Foreign National Direct Hire	<u>168</u>	<u>-8</u>	<u>160</u>	<u>-</u>	<u>160</u>
Total Direct Hire	950	+226	1,176	-110	1,066
 <u>Working Capital Fund, Navy</u>					
U. S. Direct Hire	91,259	-10,087	81,172	-636	80,536
Foreign National Direct Hire	<u>19</u>	<u>-2</u>	<u>17</u>	<u>-</u>	<u>17</u>
Total Direct Hire	91,278	-10,089	81,189	-636	80,553
 <u>Total Navy</u>					
U. S. Direct Hire	169,719	-2,402	167,317	-1,398	165,919
Foreign National Direct Hire	<u>3,515</u>	<u>-180</u>	<u>3,335</u>	<u>-1</u>	<u>3,334</u>
Total Direct Hire	173,234	-2,582	170,652	-1,399	169,253

CIVILIAN PERSONNEL

NAVY

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
<u>Direct Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total – Marine Corps</u>					
U. S. Direct Hire	12,383	-674	11,709	+809	12,518
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	12,383	-674	11,709	+809	12,518
<u>Total Department of Navy (DON)</u>					
U. S. Direct Hire	182,102	-3,076	179,026	-589	178,437
Foreign National Direct Hire	<u>3,515</u>	<u>-180</u>	<u>3,335</u>	<u>-1</u>	<u>3,334</u>
Total Direct Hire	185,617	-3,256	182,361	-590	181,771

Summary of Changes

Direct Hires

FY 04-05

Change

Changes to Working Capital Fund Workload	<u>-754</u>
Depot Maintenance	-89
Transportation	+67
Supply	-281
Research and Development	-33
Other Workload Changes	-418
Changes to Non-Working Capital Fund workload	<u>+164</u>
Base Support & Real Property Maintenance	+1,057
Medical	+443
Engineering/Acquisition Commands	-512
Other – Puget Shipyard Pilot	-824
Total Direct Hires	-590

CIVILIAN PERSONNEL

Note: Change from FY 2004 to FY 2005 includes 2,134 FTE workload changes for Military to Civilian conversions: Navy 2,047 (Medical 1,772; Military Sealift Command 248, and Other 27); and, Marine Corps 87.

NAVY

	FY 2003		FY 2004		FY 2005
<u>Indirect Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Operation and Maintenance, Navy	6,257	+12	6,269	-	6,269
Operation and Maintenance, Marine Corps	4,154	-668	3,486	-	3,486
Research, Development, Test, and Eval, Navy	3	-	3	-	3
Military Construction, Navy	65	+7	72	-	72
Family Housing, Navy	121	-	121	-	121
Working Capital Fund, Navy	<u>1,674</u>	<u>-1</u>	<u>1,673</u>	<u>+8</u>	<u>1,681</u>
Total Indirect Hire	12,274	-650	11,624	+8	11,632
<u>DON Direct Hire</u>					
Navy	173,234	-2,582	170,652	-1,399	169,253
Marine Corps	<u>12,383</u>	<u>-674</u>	<u>11,709</u>	<u>+809</u>	<u>12,518</u>
Total – Direct Hire	185,617	-3,256	182,361	-590	181,771
<u>DON Indirect Hire</u>					
Navy	8,120	+18	8,138	+8	8,146
Marine Corps	<u>4,154</u>	<u>-668</u>	<u>3,486</u>	<u>-</u>	<u>3,486</u>
Total – Indirect Hire	12,274	-650	11,624	+8	11,632
<u>Total Department of the Navy</u>					
Navy	181,354	-2,564	178,790	-1,391	177,399
Marine Corps	16,537	-1,342	15,195	+809	16,004
Total Civilians	197,891	-3,906	193,985	-582	193,403

CIVILIAN PERSONNEL

AIR FORCE

<u>Direct Hires by Appropriation</u>	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Operation and Maintenance, Air Force</u>					
U. S. Direct Hire	80,901	-1,871	79,030	+3,154	82,184
Foreign National Direct Hire	<u>2,072</u>	<u>-100</u>	<u>1,972</u>	<u>-1</u>	<u>1,971</u>
Total Direct Hire	82,973	-1,971	81,002	+3,153	84,155
<u>Operation and Maintenance, Air Force Reserve</u>					
U. S. Direct	13,186	+926	14,112	+53	14,165
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	13,186	+926	14,112	+53	14,165
<u>Operation and Maintenance, Air National Guard</u>					
U. S. Direct	22,050	+2,136	24,186	+410	24,596
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	22,050	+2,136	24,186	+410	24,596
<u>Research, Development, Test, and Evaluation,</u>					
<u>Air Force</u>					
U. S. Direct Hire	7,212	-365	6,847	-227	6,620
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	7,212	-365	6,847	-227	6,620
<u>Working Capital Fund, Air Force</u>					
U. S. Direct Hire	27,454	-221	27,233	-20	27,213
Foreign National Direct Hire	<u>205</u>	<u>-83</u>	<u>122</u>	<u>-</u>	<u>122</u>
Total Direct Hire	27,659	-304	27,355	-20	27,335

CIVILIAN PERSONNEL

AIR FORCE

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force Total</u>					
U. S. Direct Hire	150,803	+605	151,408	+3,370	154,778
Foreign National Direct Hire	<u>2,277</u>	<u>-183</u>	<u>2,094</u>	<u>-1</u>	<u>2,093</u>
Total Direct Hire	153,080	+422	153,502	+3,369	156,871

	<u>FY 04-05</u>
	<u>Change</u>
<u>Summary of Changes</u>	
<u>Direct Hires</u>	
Strategic Force	+4
General Purpose Forces	+1,408
Intelligence and Communications	+227
General Research and Development	-227
Other Defense Wide Missions	+298
Logistics Support	+1,203
Personnel Support	+49
Other Centralized Support	<u>+407</u>
Total Direct Hires	+3,369

Note: Change from FY 2004 to FY 2005 includes 1,110 FTEs for Military to Civilian conversions across all categories.

AIR FORCE

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Indirect Hires by Appropriation</u>					
Operation and Maintenance, Air Force	6,125	-191	5,934	-15	5,919
Working Capital Fund, Air Force	<u>212</u>	<u>+19</u>	<u>231</u>	<u>-</u>	<u>231</u>

CIVILIAN PERSONNEL

Total Indirect Hire	6,337	-172	6,165	-15	6,150
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AIR FORCE

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force Total</u>					
Total Direct Hire	153,080	+422	153,502	+3,369	156,871
Total Indirect Hire	<u>6,337</u>	<u>-172</u>	<u>6,165</u>	<u>-15</u>	<u>6,150</u>
Total Air Force Civilians	159,417	+250	159,667	+3,354	163,021

DEFENSE-WIDE ACTIVITIES

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Direct Hires by Appropriation</u>					
<u>Operation and Maintenance, Defense-Wide</u>					
U. S. Direct Hire	45,903	+3,245	49,148	+858	50,006
Foreign National Direct Hire	<u>451</u>	<u>+4</u>	<u>455</u>	<u>+1</u>	<u>456</u>
Total Direct Hire	46,354	+3,249	49,603	+859	50,462
<u>Research, Development, Test, & Evaluation, Defense-Wide</u>					
U. S. Direct Hire	1,307	+55	1,362	+91	1,453
Foreign National Direct Hire	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Hire	1,307	+55	1,362	+91	1,453
<u>Working Capital Fund</u>					
U. S. Direct Hire	53,235	-1,453	51,782	-2,307	49,475
Foreign National Direct Hire	<u>665</u>	<u>-31</u>	<u>634</u>	<u>-13</u>	<u>621</u>

CIVILIAN PERSONNEL

Total Direct Hire	53,900	-1,484	52,416	-2,320	50,096
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DEFENSE-WIDE ACTIVITIES

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
<u>Direct Hires by Appropriation</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Pentagon Reservation Fund</u>					
U. S. Direct Hire	897	+245	1,142	+67	1,209
<u>National Defense Stockpile</u>					
U. S. Direct Hire	198	+4	202	-20	182
<u>Building Maintenance Fund</u>					
U. S. Direct Hire	52	+13	65	-	65
<u>Defense Health Program</u>					
U. S. Direct Hire	281	+17	298	+4	302
<u>U. S. Court of Appeals for the Armed Forces</u>					
U. S. Direct Hire	53	+6	59	-	59
<u>Office of the Inspector General</u>					
U. S. Direct Hire	1,183	+98	1,281	+177	1,458
<u>Total Defense-Wide Activities</u>					
U. S. Direct Hire	103,109	+2,230	105,339	-1,130	104,209
Foreign National Direct Hire	<u>1,116</u>	<u>-27</u>	<u>1,089</u>	<u>-12</u>	<u>1,077</u>
Total Direct Hire	104,225	+2,203	106,428	-1,142	105,286

CIVILIAN PERSONNEL

DEFENSE-WIDE ACTIVITIES

Summary of Changes

Direct Hires

	FY 04-05
	<u>Change</u>
Office of the Inspector General	+177
DoD Dependents Education Agency	+155
Defense Threat Reduction Agency	+108
Missile Defense Agency	+91
Pentagon Reservation Maintenance Fund	+67
Defense Security Service	-980
Defense Finance and Accounting Services	-544
Defense Logistics Agency	-504
Defense Information Security Agency	-258
Defense Contract Management Agency	-190
Defense Commissary Agency	-34
National Defense Stockpile	-20
Other Activities	<u>+790</u>
Total Direct Hires	-1,142

	FY 2003		FY 2004		FY 2005
	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Indirect Hires by Appropriation</u>					
Operation and Maintenance, Defense-Wide	276	+21	297	-	297
Office of the Inspector General	1	-	1	-	1
Working Capital Fund, Defense-Wide	<u>2,686</u>	<u>-29</u>	<u>2,657</u>	<u>-164</u>	<u>2,493</u>
Total Indirect Hire	2,963	-8	2,955	-164	2,791
Total Direct Hire	104,225	+2,203	106,428	-1,142	105,286
Total Indirect Hire	<u>2,963</u>	<u>-8</u>	<u>2,955</u>	<u>-164</u>	<u>2,791</u>
Total Defense-Wide Civilians	107,188	+2,195	109,383	-1,306	108,077

MILITARY PERSONNEL

ACTIVE FORCE PERSONNEL

(End Strength)

	FY 2003	Change	FY 2004	Less	FY 2004	Change	FY 2005
	<u>Actual</u>		<u>Total</u>	<u>Supplemental</u>	<u>Baseline</u>		<u>Estimate</u>
			<u>Estimate</u>	<u>Funded</u>	<u>Estimate</u>		<u>Estimate</u>
				<u>Strength</u>			
<u>DoD Total by Type</u>	<u>1,434,377</u>	<u>-20,640</u>	<u>1,413,737</u>	<u>-23,237</u>	<u>1,390,500</u>	<u>-7,500</u>	<u>1,383,000</u>
Officer	227,851	-2,837	225,014	-5,468	219,546	-788	218,758
Enlisted	1,193,936	-17,313	1,176,623	-17,769	1,158,854	-6,812	1,152,042
Cadets	12,590	-490	12,100	-	12,100	+100	12,200
<u>DoD Total by Service</u>	<u>1,434,377</u>	<u>-20,640</u>	<u>1,413,737</u>	<u>-23,237</u>	<u>1,390,500</u>	<u>-7,500</u>	<u>1,383,000</u>
Army	499,301	-10,323	488,978	-6,578	482,400	-	482,400
Navy	382,235	-8,435	373,800	-	373,800	-7,900	365,900
Marine Corps	177,779	-2,779	175,000	-	175,000	-	175,000
Air Force	375,062	+897	375,959	-16,659	359,300	+400	359,700

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

(End Strength)

<u>End Strength by Service</u>	FY 2003	<u>Change</u>	FY 2004	Less	FY 2004	<u>Change</u>	FY 2005
	<u>Actual</u>		<u>Total</u>	Supplemental	Baseline		<u>Estimate</u>
			<u>Estimate</u>	<u>Strength</u>	<u>Estimate</u>		<u>Estimate</u>
<u>Army</u>	<u>499,301</u>	<u>-10,323</u>	<u>488,978</u>	<u>-6,578</u>	<u>482,400</u>	<u>+0</u>	<u>482,400</u>
Officer	80,325	-348	79,977	-1,627	78,350	+150	78,500
Enlisted	414,769	-9,868	404,901	-4,951	399,950	-250	399,700
Cadets	4,207	-107	4,100	-	4,100	+100	4,200
<u>Navy</u>	<u>382,235</u>	<u>-8,435</u>	<u>373,800</u>	<u>=</u>	<u>373,800</u>	<u>-7,900</u>	<u>365,900</u>
Officer	55,022	-1,414	53,608	-	53,608	-738	52,870
Enlisted	322,915	-6,723	316,192	-	316,192	-7,162	309,030
Cadets	4,298	-298	4,000	-	4,000	+0	4,000
<u>Marine Corps</u>	<u>177,779</u>	<u>-2,779</u>	<u>175,000</u>	<u>=</u>	<u>175,000</u>	<u>=</u>	<u>175,000</u>
Officer	18,746	-658	18,088	-	18,088	-	18,088
Enlisted	159,033	-2,121	156,912	-	156,912	-	156,912
<u>Air Force</u>	<u>375,062</u>	<u>+897</u>	<u>375,959</u>	<u>-16,659</u>	<u>359,300</u>	<u>+400</u>	<u>359,700</u>
Officer	73,758	-417	73,341	-3,841	69,500	-200	69,300
Enlisted	297,219	+1,399	298,618	-12,818	285,800	+600	286,400
Cadets	4,085	-85	4,000	-	4,000	-	4,000
<u>DoD Total</u>	<u>1,434,377</u>	<u>-20,640</u>	<u>1,413,737</u>	<u>-23,237</u>	<u>1,390,500</u>	<u>-7,500</u>	<u>1,383,000</u>
Officer	227,851	-2,837	225,014	-5,468	219,546	-788	218,758
Enlisted	1,193,936	-17,313	1,176,623	-17,769	1,158,854	-6,812	1,152,042

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

Cadets	12,590	-490	12,100	-	12,100	+100	12,200
	<u>(Average Strength)</u>						
				Less			
			FY 2004	Supplemental	FY 2004		
	FY 2003		Total	Funded	Baseline		FY 2005
<u>Average Strength by Service</u>	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Strength</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army</u>	<u>590,061</u>	<u>+41,653</u>	<u>631,714</u>	<u>-148,442</u>	<u>483,272</u>	<u>+2,043</u>	<u>485,315</u>
Officer	93,462	+6,389	99,851	-20,821	79,030	+638	79,668
Enlisted	492,599	+35,264	527,863	-127,621	400,242	+1,405	401,647
Cadets	4,000	-	4,000	-	4,000	-	4,000
<u>Navy</u>	<u>397,220</u>	<u>-15,527</u>	<u>381,693</u>	<u>-6,508</u>	<u>375,185</u>	<u>-6,087</u>	<u>369,098</u>
Officer	57,589	-1,785	55,804	-1,391	54,413	-162	54,251
Enlisted	335,446	-13,716	321,730	-5,117	316,613	-5,801	310,812
Cadets	4,185	-26	4,159	-	4,159	-124	4,035
<u>Marine Corps</u>	<u>190,193</u>	<u>-5,035</u>	<u>185,158</u>	<u>-9,717</u>	<u>175,441</u>	<u>-894</u>	<u>174,547</u>
Officer	20,393	+352	20,745	-1,874	18,871	-98	18,773
Enlisted	169,800	-5,387	164,413	-7,843	156,570	-796	155,774
<u>Air Force</u>	<u>404,637</u>	<u>+3,572</u>	<u>408,209</u>	<u>-45,585</u>	<u>362,624</u>	<u>+4,488</u>	<u>367,112</u>
Officer	79,865	-341	79,524	-8,614	70,910	+550	71,460
Enlisted	320,735	+3,921	324,656	-36,971	287,685	+3,870	291,555
Cadets	4,037	-8	4,029	-	4,029	+68	4,097
<u>DoD Total</u>	<u>1,582,111</u>	<u>+24,663</u>	<u>1,606,774</u>	<u>-210,252</u>	<u>1,396,522</u>	<u>-450</u>	<u>1,396,072</u>
Officer	251,309	+4,615	255,924	-32,700	223,224	+928	224,152
Enlisted	1,318,580	+20,082	1,338,662	-177,552	1,161,110	-1,322	1,159,788

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Total Selected Reserve</u>	<u>875,074</u>	<u>-11,744</u>	<u>863,330</u>	<u>-2,430</u>	<u>860,900</u>
Trained in Units	736,324	-22,361	713,963	-3,824	710,139
Individual Mobilization Augmentees (IMAs)	19,372	+3,177	22,549	-45	22,504
Training Pipeline	53,396	+2,955	56,351	-78	56,273
Full-time Duty	65,982	+4,485	70,467	+1,517	71,984
 Active Military Support to Reserves	 9,295	 +406	 9,701	 -505	 9,196
 Civilian FTEs For Reserves/National Guard	 71,526	 +5,892	 77,418	 +54	 77,472
(Technicians Included Above)	(60,533)	(+5,439)	(65,972)	(+922)	(66,894)
 <u>Selected Reserve By Service</u>	 <u>875,074</u>	 <u>-11,744</u>	 <u>863,330</u>	 <u>-2,430</u>	 <u>860,900</u>
Army Reserve	211,890	-6,890	205,000	-	205,000
Navy Reserve	88,156	-2,256	85,900	-2,500	83,400
Marine Corps Reserve	41,046	-1,446	39,600	-	39,600
Air Force Reserve	74,754	+1,046	75,800	+300	76,100
Army National Guard	351,091	-1,091	350,000	-	350,000
Air National Guard	108,137	-1,107	107,030	-230	106,800

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Army Reserve (AR)</u>	<u>211,890</u>	<u>-6,890</u>	<u>205,000</u>	=	<u>205,000</u>
Trained in Units	177,661	-8,999	168,662	+1,195	169,857
Individual Mobilization Augmentees (IMAs)	5,393	+2,607	8,000	-	8,000
Training Pipeline	14,802	-838	13,964	-1,791	12,173
Full-time Duty	14,034	+340	14,374	+596	14,970
Active Military Support to AR	463	-135	328	-46	282
Civilian FTE for AR	9,981	+1,515	11,496	-858	10,638
(Technicians Included Above)	(7,253)	(+442)	(7,695)	(-8)	(7,687)
<u>Navy Reserve (NR)</u>	<u>88,156</u>	<u>-2,256</u>	<u>85,900</u>	<u>-2,500</u>	<u>83,400</u>
Trained in Units	73,357	-2,099	71,258	-2,268	68,990
Individual Mobilization Augmentees (IMAs)	168	-	168	-	168
Training Pipeline	53	+37	90	-	90
Full-time Duty	14,578	-194	14,384	-232	14,152
Active Military Support to NR	3,048	+496	3,544	-465	3,079
Civilian FTEs for NR	1,568	-30	1,538	-50	1,488
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)
<u>Marine Corps Reserve (MCR)</u>	<u>41,046</u>	<u>-1,446</u>	<u>39,600</u>	=	<u>39,600</u>
Trained in Units	34,348	-1,446	32,902	-	32,902
Individual Mobilization Augmentees (IMAs)	1,420	-	1,420	-	1,420
Training Pipeline	3,017	-	3,017	-	3,017
Full-time Duty	2,261	-	2,261	-	2,261
Active Military Support to MCR	4,362	+39	4,401	+4	4,405
Civilian FTEs for MCR	156	-1	151	+3	158
(Technicians Included Above)	(-)	(-)	(-)	(-)	(-)

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

(Military End Strength/ Civilian Full-Time Equivalents)

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>Air Force Reserve (AFR)</u>	<u>74,754</u>	<u>+1,046</u>	<u>75,800</u>	<u>+300</u>	<u>76,100</u>
Trained in Units	58,071	+1,641	59,712	-1,536	58,176
Individual Mobilization Augmentees (IMAs)	12,391	+570	12,961	-45	12,916
Training Pipeline	2766	-1,299	1467	+1,641	3108
Full-time Duty	1,526	+134	1,660	+240	1,900
Active Military Support for AFR	716	-16	700	+1	701
Civilian FTEs for AFR	13,186	+926	14,112	+53	14,165
(Technicians Included Above)	(8,287)	(+1,685)	(9,972)	(+6)	(9,978)
<u>Army National Guard (ARNG)</u>	<u>351,091</u>	<u>-1,091</u>	<u>350,000</u>	<u>=</u>	<u>350,000</u>
Trained in Units	298,348	-8,859	289,489	-1,324	288,165
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-
Training Pipeline	30,416	+4,496	34,912	+447	35,359
Full-time Duty	22,327	+3,272	25,599	+877	26,476
Active Military Support to ARNG	184	-	184	-	184
Civilian FTEs for ARNG	24,585	+1,346	25,931	+496	26,427
(Technicians Included Above)	(24,087)	(+1,343)	(25,430)	(+497)	(25,927)
<u>Air National Guard (ANG)</u>	<u>108,137</u>	<u>-1,107</u>	<u>107,030</u>	<u>-230</u>	<u>106,800</u>
Trained in Units	94,539	-2,599	91,940	+109	92,049
Individual Mobilization Augmentees (IMAs)	-	-	-	-	-
Training Pipeline	2,342	+559	2,901	-375	2,526
Full-time Duty	11,256	+933	12,189	+36	12,225
Active Military Support for ANG	522	+22	544	+1	545
Civilian FTEs for ANG	22,050	+2,136	24,186	+410	24,596
(Technicians Included Above)	(20,906)	(+1,969)	(22,875)	(+427)	(23,302)

DoD CUSTOMER FUEL PRICES

The Department of Defense procures only refined fuel products. The fuel prices identified in the following table include the cost of the crude oil, refining, inventory control, transportation, and storage.

The DoD makes its refined fuel purchases in a two-step process involving both the Defense Logistics Agency (DLA) and the individual Service or Agency customers. The DLA, through its Defense Energy Support Center operating under the Defense Working Capital Fund (DWCF), purchases most of the fuel and subsequently sells it primarily to DoD customers. This operation permits the Department to take advantage of price breaks for large quantity purchases and allows the DoD customer to plan on a stabilized price for all products during that fiscal year.

Based on current economic assumptions, the FY 2005 budget has established the stabilized composite price of \$39.48 per barrel to be charged to DoD customers in FY 2005. The FY 2005 stabilized composite price has increased slightly above the FY 2004 stabilized price of \$38.22 per barrel.

The following table reflects the composite price and stabilized prices by fuel product that DoD customers are paying and will pay for fuel in each fiscal year.

<u>Product Type</u>	<u>(Rates in Dollars)</u>					
	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
AVGAS OCONUS	3.60	151.20	3.85	161.70	4.30	180.60
AVGAS CONUS	1.06	44.52	1.10	46.20	1.16	48.72
Motor Gas Leaded	.97	40.74	1.15	48.30	1.22	51.24
Motor Gas Unleaded	.86	36.12	1.10	46.20	1.05	44.10
Premium	.97	40.74	1.12	47.04	1.18	49.56
Midgrade	.85	35.70	1.02	42.84	1.06	44.52
Regular	.75	31.50	.97	40.74	1.01	42.42
Gasohol Regular	.75	31.50	.97	40.74	1.01	42.42

DOD CUSTOMER FUEL PRICES

<u>Product Type</u>	(Rates in Dollars)					
	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>	<u>Gallon</u>	<u>Barrel</u>
Gasohol Midgrade	-	-	.97	40.74	1.06	44.52
Jet Fuel						
Widecut	1.10	46.20	1.01	42.42	1.05	44.10
Commercial Grade	1.13	47.46	.91	38.22	.92	38.64
JP-5	.86	36.12	.93	39.06	.95	39.90
JP-8	.84	35.28	.91	38.22	.92	38.64
Distillates	.81	34.02	.84	35.28	.91	38.22
Diesel (Generic)	.90	37.80	.97	40.74	1.01	42.42
Diesel KSN PC&S	.92	38.64	.95	39.90	.98	41.16
Diesel KS1 PC&S	.95	39.90	.98	41.16	1.02	42.84
Diesel FS2 PC&S	.69	28.98	.87	36.54	.90	37.80
Diesel FS1 PC&S	.73	30.66	.97	40.74	1.01	42.42
Diesel DFA High Sulfur	.89	37.38	-	-	-	-
Diesel DLA Low Sulfur	1.08	45.36	-	-	-	-
Diesel DL1 Low Sulfur	.98	41.16	1.02	42.84	1.17	49.14
Diesel DF1 High Sulfur	.84	35.28	1.04	43.68	1.03	43.26
Diesel DF2 High Sulfur	.86	36.12	1.03	43.26	.93	39.06
Diesel DL2 Low Sulfur	1.01	42.42	.90	37.80	1.07	44.94
Residuals	.70	24.36	.78	32.76	.80	33.60
Navy Reclaimed	.58	24.36	.62	26.04	.64	26.88
Into Plane Jet Fuel	1.27	53.34	1.10	46.20	1.16	48.72
Into Plane AVGAS	1.54	64.68	2.21	92.82	2.42	101.64
Bunker - Marine	.82	34.44	.79	33.18	.81	34.02
Bunker - Intermediate	.51	21.42	.69	28.98	.69	28.98
Local Purchase	-	-	1.25	52.50	1.28	53.76
Bunker	-	-	-	-	-	-
Jet Fuel	1.66	69.72	1.66	69.72	1.74	73.08
Ground Fuel	1.43	60.06	1.43	60.06	1.48	62.16
Special Fuels 2 (JP-TS)	2.40	157.50	1.69	100.80	3.90	163.80
Special Fuels 1 (JP-7)	3.00	126.00	-	-	-	-
Composite Price	.84	35.28	.91	38.22	.94	39.48
Budgeted DWCF Cost	.84	35.28	1.06	44.52	1.01	42.42

FOREIGN CURRENCY FLUCTUATION RATES

Foreign Currency Fluctuations, Defense

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 to enable execution of budgeted programs without concern for adverse variations in foreign currency exchange rates. This centralized account is managed by the Under Secretary of Defense (Comptroller). Funds are transferred from this appropriation to selected DoD Components' Operation and Maintenance, Defense Health Program, and Military Personnel appropriations to offset net losses in purchasing power because of unfavorable fluctuations in the foreign currency exchange rates of specified currencies. If a net gain results, the asset is transferred from the gaining appropriation to the FCF,D appropriation to replenish the fund. Unobligated balances from the prior two years for Operation and Maintenance, Defense Health Program, and Military Personnel appropriations can be transferred to the FCF,D for further replenishing the fund. The specified currencies are shown below as well as the rates used to formulate the budget. It is these rates the Department intends to use to measure foreign currency fluctuation during execution. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar.

<u>FOREIGN CURRENCY EXCHANGE RATES</u>				
(Units of Foreign Currency Per One U.S. Dollar)				
<u>Country</u>	<u>Monetary Unit</u>	<u>Execution Rates</u>		<u>President's</u>
		<u>FY 2003</u>	<u>FY 2004</u>	<u>Budget Rates</u>
				<u>FY 2005</u>
Denmark	Krone	9.2304	7.7996	7.7996
European Community	Euro	1.2403	1.0314	1.0314
Japan	Yen	135.4401	125.4900	125.4900
Norway	Krone	9.8383	7.6394	7.6394
Singapore	Dollar	2.0027	1.8037	1.8037
South Korea	Won	1,378.0404	1,255.0000	1,255.0000
Turkey	Lira	1,626,414.0000	1,694,915.0000	1,694,915.0000
United Kingdom	Pound	0.7725	0.6517	0.6517

KEY ACTIVITY INDICATORS

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>ARMY</u>					
Active Duty Military Personnel (End Strength)	499,301	-10,323	488,978	-6,578	482,400
Civilian Personnel (O&M FTEs)	141,402	-4,501	136,901	+3,712	140,613
Total Aircraft Inventory (TAI)	3,072	-136	2,936	-341	2,595
Primary Authorized Aircraft (PAA)	2,316	-28	2,288	-82	2,206
Flying Hours (000s)	687,728	-53,622	634,106	-41,626	592,480
Training Workloads	67,792	+440	68,232	-863	67,369
Major Installations	140	-1	139	-	139
<u>NAVY</u>					
Active Duty Military Personnel (End Strength)	382,235	-8,435	373,800	-7,900	365,900
Civilian Personnel (O&M FTEs)	82,096	7,281	89,377	-595	88,782
Total Aircraft Inventory (TAI)	4,062	-15	4,047	-45	4,002
Primary Authorized Aircraft (PAA) (Active)	2,461	-40	2,421	-50	2,371
Flying Hours (000's)	1,279	-106	1,173	-18	1,155
Ship Inventory (Ship Years)	266	-10	256	-11	245
Steaming Hours (000's) (Conventional)	551	-156	395	-20	375
Steaming Hours (000's) (Nuclear)	31	-13	18	+3	21
Training Workloads	42,546	-917	41,629	-93	41,536
Major Installations	98	-	98	-	98
<u>MARINE CORPS</u>					
Active Duty Military Personnel (End Strength)	177,779	-2,779	175,000	-	175,000
Civilian Personnel (O&M FTEs)	16,381	-1,341	15,040	+806	15,846
Training Workloads	16,844	+1,331	18,175	+408	18,583
Major Installations	22	-	22	+1	23
Major Supply Depots	2	-	2	-	2

KEY ACTIVITY INDICATORS

	<u>FY 2003</u>	<u>Change</u>	<u>FY 2004</u>	<u>Change</u>	<u>FY 2005</u>
	<u>Actual</u>		<u>Estimate</u>		<u>Estimate</u>
<u>AIR FORCE</u>					
Active Duty Military Personnel (End Strength)	375,062	+897	375,959	-16,259	359,700
Civilian Personnel (O&M FTEs)	89,098	-2,162	86,936	+3,138	90,074
Total Aircraft Inventory (TAI)	4,108	-196	3,912	-8	3,904
Primary Assigned Aircraft (PAA)	3,532	-72	3,460	+8	3,468
Flying Hours (000's)	1,459	-135	1,324	+5	1,329
Training Workloads	24,073	+1,363	25,436	-699	24,737
Major Installations	78	-	78	-1	77
<u>ARMY RESERVE</u>					
Total Selected Reserve Strength (End Strength)	211,890	-6,890	205,000	-	205,000
Civilian Personnel (O&M FTEs)	9,981	+1,515	11,496	-858	10,638
(Military Technicians Included Above)	7,253	+442	7,695	-8	7,687
Flying Hours (000's)	30.3	+13.6	43.9	-4.3	39.6
Primary Authorized Aircraft (PAA)	139	+15	154	+1	155
Major Installations	6	-	6	-	6
Training Locations	829	-	829	-	829
<u>NAVY RESERVE</u>					
Total Selected Reserve Strength (End Strength)	88,156	-2,256	85,900	-2,500	83,400
Civilian Personnel (O&M FTEs)	1,568	-30	1,538	-50	1,488
Primary Authorized Aircraft (PAA) *	409	-24	385	-7	378
Flying Hours (000's) **	152	+18	170	-1	169
Ship Inventory (Ship Years)	23	+1	24	-	24
Steaming Hours (000's)	38	+2	40	-10	30
Training Centers	169	-	169	-2	167
Major Installations	6	-	6	-	6

* Includes PAA for the Marine Corps Reserve

** Includes Flying Hours for the Marine Corps Reserve

KEY ACTIVITY INDICATORS

	<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
<u>MARINE CORPS RESERVE</u>					
Total Reserve Personnel (End Strength)	41,046	-1,446	39,600	-	39,600
Civilian Personnel (O&M FTEs)	156	-1	155	+3	158
Division/Wing Team	1/1	-	1/1	-	1/1
Training Centers	187	-	187	-	187
<u>AIR FORCE RESERVE</u>					
Total Selected Reserve Strength (End Strength)	74,754	+1,046	75,800	+300	76,100
Civilian Personnel (O&M FTEs)	13,186	+926	14,112	+53	14,165
(Technicians Included Above)		+1,685	9,972	+6	9,978
	8,287				
Total Aircraft Inventory (TAI)	434	-33	401	-22	379
Primary Authorized Aircraft (PAA)	397	-46	351	-10	341
Flying Hours (000's)	143,359	-11,063	132,296	-3,743	128,553
Major Installations	13	-	13	-	13
<u>ARMY NATIONAL GUARD</u>					
Total Selected Reserve Strength (End Strength)	351,091	-1,091	350,000	-	350,000
Civilian Personnel (O&M FTEs)	24,585	+1,346	25,931	+496	26,427
(Military Technicians Included Above)	24,087	+1,343	25,430	+497	25,927
Primary Aircraft Authorized (PAA) *	1,659	-199	1,460	-	1,460
Flying Hours (000's)	224.9	20.1	245.0	-51.9	193.1
Training Locations	110	-	110	-	110
* Includes OSAA					
<u>AIR NATIONAL GUARD</u>					
Total Selected Reserve Strength (End Strength)	108,137	- 1,107	107,030	- 230	106,800
Civilian Personnel (O&M FTEs)	22,050	+ 2,136	24,186	+ 410	24,596
(Technicians Included Above)	20,906	+1,969	22,875	+ 427	23,302
Total Aircraft Inventory (TAI)	1,313	- 59	1,254	+ 14	1,268
Primary Authorized Aircraft (PAA)	1,156	- 10	1,146	- 2	1,144

KEY ACTIVITY INDICATORS

	FY 2003		FY 2004		FY 2005
	<u>Actual</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Estimate</u>
Flying Hours (000's)	263	+ 53	316	-59	257
Major Installations	3	-	3	-	3
Other Operating Locations	173	+1	174	-	174
<u>DEFENSE HEALTH PROGRAM</u>					
Total Aircraft Inventory (TAI)/(PAA)	8		8		8
Fixed	2	-	2	-	2
Rotary	6	-	6	-	6
Flying Hours (000's)	2,754	-422	2,332	-	2,332
Fixed	1,245	-305	940	-	940
Rotary	1,509	-117	1,392	-	1,392
Training Workloads	83,249	-9,902	73,347	-2,032	71,315
HPSP/FAP/HPLRP	4,635	+130	4,765	+71	4,836
USUHS	948	-1	947	-9	938
Other Education & Training	77,666	-10,031	67,635	-2,094	65,541
Medical Centers and Hospitals	75	-	75	-	75
Average Daily Patient Load	2,505	-30	2,475	-37	2,438
<u>SPECIAL OPERATIONS COMMAND</u>					
Total Aircraft Inventory (TAI)	273	+3	276	+9	285
AFSOC	131	-	131	+1	132
USASOC	142	+3	145	+8	153
Primary Authorized Aircraft (PAA)	252	+4	256	+10	266
AFSOC	114	+1	115	+2	117
USASOC	138	+3	141	+8	149
Flying Hours (000's)	78,377	+4,610	82,987	+3,112	86,099
AFSOC	49,509	-3,355	46,154	+2,743	48,897
USASOC	28,868	+7,965	36,833	+369	37,202

LEGISLATIVE PROPOSALS

The FY 2005 budget includes funding and legislation for new authorities to enhance retention and improve quality-of-life for military and civilian members of the Department of Defense. The following tables provide summaries of the legislative proposals and the associated cost. Funding for these proposals is reflected in the FY 2005 budget request.

	<u>(\$ in Millions)</u> <u>FY 2005</u>
Military Personnel, Army	+1.5
Military Personnel, Navy	+2.3
Military Personnel, Marine Corps	+0.6
Military Personnel, Air Force	<u>+1.2</u>
Total	+5.6

Military Personnel Initiatives

Survivor Benefit Plan (SBP) – Enables the Service Secretary concerned, in consultation with the surviving spouse, to elect to provide an annuity to dependent children in lieu of an annuity for the surviving spouse.

Military Personnel, Army	+1.2
Military Personnel, Navy	+0.9
Military Personnel, Marine Corps	+0.6
Military Personnel, Air Force	<u>+0.9</u>
Total	+3.6

College First Program (CFP) – Assists recruiting efforts toward those seeking higher education or technical training by offering monthly stipends as an inducement to enlist. Allows all services to participate in the program, which was formerly limited to Army.

Military Personnel, Navy	+0.6
Military Personnel, Air Force	<u>+0.1</u>
Total	+0.7

LEGISLATIVE PROPOSALS

(\$ in Millions)
FY 2005

Critical Skills Retention Bonus – Modifies 37 USC 323 to change eligibility restrictions by allowing payment through 25 years of commissioned service instead of 25 years of active service to ensure prior enlisted members receive full payment options.

Military Personnel, Navy	+0.6
Military Personnel, Air Force	<u>+0.1</u>
Total	+0.7

Student Dependent Travel (SDT) – Permits reimbursement of lodging costs incurred by those traveling under SDT orders who, through circumstances beyond their control (flight schedules, acts of God, etc.), find themselves forced to procure accommodations while enroute.

Military Personnel, Army	+0.3
Military Personnel, Navy	+0.2
Military Personnel, Air Force	<u>+0.1</u>
Total	+0.6

Nuclear Officer Continuation Pay – Modifies 37 USC 312 to increase the maximum rate of nuclear officer continuation pay (COPAY) annual installment rate (from \$25,000 to \$35,000) that the Secretary of the Navy can set for nuclear qualified officers agreeing to extend their period of active service. Submarine nuclear officer retention has not met retention goals in each of the last 4 years. Additionally, the retention rate of nuclear-trained surface warfare officers continues to be the lowest within the Navy's Unrestricted Line officer communities. Multiple independent studies indicate increasing COPAY is the most cost effective means to attract and retain these personnel. Rate increase will meet statutory limit in FY 2007.

Military Personnel, Navy	—
Total	-

Nuclear Limited Duty Officer Incentive Pay – Modifies 37 USC 312c(b) to increase the maximum rate of nuclear limited duty officer (LDO) annual incentive pay (from \$10,000 to \$18,000) . The demand for nuclear-trained surface warfare LDOs continues to grow as the conventional carrier force is slowly replaced by an all-nuclear carrier force. Operational requirements have placed an additional strain on nuclear-trained LDO assets. Rate increase will meet statutory limit in FY 2007.

Military Personnel, Navy	—
Total	-

DISTRIBUTION LIST

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Senate Appropriations Committee	6
House Armed Services Committee	10
Senate Armed Service Committee	10
House Budget Committee	1
Senate Budget Committee	1
Congressional Budget Office	1
General Accounting Office	3
Office of Management and Budget	10
National Security Council	1
Library of Congress, Congressional Research Service	2
Defense Technical Information Center	1
Under Secretary of Defense (Comptroller)	3
Principal Deputy Under Secretary of Defense (Comptroller)	1
Deputy Comptroller, Program/Budget	1
Assistant Deputy Comptroller, Program/Budget	1
Directorate for Investment	2
Directorate for Military Construction	2
Directorate for Operations and Personnel	20
Directorate for Plans and Systems	12
Directorate for Program and Financial Control	2
Directorate for Revolving Funds	4
Deputy Chief Financial Officer	5
Director for Program Analysis and Evaluation	3
Office of the Under Secretary of Defense (Policy)	1
Office of the Assistant Secretary of Defense (Homeland Defense)	1
Office of the Assistant Secretary of Defense (SO/LIC)	1
Office of the Assistant Secretary of Defense (International Security Policy)	1
Office of the Deputy Under Secretary of Defense (Policy Integration)	1
Office of the Under Secretary of Defense (Personnel & Readiness)	1
Office of the Deputy Under Secretary of Defense (Readiness)	2
Office of the Deputy Under Secretary of Defense (Program Integration)	1
Office of the Assistant Secretary of Defense (Force Management Policy)	1
Office of the Assistant Secretary of Defense (Health Affairs)	1

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Office of the Deputy Under Secretary of Defense (Installations & Environment)	1
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Office of the Deputy Under Secretary of Defense (International Technology Security)	1
Office of the Deputy Under Secretary of Defense (Science & Technology)	1
Office of the Deputy Under Secretary of Defense (Advanced Systems & Concepts)	1
Office of the Director Small & Disadvantaged Business Utilization	1
Office of the Director Defense Research & Engineering	1
Office of the Assistant to the Secretary of Defense (Nuclear, Biological & Chemical Defense Programs)	1
Office of the Assistant Secretary of Defense (Legislative Affairs)	1
Office of the Assistant Secretary of Defense (Public Affairs)	2
Office of the General Counsel, Department of Defense	1
Office of the Assistant to the Secretary of Defense (Civil Support)	1
Office of the Assistant to the Secretary of Defense (Intelligence Oversight)	1
Office of the Director Net Assessment	1
Office of the Director Administration & Management	1
Department of the Army, Office of the Assistant Secretary of the Army (FM&C)	5
Department of the Army, Office of the Army Reserve, Comptroller Division	2
Department of the Army, National Guard Bureau, Comptroller Division	2
Department of the Navy, Office of the Assistant Secretary of the Navy (FM&C)	5
Department of the Navy, Directorate of Naval Reserve, Financial Management	2
Department of the Navy, Headquarters U.S. Marine Corps, Fiscal Directorate	2
Department of the Navy, Headquarters U.S. Marine Corps, Reserve Affairs, Budget	2
Department of the Air Force, Office of the Assistant Secretary of the Air Force (FM&C)	5
Department of the Air Force, Office of Air Force Reserve, Comptroller Division	2
Department of the Air Force, National Guard Bureau, Comptroller Division	2
Office of the Joint Staff, Force Structure, Resource and Assessment Directorate	5
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Defense Intelligence Agency	1
Defense Legal Services Agency	1
Defense Logistics Agency	1
Defense Prisoner of War/Missing Personnel Office	1
Defense Threat Reduction Agency	1
Defense Security Cooperation Agency	1
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Department of Defense Education Activity	1
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National Security Agency	1
Office of Economic Adjustment	1
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Uniformed Services University of Health Sciences	1
U.S. Special Operations Command	1
Washington Headquarters Services	5

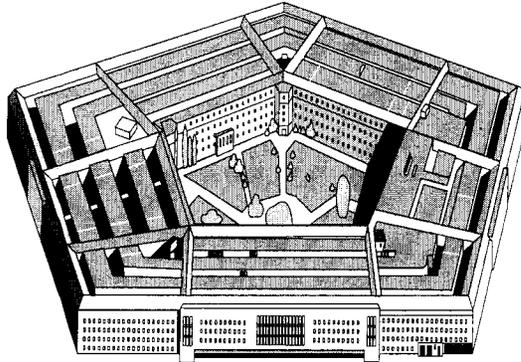
WORLD WIDE WEB ADDRESS

**The Operation and Maintenance Overview is available on the World
Wide Web at**

<http://www.dod.mil/comptroller/defbudget/fy2005budget/index.html>

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MILITARY PERSONNEL PROGRAMS (M-1)



Department of Defense Budget
Fiscal Year 2005
Revised March 25, 2004
Office of the Under Secretary of Defense (Comptroller)

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Revised March 25, 2004

Exhibit M-1 Includes FY 2004 Emergency Supplemental Funds

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Exhibit M-1A Excludes FY 2004 Emergency Supplemental Funds

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UNCLASSIFIED

Exhibit M-1

The M-1 is provided annually to the DoD oversight committees of the Congress coincident with the transmittal of the President's Budget. This document is available to the public on the Internet at <http://www.dtic.mil/comptroller>

For the FY 2005 President's Budget, two M-1 Exhibits have been prepared. The M-1 which includes FY 2004 supplemental funds provided by P.L. 108-106, and the M-1A which includes only the FY 2004 baseline appropriations provided by P.L. 108-87.

The Military Personnel Program is derived from and consistent with the Comptroller Information System database except where footnoted on the M-1 and M-1A.

Office of the Under Secretary of Defense
(Comptroller)

UNCLASSIFIED

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
MILITARY PERSONNEL, ARMY - Revised March 25, 2004					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
2010A	5	BASIC PAY	4,945,870	5,458,240	4,587,538
2010A	10	RETIRED PAY ACCRUAL	1,355,168	1,479,183	1,261,573
2010A	15	DEFENSE HEALTH PROGRAM ACCRUAL	339,232	365,938	426,390
2010A	25	BASIC ALLOWANCE FOR HOUSING	1,442,076	830,595	1,019,189
2010A	30	BASIC ALLOWANCE FOR SUBSISTENCE	173,185	209,388	173,278
2010A	35	INCENTIVE PAYS	97,698	84,871	99,608
2010A	40	SPECIAL PAYS	403,187	209,970	211,637
2010A	45	ALLOWANCES	187,520	79,866	78,958
2010A	50	SEPARATION PAY	83,329	73,658	73,427
2010A	51	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	2,000	-	-
2010A	55	SOCIAL SECURITY TAX	382,219	414,175	344,712
TOTAL BUDGET ACTIVITY 1:			9,411,484	9,205,884	8,276,310
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
2010A	60	BASIC PAY	11,727,978	14,447,215	9,914,330
2010A	65	RETIRED PAY ACCRUAL	3,213,466	3,915,195	2,726,441
2010A	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,766,353	1,881,268	2,175,161
2010A	80	BASIC ALLOWANCE FOR HOUSING	2,518,468	2,677,162	2,322,693
2010A	85	INCENTIVE PAYS	77,529	99,981	72,293
2010A	90	SPECIAL PAYS	1,112,207	1,409,533	452,955
2010A	95	ALLOWANCES	1,129,898	1,431,846	474,907
2010A	100	SEPARATION PAY	341,385	292,274	287,296
2010A	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	856	151,000	-
2010A	105	SOCIAL SECURITY TAX	914,888	1,107,178	753,051
TOTAL BUDGET ACTIVITY 2:			22,803,028	27,412,652	19,179,127

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY - Revised March 25, 2004			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
2010A	110	ACADEMY CADETS	47,352	49,760	50,969
		TOTAL BUDGET ACTIVITY 3:	47,352	49,760	50,969
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
2010A	115	BASIC ALLOWANCE FOR SUBSISTENCE	954,204	982,027	805,410
2010A	120	SUBSISTENCE-IN-KIND	1,491,578	1,965,652	520,687
2010A	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,312	1,580	1,537
		TOTAL BUDGET ACTIVITY 4:	2,447,094	2,949,259	1,327,634
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
2010A	125	ACCESSION TRAVEL	330,795	307,504	195,971
2010A	130	TRAINING TRAVEL	57,687	65,722	53,235
2010A	135	OPERATIONAL TRAVEL	161,995	353,512	177,814
2010A	140	ROTATIONAL TRAVEL	524,490	447,582	438,795
2010A	145	SEPARATION TRAVEL	133,546	166,325	154,083
2010A	150	TRAVEL OF ORGANIZED UNITS	4,898	3,760	3,492
2010A	155	NON-TEMPORARY STORAGE	62,877	41,435	31,387
2010A	160	TEMPORARY LODGING EXPENSE	73,098	130,000	20,456
2010A	165	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 5:	1,349,386	1,515,840	1,075,233

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY - Revised March 25, 2004			
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
2010A	170	APPREHENSION OF MILITARY DESERTERS	1,823	797	615
2010A	175	INTEREST ON UNIFORMED SERVICES SAVINGS	1,131	202	202
2010A	180	DEATH GRATUITIES	26,472	55,872	6,768
2010A	185	UNEMPLOYMENT BENEFITS	129,319	185,629	78,595
2010A	190	SURVIVOR BENEFITS	5,004	4,519	4,098
2010A	195	EDUCATION BENEFITS	22,000	4,268	4,268
2010A	200	ADOPTION EXPENSES	163	252	248
2010A	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	32,572	9,200	-
2010A	210	TRANSPORTATION SUBSIDY	1,064	4,359	4,365
2010A	215	PARTIAL DISLOCATION ALLOWANCE	680	2,500	2,500
		TOTAL BUDGET ACTIVITY 6:	220,228	267,598	101,659
2010A	220	LESS REIMBURSABLES	(600,000)	(285,156)	(287,460)
		TOTAL DIRECT - MILITARY PERSONNEL, ARMY	35,678,572	41,115,837	29,723,472

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		RESERVE PERSONNEL, ARMY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
2070A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	955,473	1,004,176	931,352
2070A	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	22,034	41,615	43,414
2070A	30	PAY GROUP F TRAINING (RECRUITS)	165,169	168,541	175,891
2070A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,499	13,364	7,010
2070A	45	DEFENSE HEALTH PROGRAM ACCRUAL	313,699	352,601	595,142
2070A	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	1,462,874	1,580,297	1,752,809
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
2070A	60	MOBILIZATION TRAINING	17,777	18,548	17,559
2070A	70	SCHOOL TRAINING	105,501	111,285	132,965
2070A	80	SPECIAL TRAINING	136,814	161,909	166,698
2070A	90	ADMINISTRATION AND SUPPORT	1,150,554	1,288,870	1,358,184
2070A	100	EDUCATION BENEFITS	51,378	40,423	40,751
2070A	110	ROTC - SENIOR, JUNIOR	98,111	116,434	121,549
2070A	120	HEALTH PROFESSION SCHOLARSHIP	26,344	30,311	40,769
2070A	125	DEFENSE HEALTH PROGRAM ACCRUAL	56,673	65,023	77,971
2070A	130	OTHER PROGRAMS	21,322	34,059	24,335
		TOTAL BUDGET ACTIVITY 2:	1,664,474	1,866,862	1,980,781
		TOTAL DIRECT - RESERVE PERSONNEL, ARMY	3,127,348	3,447,159	3,733,590

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		NATIONAL GUARD PERSONNEL, ARMY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
2060A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,791,567	1,731,821	1,688,571
2060A	30	PAY GROUP F TRAINING (RECRUITS)	266,494	237,886	291,670
2060A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	26,554	26,327	36,893
2060A	45	DEFENSE HEALTH PROGRAM ACCRUAL	530,832	605,970	1,007,258
2060A	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	2,615,447	2,602,004	3,024,392
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
2060A	70	SCHOOL TRAINING	256,893	225,190	218,603
2060A	80	SPECIAL TRAINING	448,839	204,257	252,337
2060A	90	ADMINISTRATION AND SUPPORT	1,887,569	2,099,539	2,218,432
2060A	100	EDUCATION BENEFITS	86,673	109,636	98,171
2060A	125	DEFENSE HEALTH PROGRAM ACCRUAL	101,159	112,309	138,794
2060A	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	2,781,133	2,750,931	2,926,337
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, ARMY	5,396,580	5,352,935	5,950,729
		GRAND TOTAL DIRECT - ARMY MILITARY PERSONNEL	44,202,500	49,915,931	39,407,791

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
1453N	5	BASIC PAY	3,144,188	3,122,227	3,160,423
1453N	10	RETIRED PAY ACCRUAL	861,506	846,124	869,116
1453N	15	DEFENSE HEALTH PROGRAM ACCRUAL	232,472	251,707	289,527
1453N	25	BASIC ALLOWANCE FOR HOUSING	850,999	858,380	915,574
1453N	30	BASIC ALLOWANCE FOR SUBSISTENCE	115,513	115,998	116,645
1453N	35	INCENTIVE PAYS	190,118	193,498	205,214
1453N	40	SPECIAL PAYS	299,010	283,959	267,224
1453N	45	ALLOWANCES	101,424	70,823	77,403
1453N	50	SEPARATION PAY	24,303	31,697	26,518
1453N	55	SOCIAL SECURITY TAX	238,959	237,834	240,344
		TOTAL BUDGET ACTIVITY 1:	6,058,492	6,012,247	6,167,988
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL			
1453N	60	BASIC PAY	7,872,670	7,964,927	8,016,715
1453N	65	RETIRED PAY ACCRUAL	2,156,243	2,158,496	2,204,596
1453N	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,388,464	1,481,099	1,686,914
1453N	80	BASIC ALLOWANCE FOR HOUSING	2,357,406	2,408,890	2,555,677
1453N	85	INCENTIVE PAYS	100,795	105,914	110,276
1453N	90	SPECIAL PAYS	900,575	925,445	870,069
1453N	95	ALLOWANCES	567,732	463,160	448,187
1453N	100	SEPARATION PAY	196,906	253,708	165,017
1453N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	64,000	-
1453N	105	SOCIAL SECURITY TAX	602,260	604,318	608,278
		TOTAL BUDGET ACTIVITY 2:	16,143,051	16,429,957	16,665,729

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
1453N	110	MIDSHIPMEN	50,458	52,851	52,840
		TOTAL BUDGET ACTIVITY 3:	50,458	52,851	52,840
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
1453N	115	BASIC ALLOWANCE FOR SUBSISTENCE	624,161	608,312	613,780
1453N	120	SUBSISTENCE-IN-KIND	395,643	386,401	394,575
1453N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	231	500	500
		TOTAL BUDGET ACTIVITY 4:	1,020,035	995,213	1,008,855
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
1453N	125	ACCESSION TRAVEL	54,528	52,644	53,895
1453N	130	TRAINING TRAVEL	70,243	81,493	77,715
1453N	135	OPERATIONAL TRAVEL	215,434	261,042	212,056
1453N	140	ROTATIONAL TRAVEL	326,916	268,458	330,555
1453N	145	SEPARATION TRAVEL	89,856	100,130	96,996
1453N	150	TRAVEL OF ORGANIZED UNITS	18,360	29,319	29,934
1453N	155	NON-TEMPORARY STORAGE	11,422	12,062	12,151
1453N	160	TEMPORARY LODGING EXPENSE	9,386	10,136	14,126
1453N	165	OTHER	6,635	7,424	7,622
		TOTAL BUDGET ACTIVITY 5:	802,780	822,708	835,050

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
1453N	170	APPREHENSION OF MILITARY DESERTERS	904	825	825
1453N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	442	209	209
1453N	180	DEATH GRATUITIES	1,560	6,228	3,036
1453N	185	UNEMPLOYMENT BENEFITS	66,866	58,733	59,943
1453N	190	SURVIVOR BENEFITS	1,697	854	1,721
1453N	195	EDUCATION BENEFITS	7,121	1,370	1,370
1453N	200	ADOPTION EXPENSES	230	236	246
1453N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	13,668	5,433	-
1453N	210	TRANSPORTATION SUBSIDY	4,608	4,394	3,951
1453N	215	PARTIAL DISLOCATION ALLOWANCE	500	545	2,200
		TOTAL BUDGET ACTIVITY 6:	97,596	78,827	73,501
1453N	220	LESS REIMBURSABLES	(352,176)	(336,805)	(344,006)
		TOTAL DIRECT - MILITARY PERSONNEL, NAVY	23,820,236	24,054,998	24,459,957

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		RESERVE PERSONNEL, NAVY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
1405N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	683,048	701,801	716,763
1405N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	5,204	4,647	4,670
1405N	30	PAY GROUP F TRAINING (RECRUITS)	889	2,173	2,555
1405N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	-	-	-
1405N	45	DEFENSE HEALTH PROGRAM ACCRUAL	117,099	134,619	221,457
1405N	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	806,240	843,240	945,445
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
1405N	60	MOBILIZATION TRAINING	6,782	6,599	6,789
1405N	70	SCHOOL TRAINING	20,524	23,011	23,182
1405N	80	SPECIAL TRAINING	54,823	60,445	63,527
1405N	90	ADMINISTRATION AND SUPPORT	845,798	933,112	982,747
1405N	100	EDUCATION BENEFITS	1,023	865	873
1405N	110	ROTC - SENIOR, JUNIOR	37,966	39,120	37,712
1405N	120	HEALTH PROFESSION SCHOLARSHIP	26,496	31,695	34,405
1405N	125	DEFENSE HEALTH PROGRAM ACCRUAL	61,431	65,740	76,952
1405N	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	1,054,843	1,160,587	1,226,187
		TOTAL DIRECT - RESERVE PERSONNEL, NAVY	1,861,083	2,003,827	2,171,632
		GRAND TOTAL DIRECT - NAVY MILITARY PERSONNEL	25,681,319	26,058,825	26,631,589

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
MILITARY PERSONNEL, MARINE CORPS					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
1105N	5	BASIC PAY	1,102,787	1,098,682	1,079,187
1105N	10	RETIRED PAY ACCRUAL	301,819	297,739	296,778
1105N	15	DEFENSE HEALTH PROGRAM ACCRUAL	78,514	83,253	100,083
1105N	25	BASIC ALLOWANCE FOR HOUSING	246,243	274,748	266,245
1105N	30	BASIC ALLOWANCE FOR SUBSISTENCE	40,919	42,405	39,474
1105N	35	INCENTIVE PAYS	49,537	48,023	47,368
1105N	40	SPECIAL PAYS	14,463	5,072	3,680
1105N	45	ALLOWANCES	34,053	25,901	22,819
1105N	50	SEPARATION PAY	20,124	10,396	9,351
1105N	55	SOCIAL SECURITY TAX	89,778	83,606	82,558
TOTAL BUDGET ACTIVITY 1:			1,978,237	1,969,825	1,947,543
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
1105N	60	BASIC PAY	3,589,368	3,655,211	3,549,705
1105N	65	RETIRED PAY ACCRUAL	983,074	988,559	973,916
1105N	70	DEFENSE HEALTH PROGRAM ACCRUAL	677,360	715,607	835,058
1105N	80	BASIC ALLOWANCE FOR HOUSING	768,980	800,858	787,328
1105N	85	INCENTIVE PAYS	10,465	8,360	8,360
1105N	90	SPECIAL PAYS	218,869	134,697	117,855
1105N	95	ALLOWANCES	271,631	186,552	172,769
1105N	100	SEPARATION PAY	80,817	57,205	66,804
1105N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	3,000	18,000	-
1105N	105	SOCIAL SECURITY TAX	280,102	279,058	271,710
TOTAL BUDGET ACTIVITY 2:			6,883,666	6,844,107	6,783,505

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, MARINE CORPS			
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
1105N	115	BASIC ALLOWANCE FOR SUBSISTENCE	323,145	280,323	281,739
1105N	120	SUBSISTENCE-IN-KIND	452,404	288,313	222,529
1105N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	750	750	750
		TOTAL BUDGET ACTIVITY 4:	776,299	569,386	505,018
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
1105N	125	ACCESSION TRAVEL	44,775	35,322	39,988
1105N	130	TRAINING TRAVEL	1,027	9,435	9,614
1105N	135	OPERATIONAL TRAVEL	83,478	93,785	95,439
1105N	140	ROTATIONAL TRAVEL	116,984	124,592	126,018
1105N	145	SEPARATION TRAVEL	40,575	44,069	44,523
1105N	150	TRAVEL OF ORGANIZED UNITS	2,370	1,537	1,593
1105N	155	NON-TEMPORARY STORAGE	4,373	5,318	5,403
1105N	160	TEMPORARY LODGING EXPENSE	9,898	9,874	12,723
1105N	165	OTHER	2,356	2,524	2,557
		TOTAL BUDGET ACTIVITY 5:	305,836	326,456	337,858

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, MARINE CORPS			
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
1105N	170	APPREHENSION OF MILITARY DESERTERS	1,549	1,577	1,606
1105N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	415	16	16
1105N	180	DEATH GRATUITIES	2,992	1,984	984
1105N	185	UNEMPLOYMENT BENEFITS	55,773	47,814	44,216
1105N	190	SURVIVOR BENEFITS	1,443	1,539	1,489
1105N	195	EDUCATION BENEFITS	1,880	2,785	2,797
1105N	200	ADOPTION EXPENSES	79	81	82
1105N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	3,988	900	-
1105N	210	TRANSPORTATION SUBSIDY	1,065	952	1,047
1105N	215	PARTIAL DISLOCATION ALLOWANCE	522	615	655
		TOTAL BUDGET ACTIVITY 6:	69,706	58,263	52,892
1105N	220	LESS REIMBURSABLES	(25,906)	(31,950)	(30,914)
		TOTAL DIRECT - MILITARY PERSONNEL, MARINE CORPS	9,987,838	9,736,087	9,595,902

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		RESERVE PERSONNEL, MARINE CORPS			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
1108N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	131,935	164,883	185,661
1108N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	10,888	17,726	21,184
1108N	30	PAY GROUP F TRAINING (RECRUITS)	74,325	74,704	77,011
1108N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	139	183	187
1108N	45	DEFENSE HEALTH PROGRAM ACCRUAL	61,740	69,279	116,658
1108N	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	279,027	326,775	400,701
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
1108N	60	MOBILIZATION TRAINING	1,136	2,337	2,403
1108N	70	SCHOOL TRAINING	18,795	11,079	11,450
1108N	80	SPECIAL TRAINING	27,518	34,654	34,891
1108N	90	ADMINISTRATION AND SUPPORT	146,298	150,965	157,640
1108N	100	EDUCATION BENEFITS	14,147	17,821	17,821
1108N	110	ROTC - SENIOR, JUNIOR	3,816	5,077	5,213
1108N	120	HEALTH PROFESSION SCHOLARSHIP	-	-	-
1108N	125	DEFENSE HEALTH PROGRAM ACCRUAL	9,859	10,475	12,289
1108N	130	OTHER PROGRAMS	13,264	12,361	12,565
		TOTAL BUDGET ACTIVITY 2:	234,833	244,769	254,272
		TOTAL DIRECT - RESERVE PERSONNEL, MARINE CORPS	513,860	571,544	654,973
		GRAND TOTAL DIRECT - MARINE CORPS MILITARY PERSONNEL	10,501,698	10,307,631	10,250,875

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE			
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
3500F	5	BASIC PAY	4,432,839	4,524,298	4,205,163
3500F	6	ARMY SECURITY	45,450	30,528	-
3500F	10	RETIRED PAY ACCRUAL	1,214,598	1,226,084	1,156,421
3500F	15	DEFENSE HEALTH PROGRAM ACCRUAL	307,183	319,027	374,546
3500F	25	BASIC ALLOWANCE FOR HOUSING	910,751	938,221	976,064
3500F	30	BASIC ALLOWANCE FOR SUBSISTENCE	159,091	165,092	153,282
3500F	35	INCENTIVE PAYS	331,847	348,047	333,678
3500F	40	SPECIAL PAYS	251,661	245,374	223,726
3500F	45	ALLOWANCES	103,835	98,407	76,783
3500F	50	SEPARATION PAY	63,063	104,893	96,728
3500F	55	SOCIAL SECURITY TAX	337,446	343,738	319,659
		TOTAL BUDGET ACTIVITY 1:	8,157,764	8,343,709	7,916,050
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL			
3500F	60	BASIC PAY	8,097,013	8,505,935	7,685,649
3500F	61	ARMY SECURITY	242,333	238,069	-
3500F	65	RETIRED PAY ACCRUAL	2,218,582	2,305,108	2,113,554
3500F	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,260,553	1,323,812	1,554,279
3500F	80	BASIC ALLOWANCE FOR HOUSING	1,947,735	1,946,130	2,034,706
3500F	85	INCENTIVE PAYS	41,223	41,967	34,889
3500F	90	SPECIAL PAYS	474,817	410,765	403,043
3500F	95	ALLOWANCES	486,673	491,799	452,134
3500F	100	SEPARATION PAY	135,589	95,788	109,767
3500F	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	27,000	122,000	-
3500F	105	SOCIAL SECURITY TAX	619,422	650,704	587,952
		TOTAL BUDGET ACTIVITY 2:	15,550,940	16,132,077	14,975,973

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
3500F	110	ACADEMY CADETS	49,821	50,362	51,398
		TOTAL BUDGET ACTIVITY 3:	49,821	50,362	51,398
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
3500F	115	BASIC ALLOWANCE FOR SUBSISTENCE	831,094	841,930	717,436
3500F	120	SUBSISTENCE-IN-KIND	265,032	235,191	173,774
3500F	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,103	1,215	1,254
		TOTAL BUDGET ACTIVITY 4:	1,097,229	1,078,336	892,464
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
3500F	125	ACCESSION TRAVEL	93,934	88,848	88,253
3500F	130	TRAINING TRAVEL	81,835	83,501	85,083
3500F	135	OPERATIONAL TRAVEL	172,319	157,453	156,508
3500F	140	ROTATIONAL TRAVEL	485,904	465,027	428,284
3500F	145	SEPARATION TRAVEL	99,638	113,215	161,308
3500F	150	TRAVEL OF ORGANIZED UNITS	6,676	7,937	7,761
3500F	155	NON-TEMPORARY STORAGE	25,575	25,676	28,009
3500F	160	TEMPORARY LODGING EXPENSE	37,902	36,260	34,306
3500F	165	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 5:	1,003,783	977,917	989,512

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
		MILITARY PERSONNEL, AIR FORCE	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
3500F	170	APPREHENSION OF MILITARY DESERTERS	100	100	100
3500F	175	INTEREST ON UNIFORMED SERVICES SAVINGS	595	595	595
3500F	180	DEATH GRATUITIES	1,500	2,988	2,964
3500F	185	UNEMPLOYMENT BENEFITS	52,643	61,069	29,044
3500F	190	SURVIVOR BENEFITS	2,789	3,178	4,009
3500F	195	EDUCATION BENEFITS	4,141	4,141	4,141
3500F	200	ADOPTION EXPENSES	800	800	800
3500F	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	18,909	9,400	-
3500F	210	TRANSPORTATION SUBSIDY	9,388	9,536	9,481
3500F	215	PARTIAL DISLOCATION ALLOWANCE	4,469	4,111	15,812
		TOTAL BUDGET ACTIVITY 6:	95,334	95,918	66,946
3500F	220	LESS REIMBURSABLES	(444,000)	(382,451)	(381,532)
		TOTAL DIRECT - MILITARY PERSONNEL, AIR FORCE	25,510,871	26,295,868	24,510,811

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
		RESERVE PERSONNEL, AIR FORCE	<u>FY 2003</u>	<u>FY 2004 /1</u>	<u>FY 2005 /1</u>
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
3700F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	441,509	537,098	500,780
3700F	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	94,315	109,981	97,025
3700F	30	PAY GROUP F TRAINING (RECRUITS)	34,777	23,696	37,304
3700F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	95	51	113
3700F	45	DEFENSE HEALTH PROGRAM ACCRUAL	119,002	137,012	233,399
3700F	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	689,698	807,838	868,621
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
3700F	60	MOBILIZATION TRAINING	-	1,800	1,800
3700F	70	SCHOOL TRAINING	86,817	80,783	92,858
3700F	80	SPECIAL TRAINING	135,111	115,645	178,366
3700F	90	ADMINISTRATION AND SUPPORT	131,527	149,484	172,866
3700F	100	EDUCATION BENEFITS	11,000	12,000	13,500
3700F	110	ROTC - SENIOR, JUNIOR	65,915	72,363	83,111
3700F	120	HEALTH PROFESSION SCHOLARSHIP	27,187	28,359	29,269
3700F	125	DEFENSE HEALTH PROGRAM ACCRUAL	6,714	7,306	9,597
3700F	130	OTHER PROGRAMS	10,943	12,710	14,062
		TOTAL BUDGET ACTIVITY 2:	475,214	480,450	595,429
		TOTAL DIRECT - RESERVE PERSONNEL, AIR FORCE	1,164,912	1,288,288	1,464,050

/1 The FY 2004 budget activity totals do not match the President's Budget Appendix. The budget activity amounts submitted to MAX were in error.

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		NATIONAL GUARD PERSONNEL, AIR FORCE			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
3850F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	685,499	776,421	807,509
3850F	30	PAY GROUP F TRAINING (RECRUITS)	67,603	67,738	68,031
3850F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	8,725	2,690	1,380
3850F	45	DEFENSE HEALTH PROGRAM ACCRUAL	153,589	176,712	296,724
3850F	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	915,416	1,023,561	1,173,644
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
3850F	70	SCHOOL TRAINING	151,104	145,686	155,195
3850F	80	SPECIAL TRAINING /1	112,014	169,743	187,640
3850F	90	ADMINISTRATION AND SUPPORT /1	743,853	834,967	936,252
3850F	100	EDUCATION BENEFITS	26,346	31,478	29,935
3850F	125	DEFENSE HEALTH PROGRAM ACCRUAL	51,120	54,363	63,776
3850F	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	1,084,437	1,236,237	1,372,798
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, AIR FORCE	1,999,853	2,259,798	2,546,442
		GRAND TOTAL DIRECT - AIR FORCE MILITARY PERSONNEL	28,675,636	29,843,954	28,521,303

/1 FY 2004 and FY 2005 line item totals revised February 12, 2004.

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL			
	ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
5	BASIC PAY	13,625,684	14,203,447	13,032,311
6	ARMY SECURITY	45,450	30,528	-
10	RETIRED PAY ACCRUAL	3,733,091	3,849,130	3,583,888
15	DEFENSE HEALTH PROGRAM ACCRUAL	957,401	1,019,925	1,190,546
25	BASIC ALLOWANCE FOR HOUSING	3,450,069	2,901,944	3,177,072
30	BASIC ALLOWANCE FOR SUBSISTENCE	488,708	532,883	482,679
35	INCENTIVE PAYS	669,200	674,439	685,868
40	SPECIAL PAYS	968,321	744,375	706,267
45	ALLOWANCES	426,832	274,997	255,963
50	SEPARATION PAY	190,819	220,644	206,024
51	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	2,000	-	-
55	SOCIAL SECURITY TAX	1,048,402	1,079,353	987,273
	TOTAL BUDGET ACTIVITY 1:	25,605,977	25,531,665	24,307,891
	ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL			
60	BASIC PAY	31,287,029	34,573,288	29,166,399
61	ARMY SECURITY	242,333	238,069	-
65	RETIRED PAY ACCRUAL	8,571,365	9,367,358	8,018,507
70	DEFENSE HEALTH PROGRAM ACCRUAL	5,092,730	5,401,786	6,251,412
80	BASIC ALLOWANCE FOR HOUSING	7,592,589	7,833,040	7,700,404
85	INCENTIVE PAYS	230,012	256,222	225,818
90	SPECIAL PAYS	2,706,468	2,880,440	1,843,922
95	ALLOWANCES	2,455,934	2,573,357	1,547,997
100	SEPARATION PAY	754,697	698,975	628,884
101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	30,856	355,000	-
105	SOCIAL SECURITY TAX	2,416,672	2,641,258	2,220,991
	TOTAL BUDGET ACTIVITY 2:	61,380,685	66,818,793	57,604,334

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL			
	ACTIVITY 3: PAY AND ALLOW OF CADETS			
110	ACADEMY CADETS	147,631	152,973	155,207
	TOTAL BUDGET ACTIVITY 3:	147,631	152,973	155,207
	ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
115	BASIC ALLOWANCE FOR SUBSISTENCE	2,732,604	2,712,592	2,418,365
120	SUBSISTENCE-IN-KIND	2,604,657	2,875,557	1,311,565
121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	3,396	4,045	4,041
	TOTAL BUDGET ACTIVITY 4:	5,340,657	5,592,194	3,733,971
	ACTIVITY 5: PERMANENT CHANGE OF STATION			
125	ACCESSION TRAVEL	524,032	484,318	378,107
130	TRAINING TRAVEL	210,792	240,151	225,647
135	OPERATIONAL TRAVEL	633,226	865,792	641,817
140	ROTATIONAL TRAVEL	1,454,294	1,305,659	1,323,652
145	SEPARATION TRAVEL	363,615	423,739	456,910
150	TRAVEL OF ORGANIZED UNITS	32,304	42,553	42,780
155	NON-TEMPORARY STORAGE	104,247	84,491	76,950
160	TEMPORARY LODGING EXPENSE	130,284	186,270	81,611
165	OTHER	8,991	9,948	10,179
	TOTAL BUDGET ACTIVITY 5:	3,461,785	3,642,921	3,237,653

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL			
	ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
170	APPREHENSION OF MILITARY DESERTERS	4,376	3,299	3,146
175	INTEREST ON UNIFORMED SERVICES SAVINGS	2,583	1,022	1,022
180	DEATH GRATUITIES	32,524	67,072	13,752
185	UNEMPLOYMENT BENEFITS	304,601	353,245	211,798
190	SURVIVOR BENEFITS	10,933	10,090	11,317
195	EDUCATION BENEFITS	35,142	12,564	12,576
200	ADOPTION EXPENSES	1,272	1,369	1,376
205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	69,137	24,933	-
210	TRANSPORTATION SUBSIDY	16,125	19,241	18,844
215	PARTIAL DISLOCATION ALLOWANCE	6,171	7,771	21,167
	TOTAL BUDGET ACTIVITY 6:	482,864	500,606	294,998
220	LESS REIMBURSABLES	(1,422,082)	(1,036,362)	(1,043,912)
	GRAND TOTAL DIRECT - ACTIVE FORCES	94,997,517	101,202,790	88,290,142

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	RESERVE PERSONNEL, GRAND TOTAL			
	ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,211,965	2,407,958	2,334,556
20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	132,441	173,969	166,293
30	PAY GROUP F TRAINING (RECRUITS)	275,160	269,114	292,761
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,733	13,598	7,310
45	DEFENSE HEALTH PROGRAM ACCRUAL	611,540	693,511	1,166,656
50	OTHER	-	-	-
	TOTAL BUDGET ACTIVITY 1:	3,237,839	3,558,150	3,967,576
	ACTIVITY 2: OTHER TRAINING AND SUPPORT			
60	MOBILIZATION TRAINING	25,695	29,284	28,551
70	SCHOOL TRAINING	231,637	226,158	260,455
80	SPECIAL TRAINING	354,266	372,653	443,482
90	ADMINISTRATION AND SUPPORT	2,274,177	2,522,431	2,671,437
100	EDUCATION BENEFITS	77,548	71,109	72,945
110	ROTC - SENIOR, JUNIOR	205,808	232,994	247,585
120	HEALTH PROFESSION SCHOLARSHIP	80,027	90,365	104,443
125	DEFENSE HEALTH PROGRAM ACCRUAL	134,677	148,544	176,809
130	OTHER PROGRAMS	45,529	59,130	50,962
	TOTAL BUDGET ACTIVITY 2:	3,429,364	3,752,668	4,056,669
	GRAND TOTAL DIRECT - RESERVE FORCES	6,667,203	7,310,818	8,024,245

**EXHIBIT M-1
FY 2005 PRESIDENT'S BUDGET**

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	NATIONAL GUARD PERSONNEL, GRAND TOTAL			
	ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,477,066	2,508,242	2,496,080
30	PAY GROUP F TRAINING (RECRUITS)	334,097	305,624	359,701
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	35,279	29,017	38,273
45	DEFENSE HEALTH PROGRAM ACCRUAL	684,421	782,682	1,303,982
50	OTHER	-	-	-
	TOTAL BUDGET ACTIVITY 1:	3,530,863	3,625,565	4,198,036
	ACTIVITY 2: OTHER TRAINING AND SUPPORT			
70	SCHOOL TRAINING	407,997	370,876	373,798
80	SPECIAL TRAINING	560,853	374,000	439,977
90	ADMINISTRATION AND SUPPORT	2,631,422	2,934,506	3,154,684
100	EDUCATION BENEFITS	113,019	141,114	128,106
125	DEFENSE HEALTH PROGRAM ACCRUAL	152,279	166,672	202,570
130	OTHER PROGRAMS	-	-	-
	TOTAL BUDGET ACTIVITY 2:	3,865,570	3,987,168	4,299,135
	GRAND TOTAL DIRECT - NATIONAL GUARD FORCES	7,396,433	7,612,733	8,497,171
	GRAND TOTAL DIRECT - MILITARY PERSONNEL	109,061,153	116,126,341	104,811,558

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Exhibit M-1A

The M-1A excludes FY 2004 supplemental funds provided by P.L. 108-106.

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Office of the Under Secretary of Defense
(Comptroller)

UNCLASSIFIED

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
MILITARY PERSONNEL, ARMY - Revised March 25, 2004					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
2010A	5	BASIC PAY	4,945,870	4,449,938	4,587,538
2010A	10	RETIRED PAY ACCRUAL	1,355,168	1,205,933	1,261,573
2010A	15	DEFENSE HEALTH PROGRAM ACCRUAL	339,232	361,924	426,390
2010A	25	BASIC ALLOWANCE FOR HOUSING	1,442,076	751,014	1,019,189
2010A	30	BASIC ALLOWANCE FOR SUBSISTENCE	173,185	168,261	173,278
2010A	35	INCENTIVE PAYS	97,698	77,194	99,608
2010A	40	SPECIAL PAYS	403,187	209,965	211,637
2010A	45	ALLOWANCES	187,520	69,462	78,958
2010A	50	SEPARATION PAY	83,329	69,108	73,427
2010A	51	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	2,000	-	-
2010A	55	SOCIAL SECURITY TAX	382,219	338,571	344,712
TOTAL BUDGET ACTIVITY 1:			9,411,484	7,701,370	8,276,310
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
2010A	60	BASIC PAY	11,727,978	9,732,277	9,914,330
2010A	65	RETIRED PAY ACCRUAL	3,213,466	2,637,447	2,726,441
2010A	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,766,353	1,856,387	2,175,161
2010A	80	BASIC ALLOWANCE FOR HOUSING	2,518,468	1,875,732	2,322,693
2010A	85	INCENTIVE PAYS	77,529	71,540	72,293
2010A	90	SPECIAL PAYS	1,112,207	464,301	452,955
2010A	95	ALLOWANCES	1,129,898	453,887	474,907
2010A	100	SEPARATION PAY	341,385	269,816	287,296
2010A	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	856	151,000	-
2010A	105	SOCIAL SECURITY TAX	914,888	738,478	753,051
TOTAL BUDGET ACTIVITY 2:			22,803,028	18,250,865	19,179,127

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, ARMY - Revised March 25, 2004			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
2010A	110	ACADEMY CADETS	47,352	49,760	50,969
		TOTAL BUDGET ACTIVITY 3:	47,352	49,760	50,969
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
2010A	115	BASIC ALLOWANCE FOR SUBSISTENCE	954,204	843,874	805,410
2010A	120	SUBSISTENCE-IN-KIND	1,491,578	544,205	520,687
2010A	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,312	1,580	1,537
		TOTAL BUDGET ACTIVITY 4:	2,447,094	1,389,659	1,327,634
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
2010A	125	ACCESSION TRAVEL	330,795	182,818	195,971
2010A	130	TRAINING TRAVEL	57,687	65,722	53,235
2010A	135	OPERATIONAL TRAVEL	161,995	228,571	177,814
2010A	140	ROTATIONAL TRAVEL	524,490	354,917	438,795
2010A	145	SEPARATION TRAVEL	133,546	148,159	154,083
2010A	150	TRAVEL OF ORGANIZED UNITS	4,898	2,846	3,492
2010A	155	NON-TEMPORARY STORAGE	62,877	34,996	31,387
2010A	160	TEMPORARY LODGING EXPENSE	73,098	21,561	20,456
2010A	165	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 5:	1,349,386	1,039,590	1,075,233

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
MILITARY PERSONNEL, ARMY - Revised March 25, 2004			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS					
2010A	170	APPREHENSION OF MILITARY DESERTERS	1,823	616	615
2010A	175	INTEREST ON UNIFORMED SERVICES SAVINGS	1,131	202	202
2010A	180	DEATH GRATUITIES	26,472	6,769	6,768
2010A	185	UNEMPLOYMENT BENEFITS	129,319	78,194	78,595
2010A	190	SURVIVOR BENEFITS	5,004	4,519	4,098
2010A	195	EDUCATION BENEFITS	22,000	4,268	4,268
2010A	200	ADOPTION EXPENSES	163	252	248
2010A	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	32,572	9,200	-
2010A	210	TRANSPORTATION SUBSIDY	1,064	4,359	4,365
2010A	215	PARTIAL DISLOCATION ALLOWANCE	680	2,500	2,500
TOTAL BUDGET ACTIVITY 6:			220,228	110,879	101,659
2010A	220	LESS REIMBURSABLES	(600,000)	(285,156)	(287,460)
TOTAL DIRECT - MILITARY PERSONNEL, ARMY			35,678,572	28,256,967	29,723,472

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		RESERVE PERSONNEL, ARMY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
2070A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	955,473	1,004,176	931,352
2070A	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	22,034	41,615	43,414
2070A	30	PAY GROUP F TRAINING (RECRUITS)	165,169	168,541	175,891
2070A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,499	13,364	7,010
2070A	45	DEFENSE HEALTH PROGRAM ACCRUAL	313,699	352,601	595,142
2070A	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	1,462,874	1,580,297	1,752,809
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
2070A	60	MOBILIZATION TRAINING	17,777	18,548	17,559
2070A	70	SCHOOL TRAINING	105,501	111,285	132,965
2070A	80	SPECIAL TRAINING	136,814	161,909	166,698
2070A	90	ADMINISTRATION AND SUPPORT	1,150,554	1,288,870	1,358,184
2070A	100	EDUCATION BENEFITS	51,378	40,423	40,751
2070A	110	ROTC - SENIOR, JUNIOR	98,111	116,434	121,549
2070A	120	HEALTH PROFESSION SCHOLARSHIP	26,344	30,311	40,769
2070A	125	DEFENSE HEALTH PROGRAM ACCRUAL	56,673	65,023	77,971
2070A	130	OTHER PROGRAMS	21,322	34,059	24,335
		TOTAL BUDGET ACTIVITY 2:	1,664,474	1,866,862	1,980,781
		TOTAL DIRECT - RESERVE PERSONNEL, ARMY	3,127,348	3,447,159	3,733,590

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		NATIONAL GUARD PERSONNEL, ARMY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
2060A	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	1,791,567	1,731,821	1,688,571
2060A	30	PAY GROUP F TRAINING (RECRUITS)	266,494	237,886	291,670
2060A	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	26,554	26,327	36,893
2060A	45	DEFENSE HEALTH PROGRAM ACCRUAL	530,832	605,970	1,007,258
2060A	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	2,615,447	2,602,004	3,024,392
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
2060A	70	SCHOOL TRAINING	256,893	225,190	218,603
2060A	80	SPECIAL TRAINING	448,839	204,257	252,337
2060A	90	ADMINISTRATION AND SUPPORT	1,887,569	2,099,539	2,218,432
2060A	100	EDUCATION BENEFITS	86,673	109,636	98,171
2060A	125	DEFENSE HEALTH PROGRAM ACCRUAL	101,159	112,309	138,794
2060A	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	2,781,133	2,750,931	2,926,337
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, ARMY	5,396,580	5,352,935	5,950,729
		GRAND TOTAL DIRECT - ARMY MILITARY PERSONNEL	44,202,500	37,057,061	39,407,791

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
1453N	5	BASIC PAY	3,144,188	3,029,630	3,160,423
1453N	10	RETIRED PAY ACCRUAL	861,506	821,032	869,116
1453N	15	DEFENSE HEALTH PROGRAM ACCRUAL	232,472	249,393	289,527
1453N	25	BASIC ALLOWANCE FOR HOUSING	850,999	819,698	915,574
1453N	30	BASIC ALLOWANCE FOR SUBSISTENCE	115,513	112,799	116,645
1453N	35	INCENTIVE PAYS	190,118	181,696	205,214
1453N	40	SPECIAL PAYS	299,010	245,510	267,224
1453N	45	ALLOWANCES	101,424	58,581	77,403
1453N	50	SEPARATION PAY	24,303	36,690	26,518
1453N	55	SOCIAL SECURITY TAX	238,959	232,639	240,344
		TOTAL BUDGET ACTIVITY 1:	6,058,492	5,787,668	6,167,988
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL			
1453N	60	BASIC PAY	7,872,670	7,817,224	8,016,715
1453N	65	RETIRED PAY ACCRUAL	2,156,243	2,118,180	2,204,596
1453N	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,388,464	1,460,234	1,686,914
1453N	80	BASIC ALLOWANCE FOR HOUSING	2,357,406	2,331,568	2,555,677
1453N	85	INCENTIVE PAYS	100,795	102,765	110,276
1453N	90	SPECIAL PAYS	900,575	874,087	870,069
1453N	95	ALLOWANCES	567,732	423,464	448,187
1453N	100	SEPARATION PAY	196,906	176,667	165,017
1453N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	-	64,000	-
1453N	105	SOCIAL SECURITY TAX	602,260	592,938	608,278
		TOTAL BUDGET ACTIVITY 2:	16,143,051	15,961,127	16,665,729

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
1453N	110	MIDSHIPMEN	50,458	52,851	52,840
		TOTAL BUDGET ACTIVITY 3:	50,458	52,851	52,840
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
1453N	115	BASIC ALLOWANCE FOR SUBSISTENCE	624,161	589,547	613,780
1453N	120	SUBSISTENCE-IN-KIND	395,643	386,324	394,575
1453N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	231	500	500
		TOTAL BUDGET ACTIVITY 4:	1,020,035	976,371	1,008,855
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
1453N	125	ACCESSION TRAVEL	54,528	58,320	53,895
1453N	130	TRAINING TRAVEL	70,243	59,797	77,715
1453N	135	OPERATIONAL TRAVEL	215,434	186,493	212,056
1453N	140	ROTATIONAL TRAVEL	326,916	266,127	330,555
1453N	145	SEPARATION TRAVEL	89,856	94,383	96,996
1453N	150	TRAVEL OF ORGANIZED UNITS	18,360	25,099	29,934
1453N	155	NON-TEMPORARY STORAGE	11,422	7,915	12,151
1453N	160	TEMPORARY LODGING EXPENSE	9,386	13,617	14,126
1453N	165	OTHER	6,635	11,354	7,622
		TOTAL BUDGET ACTIVITY 5:	802,780	723,105	835,050

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, NAVY			
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
1453N	170	APPREHENSION OF MILITARY DESERTERS	904	825	825
1453N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	442	209	209
1453N	180	DEATH GRATUITIES	1,560	1,524	3,036
1453N	185	UNEMPLOYMENT BENEFITS	66,866	59,191	59,943
1453N	190	SURVIVOR BENEFITS	1,697	854	1,721
1453N	195	EDUCATION BENEFITS	7,121	1,370	1,370
1453N	200	ADOPTION EXPENSES	230	236	246
1453N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	13,668	5,433	-
1453N	210	TRANSPORTATION SUBSIDY	4,608	4,394	3,951
1453N	215	PARTIAL DISLOCATION ALLOWANCE	500	545	2,200
		TOTAL BUDGET ACTIVITY 6:	97,596	74,581	73,501
1453N	220	LESS REIMBURSABLES	(352,176)	(336,805)	(344,006)
		TOTAL DIRECT - MILITARY PERSONNEL, NAVY	23,820,236	23,238,898	24,459,957

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		RESERVE PERSONNEL, NAVY			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
1405N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	683,048	701,801	716,763
1405N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	5,204	4,647	4,670
1405N	30	PAY GROUP F TRAINING (RECRUITS)	889	2,173	2,555
1405N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	-	-	-
1405N	45	DEFENSE HEALTH PROGRAM ACCRUAL	117,099	134,619	221,457
1405N	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	806,240	843,240	945,445
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
1405N	60	MOBILIZATION TRAINING	6,782	6,599	6,789
1405N	70	SCHOOL TRAINING	20,524	23,011	23,182
1405N	80	SPECIAL TRAINING	54,823	60,445	63,527
1405N	90	ADMINISTRATION AND SUPPORT	845,798	933,112	982,747
1405N	100	EDUCATION BENEFITS	1,023	865	873
1405N	110	ROTC - SENIOR, JUNIOR	37,966	39,120	37,712
1405N	120	HEALTH PROFESSION SCHOLARSHIP	26,496	31,695	34,405
1405N	125	DEFENSE HEALTH PROGRAM ACCRUAL	61,431	65,740	76,952
1405N	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	1,054,843	1,160,587	1,226,187
		TOTAL DIRECT - RESERVE PERSONNEL, NAVY	1,861,083	2,003,827	2,171,632
		GRAND TOTAL DIRECT - NAVY MILITARY PERSONNEL	25,681,319	25,242,725	26,631,589

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
MILITARY PERSONNEL, MARINE CORPS					
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS					
1105N	5	BASIC PAY	1,102,787	998,149	1,079,187
1105N	10	RETIRED PAY ACCRUAL	301,819	270,497	296,778
1105N	15	DEFENSE HEALTH PROGRAM ACCRUAL	78,514	75,815	100,083
1105N	25	BASIC ALLOWANCE FOR HOUSING	246,243	237,615	266,245
1105N	30	BASIC ALLOWANCE FOR SUBSISTENCE	40,919	38,522	39,474
1105N	35	INCENTIVE PAYS	49,537	48,023	47,368
1105N	40	SPECIAL PAYS	14,463	5,070	3,680
1105N	45	ALLOWANCES	34,053	20,858	22,819
1105N	50	SEPARATION PAY	20,124	10,398	9,351
1105N	55	SOCIAL SECURITY TAX	89,778	75,915	82,558
TOTAL BUDGET ACTIVITY 1:			1,978,237	1,780,862	1,947,543
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL					
1105N	60	BASIC PAY	3,589,368	3,429,949	3,549,705
1105N	65	RETIRED PAY ACCRUAL	983,074	928,623	973,916
1105N	70	DEFENSE HEALTH PROGRAM ACCRUAL	677,360	715,607	835,058
1105N	80	BASIC ALLOWANCE FOR HOUSING	768,980	733,035	787,328
1105N	85	INCENTIVE PAYS	10,465	8,360	8,360
1105N	90	SPECIAL PAYS	218,869	113,267	117,855
1105N	95	ALLOWANCES	271,631	167,659	172,769
1105N	100	SEPARATION PAY	80,817	57,683	66,804
1105N	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	3,000	18,000	-
1105N	105	SOCIAL SECURITY TAX	280,102	262,101	271,710
TOTAL BUDGET ACTIVITY 2:			6,883,666	6,434,284	6,783,505

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			FY 2003	FY 2004	FY 2005
		MILITARY PERSONNEL, MARINE CORPS			
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
1105N	115	BASIC ALLOWANCE FOR SUBSISTENCE	323,145	268,413	281,739
1105N	120	SUBSISTENCE-IN-KIND	452,404	185,785	222,529
1105N	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	750	750	750
		TOTAL BUDGET ACTIVITY 4:	776,299	454,948	505,018
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
1105N	125	ACCESSION TRAVEL	44,775	42,555	39,988
1105N	130	TRAINING TRAVEL	1,027	8,351	9,614
1105N	135	OPERATIONAL TRAVEL	83,478	75,623	95,439
1105N	140	ROTATIONAL TRAVEL	116,984	111,073	126,018
1105N	145	SEPARATION TRAVEL	40,575	41,799	44,523
1105N	150	TRAVEL OF ORGANIZED UNITS	2,370	2,513	1,593
1105N	155	NON-TEMPORARY STORAGE	4,373	4,901	5,403
1105N	160	TEMPORARY LODGING EXPENSE	9,898	10,167	12,723
1105N	165	OTHER	2,356	2,268	2,557
		TOTAL BUDGET ACTIVITY 5:	305,836	299,250	337,858

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, MARINE CORPS			
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
1105N	170	APPREHENSION OF MILITARY DESERTERS	1,549	1,577	1,606
1105N	175	INTEREST ON UNIFORMED SERVICES SAVINGS	415	16	16
1105N	180	DEATH GRATUITIES	2,992	1,984	984
1105N	185	UNEMPLOYMENT BENEFITS	55,773	35,054	44,216
1105N	190	SURVIVOR BENEFITS	1,443	1,539	1,489
1105N	195	EDUCATION BENEFITS	1,880	2,785	2,797
1105N	200	ADOPTION EXPENSES	79	81	82
1105N	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	3,988	900	-
1105N	210	TRANSPORTATION SUBSIDY	1,065	952	1,047
1105N	215	PARTIAL DISLOCATION ALLOWANCE	522	615	655
		TOTAL BUDGET ACTIVITY 6:	69,706	45,503	52,892
1105N	220	LESS REIMBURSABLES	(25,906)	(31,950)	(30,914)
		TOTAL DIRECT - MILITARY PERSONNEL, MARINE CORPS	9,987,838	8,982,897	9,595,902

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		RESERVE PERSONNEL, MARINE CORPS			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
1108N	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	131,935	164,883	185,661
1108N	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	10,888	17,726	21,184
1108N	30	PAY GROUP F TRAINING (RECRUITS)	74,325	74,704	77,011
1108N	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	139	183	187
1108N	45	DEFENSE HEALTH PROGRAM ACCRUAL	61,740	69,279	116,658
1108N	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	279,027	326,775	400,701
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
1108N	60	MOBILIZATION TRAINING	1,136	2,337	2,403
1108N	70	SCHOOL TRAINING	18,795	11,079	11,450
1108N	80	SPECIAL TRAINING	27,518	34,654	34,891
1108N	90	ADMINISTRATION AND SUPPORT	146,298	150,965	157,640
1108N	100	EDUCATION BENEFITS	14,147	17,821	17,821
1108N	110	ROTC - SENIOR, JUNIOR	3,816	5,077	5,213
1108N	120	HEALTH PROFESSION SCHOLARSHIP	-	-	-
1108N	125	DEFENSE HEALTH PROGRAM ACCRUAL	9,859	10,475	12,289
1108N	130	OTHER PROGRAMS	13,264	12,361	12,565
		TOTAL BUDGET ACTIVITY 2:	234,833	244,769	254,272
		TOTAL DIRECT - RESERVE PERSONNEL, MARINE CORPS	513,860	571,544	654,973
		GRAND TOTAL DIRECT - MARINE CORPS MILITARY PERSONNEL	10,501,698	9,554,441	10,250,875

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE			
		ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
3500F	5	BASIC PAY	4,432,839	3,925,964	4,205,163
3500F	6	ARMY SECURITY	45,450	-	-
3500F	10	RETIRED PAY ACCRUAL	1,214,598	1,063,935	1,156,421
3500F	15	DEFENSE HEALTH PROGRAM ACCRUAL	307,183	319,027	374,546
3500F	25	BASIC ALLOWANCE FOR HOUSING	910,751	894,757	976,064
3500F	30	BASIC ALLOWANCE FOR SUBSISTENCE	159,091	143,092	153,282
3500F	35	INCENTIVE PAYS	331,847	348,047	333,678
3500F	40	SPECIAL PAYS	251,661	236,591	223,726
3500F	45	ALLOWANCES	103,835	92,347	76,783
3500F	50	SEPARATION PAY	63,063	104,893	96,728
3500F	55	SOCIAL SECURITY TAX	337,446	297,966	319,659
		TOTAL BUDGET ACTIVITY 1:	8,157,764	7,426,619	7,916,050
		ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL			
3500F	60	BASIC PAY	8,097,013	7,207,505	7,685,649
3500F	61	ARMY SECURITY	242,333	-	-
3500F	65	RETIRED PAY ACCRUAL	2,218,582	1,953,234	2,113,554
3500F	70	DEFENSE HEALTH PROGRAM ACCRUAL	1,260,553	1,323,812	1,554,279
3500F	80	BASIC ALLOWANCE FOR HOUSING	1,947,735	1,784,380	2,034,706
3500F	85	INCENTIVE PAYS	41,223	41,967	34,889
3500F	90	SPECIAL PAYS	474,817	375,848	403,043
3500F	95	ALLOWANCES	486,673	467,559	452,134
3500F	100	SEPARATION PAY	135,589	95,788	109,767
3500F	101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	27,000	122,000	-
3500F	105	SOCIAL SECURITY TAX	619,422	551,374	587,952
		TOTAL BUDGET ACTIVITY 2:	15,550,940	13,923,467	14,975,973

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		MILITARY PERSONNEL, AIR FORCE			
		ACTIVITY 3: PAY AND ALLOW OF CADETS			
3500F	110	ACADEMY CADETS	49,821	50,362	51,398
		TOTAL BUDGET ACTIVITY 3:	49,821	50,362	51,398
		ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
3500F	115	BASIC ALLOWANCE FOR SUBSISTENCE	831,094	665,930	717,436
3500F	120	SUBSISTENCE-IN-KIND	265,032	182,191	173,774
3500F	121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	1,103	1,215	1,254
		TOTAL BUDGET ACTIVITY 4:	1,097,229	849,336	892,464
		ACTIVITY 5: PERMANENT CHANGE OF STATION			
3500F	125	ACCESSION TRAVEL	93,934	88,848	88,253
3500F	130	TRAINING TRAVEL	81,835	83,501	85,083
3500F	135	OPERATIONAL TRAVEL	172,319	157,453	156,508
3500F	140	ROTATIONAL TRAVEL	485,904	465,027	428,284
3500F	145	SEPARATION TRAVEL	99,638	113,215	161,308
3500F	150	TRAVEL OF ORGANIZED UNITS	6,676	7,937	7,761
3500F	155	NON-TEMPORARY STORAGE	25,575	25,676	28,009
3500F	160	TEMPORARY LODGING EXPENSE	37,902	36,260	34,306
3500F	165	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 5:	1,003,783	977,917	989,512

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
		MILITARY PERSONNEL, AIR FORCE	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
3500F	170	APPREHENSION OF MILITARY DESERTERS	100	100	100
3500F	175	INTEREST ON UNIFORMED SERVICES SAVINGS	595	595	595
3500F	180	DEATH GRATUITIES	1,500	2,988	2,964
3500F	185	UNEMPLOYMENT BENEFITS	52,643	31,069	29,044
3500F	190	SURVIVOR BENEFITS	2,789	3,178	4,009
3500F	195	EDUCATION BENEFITS	4,141	4,141	4,141
3500F	200	ADOPTION EXPENSES	800	800	800
3500F	205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	18,909	9,400	-
3500F	210	TRANSPORTATION SUBSIDY	9,388	9,536	9,481
3500F	215	PARTIAL DISLOCATION ALLOWANCE	4,469	4,111	15,812
		TOTAL BUDGET ACTIVITY 6:	95,334	65,918	66,946
3500F	220	LESS REIMBURSABLES	(444,000)	(382,451)	(381,532)
		TOTAL DIRECT - MILITARY PERSONNEL, AIR FORCE	25,510,871	22,911,168	24,510,811

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004 /1</u>	<u>FY 2005 /1</u>
		RESERVE PERSONNEL, AIR FORCE			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
3700F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	441,509	537,098	500,780
3700F	20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	94,315	109,981	97,025
3700F	30	PAY GROUP F TRAINING (RECRUITS)	34,777	23,696	37,304
3700F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	95	51	113
3700F	45	DEFENSE HEALTH PROGRAM ACCRUAL	119,002	137,012	233,399
3700F	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	689,698	807,838	868,621
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
3700F	60	MOBILIZATION TRAINING	-	1,800	1,800
3700F	70	SCHOOL TRAINING	86,817	80,783	92,858
3700F	80	SPECIAL TRAINING	135,111	115,645	178,366
3700F	90	ADMINISTRATION AND SUPPORT	131,527	149,484	172,866
3700F	100	EDUCATION BENEFITS	11,000	12,000	13,500
3700F	110	ROTC - SENIOR, JUNIOR	65,915	72,363	83,111
3700F	120	HEALTH PROFESSION SCHOLARSHIP	27,187	28,359	29,269
3700F	125	DEFENSE HEALTH PROGRAM ACCRUAL	6,714	7,306	9,597
3700F	130	OTHER PROGRAMS	10,943	12,710	14,062
		TOTAL BUDGET ACTIVITY 2:	475,214	480,450	595,429
		TOTAL DIRECT - RESERVE PERSONNEL, AIR FORCE	1,164,912	1,288,288	1,464,050

/1 The FY 2004 budget activity totals do not match the President's Budget Appendix. The budget activity amounts submitted to MAX were in error.

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

APPROP	ID		(DOLLARS IN THOUSANDS)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
		NATIONAL GUARD PERSONNEL, AIR FORCE			
		ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
3850F	10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	685,499	776,421	807,509
3850F	30	PAY GROUP F TRAINING (RECRUITS)	67,603	67,738	68,031
3850F	40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	8,725	2,690	1,380
3850F	45	DEFENSE HEALTH PROGRAM ACCRUAL	153,589	176,712	296,724
3850F	50	OTHER	-	-	-
		TOTAL BUDGET ACTIVITY 1:	915,416	1,023,561	1,173,644
		ACTIVITY 2: OTHER TRAINING AND SUPPORT			
3850F	70	SCHOOL TRAINING	151,104	145,686	155,195
3850F	80	SPECIAL TRAINING /1	112,014	169,743	187,640
3850F	90	ADMINISTRATION AND SUPPORT /1	743,853	834,967	936,252
3850F	100	EDUCATION BENEFITS	26,346	31,478	29,935
3850F	125	DEFENSE HEALTH PROGRAM ACCRUAL	51,120	54,363	63,776
3850F	130	OTHER PROGRAMS	-	-	-
		TOTAL BUDGET ACTIVITY 2:	1,084,437	1,236,237	1,372,798
		TOTAL DIRECT - NATIONAL GUARD PERSONNEL, AIR FORCE	1,999,853	2,259,798	2,546,442
		GRAND TOTAL DIRECT - AIR FORCE MILITARY PERSONNEL	28,675,636	26,459,254	28,521,303

/1 FY 2004 and FY 2005 line item totals revised February 12, 2004.

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

ID	MILITARY PERSONNEL, GRAND TOTAL	(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS				
5	BASIC PAY	13,625,684	12,403,681	13,032,311
6	ARMY SECURITY	45,450	-	-
10	RETIRED PAY ACCRUAL	3,733,091	3,361,397	3,583,888
15	DEFENSE HEALTH PROGRAM ACCRUAL	957,401	1,006,159	1,190,546
25	BASIC ALLOWANCE FOR HOUSING	3,450,069	2,703,084	3,177,072
30	BASIC ALLOWANCE FOR SUBSISTENCE	488,708	462,674	482,679
35	INCENTIVE PAYS	669,200	654,960	685,868
40	SPECIAL PAYS	968,321	697,136	706,267
45	ALLOWANCES	426,832	241,248	255,963
50	SEPARATION PAY	190,819	221,089	206,024
51	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	2,000	-	-
55	SOCIAL SECURITY TAX	1,048,402	945,091	987,273
	TOTAL BUDGET ACTIVITY 1:	25,605,977	22,696,519	24,307,891
ACTIVITY 2: PAY AND ALLOW OF ENLISTED PERSONNEL				
60	BASIC PAY	31,287,029	28,186,955	29,166,399
61	ARMY SECURITY	242,333	-	-
65	RETIRED PAY ACCRUAL	8,571,365	7,637,484	8,018,507
70	DEFENSE HEALTH PROGRAM ACCRUAL	5,092,730	5,356,040	6,251,412
80	BASIC ALLOWANCE FOR HOUSING	7,592,589	6,724,715	7,700,404
85	INCENTIVE PAYS	230,012	224,632	225,818
90	SPECIAL PAYS	2,706,468	1,827,503	1,843,922
95	ALLOWANCES	2,455,934	1,512,569	1,547,997
100	SEPARATION PAY	754,697	599,954	628,884
101	SPECIAL COMPENSATION FOR COMBAT-RELATED DISABLED	30,856	355,000	-
105	SOCIAL SECURITY TAX	2,416,672	2,144,891	2,220,991
	TOTAL BUDGET ACTIVITY 2:	61,380,685	54,569,743	57,604,334

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	MILITARY PERSONNEL, GRAND TOTAL			
	ACTIVITY 3: PAY AND ALLOW OF CADETS			
110	ACADEMY CADETS	147,631	152,973	155,207
	TOTAL BUDGET ACTIVITY 3:	147,631	152,973	155,207
	ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
115	BASIC ALLOWANCE FOR SUBSISTENCE	2,732,604	2,367,764	2,418,365
120	SUBSISTENCE-IN-KIND	2,604,657	1,298,505	1,311,565
121	FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE	3,396	4,045	4,041
	TOTAL BUDGET ACTIVITY 4:	5,340,657	3,670,314	3,733,971
	ACTIVITY 5: PERMANENT CHANGE OF STATION			
125	ACCESSION TRAVEL	524,032	372,541	378,107
130	TRAINING TRAVEL	210,792	217,371	225,647
135	OPERATIONAL TRAVEL	633,226	648,140	641,817
140	ROTATIONAL TRAVEL	1,454,294	1,197,144	1,323,652
145	SEPARATION TRAVEL	363,615	397,556	456,910
150	TRAVEL OF ORGANIZED UNITS	32,304	38,395	42,780
155	NON-TEMPORARY STORAGE	104,247	73,488	76,950
160	TEMPORARY LODGING EXPENSE	130,284	81,605	81,611
165	OTHER	8,991	13,622	10,179
	TOTAL BUDGET ACTIVITY 5:	3,461,785	3,039,862	3,237,653

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

ID	MILITARY PERSONNEL, GRAND TOTAL	(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
170	APPREHENSION OF MILITARY DESERTERS	4,376	3,118	3,146
175	INTEREST ON UNIFORMED SERVICES SAVINGS	2,583	1,022	1,022
180	DEATH GRATUITIES	32,524	13,265	13,752
185	UNEMPLOYMENT BENEFITS	304,601	203,508	211,798
190	SURVIVOR BENEFITS	10,933	10,090	11,317
195	EDUCATION BENEFITS	35,142	12,564	12,576
200	ADOPTION EXPENSES	1,272	1,369	1,376
205	SPECIAL COMPENSATION FOR SEVERELY DISABLED RETIREES	69,137	24,933	-
210	TRANSPORTATION SUBSIDY	16,125	19,241	18,844
215	PARTIAL DISLOCATION ALLOWANCE	6,171	7,771	21,167
	TOTAL BUDGET ACTIVITY 6:	482,864	296,881	294,998
220	LESS REIMBURSABLES	(1,422,082)	(1,036,362)	(1,043,912)
	GRAND TOTAL DIRECT - ACTIVE FORCES	94,997,517	83,389,930	88,290,142

*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	RESERVE PERSONNEL, GRAND TOTAL			
	ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,211,965	2,407,958	2,334,556
20	PAY GROUP B TRAINING (BACKFILL FOR ACT DUTY)	132,441	173,969	166,293
30	PAY GROUP F TRAINING (RECRUITS)	275,160	269,114	292,761
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	6,733	13,598	7,310
45	DEFENSE HEALTH PROGRAM ACCRUAL	611,540	693,511	1,166,656
50	OTHER	-	-	-
	TOTAL BUDGET ACTIVITY 1:	3,237,839	3,558,150	3,967,576
	ACTIVITY 2: OTHER TRAINING AND SUPPORT			
60	MOBILIZATION TRAINING	25,695	29,284	28,551
70	SCHOOL TRAINING	231,637	226,158	260,455
80	SPECIAL TRAINING	354,266	372,653	443,482
90	ADMINISTRATION AND SUPPORT	2,274,177	2,522,431	2,671,437
100	EDUCATION BENEFITS	77,548	71,109	72,945
110	ROTC - SENIOR, JUNIOR	205,808	232,994	247,585
120	HEALTH PROFESSION SCHOLARSHIP	80,027	90,365	104,443
125	DEFENSE HEALTH PROGRAM ACCRUAL	134,677	148,544	176,809
130	OTHER PROGRAMS	45,529	59,130	50,962
	TOTAL BUDGET ACTIVITY 2:	3,429,364	3,752,668	4,056,669
	GRAND TOTAL DIRECT - RESERVE FORCES	6,667,203	7,310,818	8,024,245

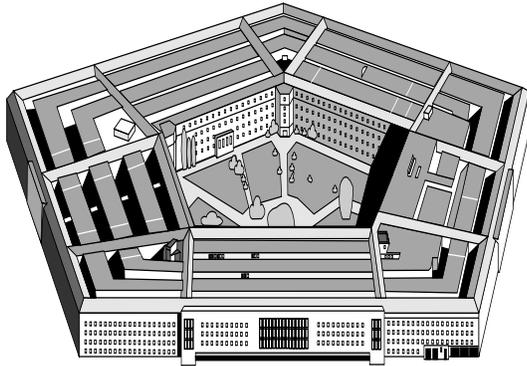
*Excludes FY 2004 supplemental funding

EXHIBIT M-1A*
FY 2005 PRESIDENT'S BUDGET

ID		(DOLLARS IN THOUSANDS)		
		FY 2003	FY 2004	FY 2005
	NATIONAL GUARD PERSONNEL, GRAND TOTAL			
	ACTIVITY 1: UNIT AND INDIVIDUAL TRAINING			
10	PAY GROUP A TRAINING (15 DAYS & DRILLS 24/48)	2,477,066	2,508,242	2,496,080
30	PAY GROUP F TRAINING (RECRUITS)	334,097	305,624	359,701
40	PAY GROUP P TRAINING (PIPELINE RECRUITS)	35,279	29,017	38,273
45	DEFENSE HEALTH PROGRAM ACCRUAL	684,421	782,682	1,303,982
50	OTHER	-	-	-
	TOTAL BUDGET ACTIVITY 1:	3,530,863	3,625,565	4,198,036
	ACTIVITY 2: OTHER TRAINING AND SUPPORT			
70	SCHOOL TRAINING	407,997	370,876	373,798
80	SPECIAL TRAINING	560,853	374,000	439,977
90	ADMINISTRATION AND SUPPORT	2,631,422	2,934,506	3,154,684
100	EDUCATION BENEFITS	113,019	141,114	128,106
125	DEFENSE HEALTH PROGRAM ACCRUAL	152,279	166,672	202,570
130	OTHER PROGRAMS	-	-	-
	TOTAL BUDGET ACTIVITY 2:	3,865,570	3,987,168	4,299,135
	GRAND TOTAL DIRECT - NATIONAL GUARD FORCES	7,396,433	7,612,733	8,497,171
	GRAND TOTAL DIRECT - MILITARY PERSONNEL	109,061,153	98,313,481	104,811,558

*Excludes FY 2004 supplemental funding

OPERATIONS PROGRAMS (O-1)



Department of Defense Budget

Fiscal Year 2005

February 2004

Office of the Under Secretary of Defense (Comptroller)

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Department of Defense
FY 2005 PRESIDENT'S BUDGET

Exhibit O-1

<u>Appropriation Summary</u>	<u>Total Obligational Authority</u> (Dollars in Thousands)		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Department of the Army</u>			
OPERATION & MAINTENANCE, ARMY	44,530,113	49,718,281	26,075,533
OPERATION & MAINTENANCE, ARMY RESERVE	2,126,962	1,979,057	2,008,128
OPERATION & MAINTENANCE, ARMY NATIONAL GUARD	4,342,958	4,311,805	4,488,925
Total Department of the Army	51,000,033	56,009,143	32,572,586
<u>Department of the Navy</u>			
OPERATION & MAINTENANCE, NAVY	35,555,292	29,614,644	29,789,190
OPERATION & MAINTENANCE, MARINE CORPS	5,525,445	4,608,137	3,632,115
OPERATION & MAINTENANCE, NAVY RESERVE	1,239,195	1,167,315	1,240,038
OPERATION & MAINTENANCE, MARINE CORPS RESERVE	217,936	189,121	188,696
Total Department of the Navy	42,537,868	35,579,217	34,850,039
<u>Department of the Air Force</u>			
OPERATION & MAINTENANCE, AIR FORCE	36,874,361	31,790,291	28,471,260
OPERATION & MAINTENANCE, AIR FORCE RESERVE	2,144,999	2,221,972	2,239,790
OPERATION & MAINTENANCE, AIR NATIONAL GUARD	4,242,652	4,683,253	4,422,838
Total Department of the Air Force	43,262,012	38,695,516	35,133,888
<u>Defense-Wide</u>			
OPERATION & MAINTENANCE, DEFENSE-WIDE	18,632,642	21,814,402	17,494,076
OFFICE OF THE INSPECTOR GENERAL	156,505	187,482	244,562
DRUG INTERDICTION & COUNTER-DRUG ACT., DEF.		908,616	852,697
DEFENSE HEALTH PROGRAM	15,404,879	17,261,650	17,640,411

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Department of Defense
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Appropriation SummaryTransfer Accounts and Miscellaneous

	Total Obligational Authority (Dollars in Thousands)		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
ENVIRONMENTAL RESTORATION FUND, ARMY		394,125	400,948
ENVIRONMENTAL RESTORATION FUND, NAVY		254,929	266,820
ENVIRONMENTAL RESTORATION FUND, AIR FORCE		382,470	397,368
ENVIRONMENTAL RESTORATION FUND, DEFENSE		23,966	23,684
ENVIRONMENTAL RESTORATION USED SITES		283,259	216,516
PAYMENT TO KAHO'OLAWA ISLAND FUND	86,268	18,430	
US COURT OF APPEALS FOR THE ARMED FORCES	9,349	10,284	10,825
SUPPORT OF INT'L SPORTING COMPETITIONS, DEFENSE	1,662		
OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND		4,976	30,000
EMERGENCY RESPONSE FUND		9	
EMERGENCY RESPONSE FUND, DEFENSE	1,058,041		
IRAQ FREEDOM FUND, DEFENSE		1,926,500	
OVERSEAS HUMANITARIAN, DISASTER AND CIVIC AID	94,517	94,218	59,000
CLAIMS, MT. PINATUBO, DEFENSE		51	
FORMER SOVIET UNION (FSU) THREAT REDUCTION	414,362	448,645	409,200
Total Miscellaneous	1,664,259	3,841,802	1,814,361
Total Operation and Maintenance Title:	172,658,198	174,297,828	140,602,620

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 FY 2005 PRESIDENT'S BUDGET
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		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	
2020A Operation & Maintenance, Army					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>LAND FORCES</u>					
2020A	010	DIVISIONS	1,386,913	1,489,497	1,510,841
2020A	020	CORPS COMBAT FORCES	358,498	471,410	472,692
2020A	030	CORPS SUPPORT FORCES	493,039	378,012	445,344
2020A	040	EAC SUPPORT FORCES	605,617	459,938	515,730
2020A	050	LAND FORCES OPERATIONS SUPPORT	1,346,358	1,062,154	1,196,122
		TOTAL LAND FORCES	4,190,425	3,861,011	4,140,729
<u>LAND FORCES READINESS</u>					
2020A	060	FORCE READINESS OPERATIONS SUPPORT	2,221,813	1,601,898	1,787,147
2020A	070	LAND FORCES SYSTEMS READINESS	1,042,107	491,899	506,479
2020A	080	LAND FORCES DEPOT MAINTENANCE	1,176,301	2,202,296	1,031,105
		TOTAL LAND FORCES READINESS	4,440,221	4,296,093	3,324,731
<u>LAND FORCES READINESS SUPPORT</u>					
2020A	090	BASE OPERATIONS SUPPORT	3,236,198	5,153,612	5,609,973
2020A	100	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	871,613	1,848,464	1,956,128
2020A	110	MANAGEMENT AND OPERATIONAL HQ	240,598	237,507	251,474
2020A	120	UNIFIED COMMANDS	108,766	105,394	94,850
2020A	130	MISCELLANEOUS ACTIVITIES	14,840,625	23,955,730	1,057,943
		TOTAL LAND FORCES READINESS SUPPORT	19,297,800	31,300,707	8,970,368
		TOTAL, BA 01: OPERATING FORCES	27,928,446	39,457,811	16,435,828
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>MOBILITY OPERATIONS</u>					
2020A	140	STRATEGIC MOBILITY	418,981	377,922	327,345
2020A	150	ARMY PREPOSITIONING STOCKS	300,752	154,052	126,163
2020A	160	INDUSTRIAL PREPAREDNESS	187,821	7,621	8,491
2020A	170	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	10,450		
		TOTAL MOBILITY OPERATIONS	918,004	539,595	461,999
		TOTAL, BA 02: MOBILIZATION	918,004	539,595	461,999
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>					
2020A	180	OFFICER ACQUISITION	86,517	89,252	107,554
2020A	190	RECRUIT TRAINING	19,931	33,393	20,766
2020A	200	ONE STATION UNIT TRAINING	29,554	62,306	41,961
2020A	210	SENIOR RESERVE OFFICERS TRAINING CORPS	209,320	212,417	234,308
2020A	220	BASE OPERATIONS SUPPORT	116,117		
2020A	230	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	43,677		
		TOTAL ACCESSION TRAINING	505,116	397,368	404,589
<u>BASIC SKILLS AND ADVANCED TRAINING</u>					
2020A	240	SPECIALIZED SKILL TRAINING	419,190	374,816	506,557

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 FY 2005 PRESIDENT'S BUDGET
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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
2020A Operation & Maintenance, Army					
2020A	250	FLIGHT TRAINING	470,220	498,015	573,906
2020A	260	PROFESSIONAL DEVELOPMENT EDUCATION	70,341	89,205	102,832
2020A	270	TRAINING SUPPORT	561,599	755,929	614,519
2020A	280	BASE OPERATIONS SUPPORT	1,129,738		
2020A	290	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	214,877		
TOTAL BASIC SKILLS AND ADVANCED TRAINING			2,865,965	1,717,965	1,797,814
 <u>RECRUITING AND OTHER TRAINING AND EDUCATION</u>					
2020A	300	RECRUITING AND ADVERTISING	476,888	460,767	461,157
2020A	310	EXAMINING	81,139	81,833	131,206
2020A	320	OFF-DUTY AND VOLUNTARY EDUCATION	234,787	222,495	296,311
2020A	330	CIVILIAN EDUCATION AND TRAINING	94,227	130,709	111,003
2020A	340	JUNIOR ROTC	97,061	128,019	137,331
2020A	350	BASE OPERATIONS SUPPORT	244,674		
TOTAL RECRUITING AND OTHER TRAINING AND EDUCATION			1,228,776	1,023,823	1,137,008
 TOTAL, BA 03: TRAINING AND RECRUITING			4,599,857	3,139,156	3,339,411
 <u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SECURITY PROGRAMS</u>					
2020A	360	SECURITY PROGRAMS	944,024	997,258	883,510
TOTAL SECURITY PROGRAMS			944,024	997,258	883,510
 <u>LOGISTICS OPERATIONS</u>					
2020A	370	SERVICEWIDE TRANSPORTATION	1,110,170	1,049,618	571,357
2020A	380	CENTRAL SUPPLY ACTIVITIES	613,750	487,139	480,102
2020A	390	LOGISTIC SUPPORT ACTIVITIES	1,774,767	761,393	439,466
2020A	400	AMMUNITION MANAGEMENT	650,787	355,000	356,607
TOTAL LOGISTICS OPERATIONS			4,149,474	2,653,150	1,847,532
 <u>SERVICEWIDE SUPPORT</u>					
2020A	410	ADMINISTRATION	1,108,732	648,652	702,719
2020A	420	SERVICEWIDE COMMUNICATIONS	790,079	653,136	610,866
2020A	430	MANPOWER MANAGEMENT	215,227	205,397	267,365
2020A	440	OTHER PERSONNEL SUPPORT	272,879	194,459	191,686
2020A	450	OTHER SERVICE SUPPORT	1,361,610	767,025	848,391
2020A	460	ARMY CLAIMS ACTIVITIES	95,739	114,277	115,453
2020A	470	REAL ESTATE MANAGEMENT	56,062	49,041	60,633
2020A	480	BASE OPERATIONS SUPPORT	1,572,053		
2020A	490	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	221,202		
TOTAL SERVICEWIDE SUPPORT			5,693,583	2,631,987	2,797,113
 <u>SUPPORT OF OTHER NATIONS</u>					
2020A	500	SUPPORT OF NATO OPERATIONS	242,540	241,834	250,026

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
2020A Operation & Maintenance, Army				
2020A	510 MISC. SUPPORT OF OTHER NATIONS	54,185	57,490	60,114
	TOTAL SUPPORT OF OTHER NATIONS	296,725	299,324	310,140
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES		11,083,806	6,581,719	5,838,295
Total Operation & Maintenance, Army		44,530,113	49,718,281	26,075,533

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1804N Operation & Maintenance, Navy

Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>					
1804N	010	MISSION AND OTHER FLIGHT OPERATIONS	3,809,995	3,510,669	3,002,769
1804N	020	FLEET AIR TRAINING	1,146,214	1,121,477	1,066,452
1804N	030	INTERMEDIATE MAINTENANCE	69,946	73,491	66,565
1804N	040	AIR OPERATIONS AND SAFETY SUPPORT	131,642	116,293	111,146
1804N	050	AIR SYSTEMS SUPPORT			498,508
1804N	060	AIRCRAFT DEPOT MAINTENANCE	1,378,280	1,094,829	995,596
1804N	070	AIRCRAFT DEPOT OPERATIONS SUPPORT	63,752	57,516	67,980
		TOTAL AIR OPERATIONS	6,599,829	5,974,275	5,809,016
<u>SHIP OPERATIONS</u>					
1804N	080	MISSION AND OTHER SHIP OPERATIONS	3,254,233	2,585,390	2,604,963
1804N	090	SHIP OPERATIONS SUPPORT & TRAINING	595,379	634,348	622,119
1804N	100	INTERMEDIATE MAINTENANCE	427,194		
1804N	110	SHIP DEPOT MAINTENANCE	4,618,123	4,094,890	3,910,439
1804N	120	SHIP DEPOT OPERATIONS SUPPORT	1,675,828	1,087,351	1,113,910
		TOTAL SHIP OPERATIONS	10,570,757	8,401,979	8,251,431
<u>COMBAT OPERATIONS/SUPPORT</u>					
1804N	130	COMBAT COMMUNICATIONS	532,597	396,343	379,929
1804N	140	ELECTRONIC WARFARE	16,406	15,420	16,946
1804N	150	SPACE SYSTEMS AND SURVEILLANCE	292,918	128,159	136,231
1804N	160	WARFARE TACTICS	281,308	263,336	266,032
1804N	170	OPERATIONAL METEOROLOGY AND OCEANOGRAPHY	272,196	258,275	256,003
1804N	180	COMBAT SUPPORT FORCES	2,207,975	964,297	1,362,179
1804N	190	EQUIPMENT MAINTENANCE	248,562	170,344	186,658
1804N	200	DEPOT OPERATIONS SUPPORT	1,593	2,712	3,214
		TOTAL COMBAT OPERATIONS/SUPPORT	3,853,555	2,198,886	2,607,192
<u>WEAPONS SUPPORT</u>					
1804N	210	CRUISE MISSILE	161,170	149,656	155,731
1804N	220	FLEET BALLISTIC MISSILE	774,088	803,427	830,393
1804N	230	IN-SERVICE WEAPONS SYSTEMS SUPPORT	37,960	43,681	51,043
1804N	240	WEAPONS MAINTENANCE	433,194	448,672	447,327
		TOTAL WEAPONS SUPPORT	1,406,412	1,445,436	1,484,494
<u>WORKING CAPITAL FUND SUPPORT</u>					
1804N	250	NWCF SUPPORT	-120,000	-447,755	
		TOTAL WORKING CAPITAL FUND SUPPORT	-120,000	-447,755	
<u>BASE SUPPORT</u>					
1804N	260	SUSTAINMENT, RESTORATION AND MODERNIZATION	1,475,606	1,473,857	1,330,363
1804N	270	BASE OPERATING SUPPORT	2,859,711	3,117,443	3,195,350
		TOTAL BASE SUPPORT	4,335,317	4,591,300	4,525,713
		TOTAL, BA 01: OPERATING FORCES	26,645,870	22,164,121	22,677,846

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1804N Operation & Maintenance, Navy					
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>READY RESERVE AND PREPOSITIONING FORCE</u>					
1804N	280	SHIP PREPOSITIONING AND SURGE	519,521	508,248	548,199
TOTAL READY RESERVE AND PREPOSITIONING FORCE			519,521	508,248	548,199
<u>ACTIVATIONS/INACTIVATIONS</u>					
1804N	290	AIRCRAFT ACTIVATIONS/INACTIVATIONS	3,402	8,153	7,619
1804N	300	SHIP ACTIVATIONS/INACTIVATIONS	199,787	173,978	212,393
TOTAL ACTIVATIONS/INACTIVATIONS			203,189	182,131	220,012
<u>MOBILIZATION PREPARATION</u>					
1804N	310	FLEET HOSPITAL PROGRAM	70,875	51,931	26,119
1804N	320	INDUSTRIAL READINESS	1,375	1,459	1,523
1804N	330	COAST GUARD SUPPORT	17,771	17,079	17,185
TOTAL MOBILIZATION PREPARATION			90,021	70,469	44,827
TOTAL, BA 02: MOBILIZATION			812,731	760,848	813,038
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>					
1804N	340	OFFICER ACQUISITION	108,795	117,797	120,835
1804N	350	RECRUIT TRAINING	6,267	8,626	7,716
1804N	360	RESERVE OFFICERS TRAINING CORPS	87,003	91,065	102,336
TOTAL ACCESSION TRAINING			202,065	217,488	230,887
<u>BASIC SKILLS AND ADVANCED TRAINING</u>					
1804N	370	SPECIALIZED SKILL TRAINING	383,973	428,809	434,374
1804N	380	FLIGHT TRAINING	411,032	415,501	420,829
1804N	390	PROFESSIONAL DEVELOPMENT EDUCATION	109,684	110,127	116,770
1804N	400	TRAINING SUPPORT	225,863	274,048	238,246
TOTAL BASIC SKILLS AND ADVANCED TRAINING			1,130,552	1,228,485	1,210,219
<u>RECRUITING AND OTHER TRAINING AND EDUCATION</u>					
1804N	410	RECRUITING AND ADVERTISING	254,530	230,563	282,526
1804N	420	OFF-DUTY AND VOLUNTARY EDUCATION	115,815	146,614	146,508
1804N	430	CIVILIAN EDUCATION AND TRAINING	69,465	70,039	67,556
1804N	440	JUNIOR ROTC	37,394	37,972	39,900
TOTAL RECRUITING AND OTHER TRAINING AND EDUCATION			477,204	485,188	536,490
<u>BASE SUPPORT</u>					
1804N	450	SUSTAINMENT, RESTORATION AND MODERNIZATION	234,545		
1804N	460	BASE SUPPORT	388,154		
TOTAL BASE SUPPORT			622,699		
TOTAL, BA 03: TRAINING AND RECRUITING			2,432,520	1,931,161	1,977,596

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		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	
1804N Operation & Maintenance, Navy					
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>					
1804N	470	ADMINISTRATION	709,293	665,088	773,940
1804N	480	EXTERNAL RELATIONS	4,723	3,528	3,893
1804N	490	CIVILIAN MANPOWER AND PERSONNEL MANAGEMENT	115,307	104,446	110,614
1804N	500	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	125,749	213,780	198,465
1804N	510	OTHER PERSONNEL SUPPORT	221,800	283,203	317,284
1804N	520	SERVICEWIDE COMMUNICATIONS	708,136	547,234	605,415
1804N	530	MEDICAL ACTIVITIES	18,144		
		TOTAL SERVICEWIDE SUPPORT	1,903,152	1,817,279	2,009,611
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>					
1804N	540	SERVICEWIDE TRANSPORTATION	269,821	310,015	189,634
1804N	550	ENVIRONMENTAL PROGRAMS	255,419		
1804N	560	PLANNING, ENGINEERING AND DESIGN	314,719	241,035	252,972
1804N	570	ACQUISITION AND PROGRAM MANAGEMENT	889,276	875,909	840,666
1804N	580	AIR SYSTEMS SUPPORT	497,734	443,763	
1804N	590	HULL, MECHANICAL AND ELECTRICAL SUPPORT	79,344	67,563	55,505
1804N	600	COMBAT/WEAPONS SYSTEMS	38,711	39,262	51,683
1804N	610	SPACE AND ELECTRONIC WARFARE SYSTEMS	56,498	63,406	70,166
		TOTAL LOGISTICS OPERATIONS AND TECHNICAL SUPPORT	2,401,522	2,040,953	1,460,626
<u>INVESTIGATIONS AND SECURITY PROGRAMS</u>					
1804N	620	SECURITY PROGRAMS	953,666	890,014	839,870
		TOTAL INVESTIGATIONS AND SECURITY PROGRAMS	953,666	890,014	839,870
<u>SUPPORT OF OTHER NATIONS</u>					
1804N	630	INTERNATIONAL HEADQUARTERS AND AGENCIES	10,512	10,268	10,603
		TOTAL SUPPORT OF OTHER NATIONS	10,512	10,268	10,603
<u>CANCELLED ACCOUNTS</u>					
1804N	640	CANCELLED ACCOUNT ADJUSTMENTS	2,123		
1804N	650	JUDGEMENT FUND	2,249		
		TOTAL CANCELLED ACCOUNTS	4,372		
<u>BASE SUPPORT</u>					
1804N	660	SUSTAINMENT, RESTORATION AND MAINTENANCE	121,437		
1804N	670	BASE OPERATING SUPPORT	269,510		
		TOTAL BASE SUPPORT	390,947		
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES			5,664,171	4,758,514	4,320,710
Total Operation & Maintenance, Navy			35,555,292	29,614,644	29,789,190

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1106N Operation & Maintenance, Marine Corps

Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>EXPEDITIONARY FORCES</u>					
1106N	010	OPERATIONAL FORCES	2,076,950	1,417,880	633,914
1106N	020	FIELD LOGISTICS	451,711	371,096	367,293
1106N	030	DEPOT MAINTENANCE	248,856	175,163	102,085
		TOTAL EXPEDITIONARY FORCES	2,777,517	1,964,139	1,103,292
<u>USMC PREPOSITIONING</u>					
1106N	040	MARITIME PREPOSITIONING	174,685	127,341	72,128
1106N	050	NORWAY PREPOSITIONING	14,031	3,972	7,763
		TOTAL USMC PREPOSITIONING	188,716	131,313	79,891
<u>BASE SUPPORT</u>					
1106N	060	SUSTAINMENT, RESTORATION, & MODERIZATION	523,079	501,142	451,012
1106N	070	BASE OPERATING SUPPORT	1,057,630	933,598	1,026,795
		TOTAL BASE SUPPORT	1,580,709	1,434,740	1,477,807
		TOTAL, BA 01: OPERATING FORCES	4,546,942	3,530,192	2,660,990
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>					
1106N	080	RECRUIT TRAINING	10,985	9,844	10,539
1106N	090	OFFICER ACQUISITION	425	348	351
		TOTAL ACCESSION TRAINING	11,410	10,192	10,890
<u>BASIC SKILLS AND ADVANCED TRAINING</u>					
1106N	100	SPECIALIZED SKILL TRAINING	34,823	40,484	45,155
1106N	110	FLIGHT TRAINING	186	171	174
1106N	120	PROFESSIONAL DEVELOPMENT EDUCATION	9,126	8,863	8,972
1106N	130	TRAINING SUPPORT	113,765	117,856	134,241
		TOTAL BASIC SKILLS AND ADVANCED TRAINING	157,900	167,374	188,542
<u>RECRUITING AND OTHER TRAINING AND EDUCATION</u>					
1106N	140	RECRUITING AND ADVERTISING	114,403	113,987	113,988
1106N	150	OFF-DUTY AND VOLUNTARY EDUCATION	38,032	32,006	34,336
1106N	160	JUNIOR ROTC	13,377	13,700	13,270
		TOTAL RECRUITING AND OTHER TRAINING AND EDUCATION	165,812	159,693	161,594
<u>BASE SUPPORT</u>					
1106N	170	SUSTAINMENT, RESTORATION AND MODERNIZATION	81,357	79,666	68,553
1106N	180	BASE OPERATING SUPPORT	117,363	153,327	162,579
		TOTAL BASE SUPPORT	198,720	232,993	231,132
		TOTAL, BA 03: TRAINING AND RECRUITING	533,842	570,252	592,158

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1106N Operation & Maintenance, Marine Corps					
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>					
1106N	190	SPECIAL SUPPORT	212,072	230,344	274,508
1106N	200	SERVICE-WIDE TRANSPORTATION	178,873	211,302	37,300
1106N	210	ADMINISTRATION	34,003	39,377	45,271
		TOTAL SERVICEWIDE SUPPORT	424,948	481,023	357,079
<u>CANCELLED ACCOUNTS</u>					
1106N	220	CANCELLED ACCOUNT ADJUSTMENT	153		
		TOTAL CANCELLED ACCOUNTS	153		
<u>BASE SUPPORT</u>					
1106N	230	SUSTAINMENT, RESTORATION, AND MODERNIZATION	6,401	3,563	3,191
1106N	240	BASE OPERATING SUPPORT	13,159	23,107	18,697
		TOTAL BASE SUPPORT	19,560	26,670	21,888
		TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES	444,661	507,693	378,967
Total Operation & Maintenance, Marine Corps			5,525,445	4,608,137	3,632,115

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3400F Operation & Maintenance, Air Force

Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>					
3400F	010	PRIMARY COMBAT FORCES	3,496,638	4,304,561	3,275,334
3400F	020	PRIMARY COMBAT WEAPONS	321,015	325,859	331,333
3400F	030	COMBAT ENHANCEMENT FORCES	371,136	363,065	346,322
3400F	040	AIR OPERATIONS TRAINING (OJT, MAINTAIN SKILLS)	1,158,696	1,260,370	1,274,599
3400F	050	COMBAT COMMUNICATIONS	2,075,622	1,247,353	1,318,159
3400F	060	DEPOT MAINTENANCE	1,849,957	2,163,165	2,085,761
3400F	070	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,407,175	1,063,004	1,017,301
3400F	080	BASE SUPPORT	4,702,232	3,230,163	1,995,494
		TOTAL AIR OPERATIONS	15,382,471	13,957,540	11,644,303
<u>COMBAT RELATED OPERATIONS</u>					
3400F	090	GLOBAL C3I AND EARLY WARNING	928,150	981,205	1,147,163
3400F	100	NAVIGATION/WEATHER SUPPORT	205,970	187,752	204,543
3400F	110	OTHER COMBAT OPS SPT PROGRAMS	1,758,401	765,286	622,524
3400F	120	JCS EXERCISES	33,006	30,576	32,756
3400F	130	MANAGEMENT/OPERATIONAL HQ	303,029	273,608	240,380
3400F	140	TACTICAL INTEL AND OTHER SPECIAL ACTIVITIES	281,290	242,746	340,102
		TOTAL COMBAT RELATED OPERATIONS	3,509,846	2,481,173	2,587,468
<u>SPACE OPERATIONS</u>					
3400F	150	LAUNCH FACILITIES	259,716	306,969	343,565
3400F	160	LAUNCH VEHICLES	148,013	64,630	100,135
3400F	170	SPACE CONTROL SYSTEMS	207,554	229,152	237,995
3400F	180	SATELLITE SYSTEMS	53,462	57,046	68,655
3400F	190	OTHER SPACE OPERATIONS	206,621	239,507	258,376
3400F	200	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	156,491	153,467	171,469
3400F	210	BASE SUPPORT	502,976	510,560	528,332
		TOTAL SPACE OPERATIONS	1,534,833	1,561,331	1,708,527
		TOTAL, BA 01: OPERATING FORCES	20,427,150	18,000,044*	15,940,298
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>MOBILITY OPERATIONS</u>					
3400F	220	AIRLIFT OPERATIONS	3,611,311	2,300,345	1,919,987
3400F	230	AIRLIFT OPERATIONS C3I	93,059	68,262	51,824
3400F	240	MOBILIZATION PREPAREDNESS	256,691	206,348	170,623
3400F	250	PAYMENTS TO TRANSPORTATION BUSINESS AREA	3,682		
3400F	260	DEPOT MAINTENANCE	435,384	384,355	410,679
3400F	270	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	551,160	206,637	200,928
3400F	280	BASE SUPPORT	705,476	1,340,724	537,718
		TOTAL MOBILITY OPERATIONS	5,656,763	4,506,671	3,291,759
		TOTAL, BA 02: MOBILIZATION	5,656,763	4,506,671	3,291,759

* Includes late-breaking adjustment not reflected in the President's Budget request.

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		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
3400F Operation & Maintenance, Air Force				
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>				
<u>ACCESSION TRAINING</u>				
3400F	290 OFFICER ACQUISITION	73,396	68,122	73,788
3400F	300 RECRUIT TRAINING	8,055	7,284	6,034
3400F	310 RESERVE OFFICERS TRAINING CORPS (ROTC)	80,262	76,819	84,381
3400F	320 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	96,063	76,780	85,892
3400F	330 BASE SUPPORT	63,827	60,856	71,777
	TOTAL ACCESSION TRAINING	321,603	289,861	321,872
<u>BASIC SKILLS AND ADVANCED TRAINING</u>				
3400F	340 SPECIALIZED SKILL TRAINING	339,199	333,219	336,818
3400F	350 FLIGHT TRAINING	693,217	807,752	775,819
3400F	360 PROFESSIONAL DEVELOPMENT EDUCATION	145,720	147,340	158,967
3400F	370 TRAINING SUPPORT	104,853	94,016	108,450
3400F	380 DEPOT MAINTENANCE	7,026	8,468	12,914
3400F	390 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	261,718	403,953	190,592
3400F	400 BASE SUPPORT	623,900	805,633	584,857
	TOTAL BASIC SKILLS AND ADVANCED TRAINING	2,175,633	2,600,381	2,168,417
<u>RECRUITING AND OTHER TRAINING AND EDUCATION</u>				
3400F	410 RECRUITING AND ADVERTISING	145,074	141,758	143,369
3400F	420 EXAMINING	2,647	3,167	3,281
3400F	430 OFF-DUTY AND VOLUNTARY EDUCATION	159,965	152,015	159,129
3400F	440 CIVILIAN EDUCATION AND TRAINING	92,582	128,327	158,738
3400F	450 JUNIOR ROTC	41,657	39,943	50,108
	TOTAL RECRUITING AND OTHER TRAINING AND EDUCATION	441,925	465,210	514,625
TOTAL, BA 03: TRAINING AND RECRUITING		2,939,161	3,355,452*	3,004,914
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>				
<u>LOGISTICS OPERATIONS</u>				
3400F	460 LOGISTICS OPERATIONS	1,620,729	949,315	883,478
3400F	470 TECHNICAL SUPPORT ACTIVITIES	404,055	409,929	432,323
3400F	480 SERVICEWIDE TRANSPORTATION	413,066	204,839	171,501
3400F	490 DEPOT MAINTENANCE	172,688	130,856	105,158
3400F	500 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	310,249	229,476	260,580
3400F	510 BASE SUPPORT	1,036,391	1,216,514	1,072,242
	TOTAL LOGISTICS OPERATIONS	3,957,178	3,140,929	2,925,282
<u>SERVICEWIDE ACTIVITIES</u>				
3400F	520 ADMINISTRATION	238,659	222,116	299,617
3400F	530 SERVICE-WIDE COMMUNICATIONS	453,381	325,261	377,574
3400F	540 PERSONNEL PROGRAMS	226,459	220,621	262,281
3400F	550 RESCUE AND RECOVERY SERVICES	127,755	135,673	129,437
3400F	560 ARMS CONTROL	41,278	33,640	41,645
3400F	570 OTHER SERVICEWIDE ACTIVITIES	1,279,619	640,636	728,942
3400F	580 OTHER PERSONNEL SUPPORT	42,572	33,688	39,457
3400F	590 CIVIL AIR PATROL	20,748	21,432	21,722

* Includes late-breaking adjustment not reflected in the President's Budget request.

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
3400F Operation & Maintenance, Air Force					
3400F	600	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	32,715	10,158	12,848
3400F	610	BASE SUPPORT	255,192	296,617	345,170
		TOTAL SERVICEWIDE ACTIVITIES	2,718,378	1,939,842	2,258,693
 <u>SECURITY PROGRAMS</u>					
3400F	620	SECURITY PROGRAMS	1,151,105	828,642	1,024,129
		TOTAL SECURITY PROGRAMS	1,151,105	828,642	1,024,129
 <u>SUPPORT TO OTHER NATIONS</u>					
3400F	630	INTERNATIONAL SUPPORT	24,626	18,711	26,185
		TOTAL SUPPORT TO OTHER NATIONS	24,626	18,711	26,185
		 TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES	 7,851,287	 5,928,124*	 6,234,289
		 Total Operation & Maintenance, Air Force	 36,874,361	 31,790,291	 28,471,260

* Includes late-breaking adjustment not reflected in the President's Budget request.

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		Total Obligational Authority (Dollars in Thousands)			
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	
0100D Operation & Maintenance, Defense-Wide					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
0100D	010	JOINT CHIEFS OF STAFF	310,109	343,538	243,062
0100D	020	SPECIAL OPERATIONS COMMAND	2,718,446*	3,280,876	1,992,613
TOTAL, BA 01: OPERATING FORCES			3,028,555	3,624,414	2,235,675
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
0100D	030	DEFENSE LOGISTICS AGENCY	44,018	49,466	40,599
TOTAL, BA 02: MOBILIZATION			44,018	49,466	40,599
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
0100D	040	AMERICAN FORCES INFORMATION SERVICE	11,459	14,005	14,050
0100D	050	OTHER PROGRAMS	2,795		
0100D	060	DEFENSE ACQUISITION UNIVERSITY	103,894	103,148	103,532
0100D	070	DEFENSE CONTRACT AUDIT AGENCY	5,104	5,200	5,296
0100D	080	DEFENSE THREAT REDUCTION AGENCY	1,401	4,859	5,968
0100D	090	DOD HUMAN RESOURCES ACTIVITY	45,314*	42,364*	56,067
0100D	100	DEFENSE FINANCE AND ACCOUNTING SERVICE	7,271		
0100D	110	DEFENSE SECURITY SERVICE	6,991	7,173	7,343
0100D	120	NATIONAL DEFENSE UNIVERSITY	74,674	87,209	90,263
0100D	130	SPECIAL OPERATIONS COMMAND	108,173*	93,054	96,244
TOTAL, BA 03: TRAINING AND RECRUITING			367,076	357,012	378,763
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
0100D	140	AMERICAN FORCES INFORMATION SERVICE	103,317	115,937	110,528
0100D	150	CIVIL MILITARY PROGRAMS	93,176	110,030	101,389
0100D	180	DEFENSE CONTRACT AUDIT AGENCY	347,849	363,697	368,119
0100D	200	DEFENSE LEGAL SERVICES	20,683	29,868	25,484
0100D	210	DEFENSE LOGISTICS AGENCY	429,827	257,293	265,379
0100D	220	DEFENSE POW/MIA OFFICE	16,574	15,626	15,964
0100D	230	DEFENSE TECHNOLOGY SECURITY AGENCY	19,779	20,172	20,456
0100D	240	DEFENSE THREAT REDUCTION AGENCY	358,790	339,442*	319,483*
0100D	250	DEPARTMENT OF DEFENSE EDUCATION AGENCY	1,651,326	1,807,743	1,761,852
0100D	260	DOD HUMAN RESOURCES ACTIVITY	247,080*	277,622*	318,940
0100D	270	DEFENSE CONTRACT MANAGEMENT AGENCY	967,087	1,001,120	1,029,592
0100D	280	DEFENSE FINANCE AND ACCOUNTING SERVICE	6,290	4,991	4,310
0100D	290	DEFENSE INFORMATION SERVICES AGENCY	1,008,732	1,224,479	1,090,558
0100D	300	DEFENSE SECURITY COOPERATION AGENCY	531,793	2,426,523	83,922
0100D	310	DEFENSE SECURITY SERVICE	192,438	251,694*	277,100*
0100D	320	JOINT CHIEFS OF STAFF	185,588*	245,694	278,884
0100D	340	OFFICE OF ECONOMIC ADJUSTMENT	41,819	60,235	44,756
0100D	350	OFFICE OF THE SECRETARY OF DEFENSE	749,421	787,697	805,813
0100D	360	SPECIAL OPERATIONS COMMAND	57,768*	62,505	142,457*

* Includes late-breaking adjustment not reflected in the President's Budget request.

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		Total Obligational Authority		
		(Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
0100D Operation & Maintenance, Defense-Wide				
0100D	370 WASHINGTON HEADQUARTERS SERVICE	585,632*	450,343	447,166
0100D	999 OTHER PROGRAMS	7,578,024	7,930,799	7,326,887
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES		15,192,993	17,783,510	14,839,039
Total Operation & Maintenance, Defense-Wide		18,632,642	21,814,402	17,494,076

* Includes late-breaking adjustment not reflected in the President's Budget request.

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
0107D Office of the Inspector General					
<u>BUDGET ACTIVITY 01: OPERATION & MAINTENANCE</u>					
0107D	010	OFFICE OF THE INSPECTOR GENERAL	153,862	182,849	242,362
TOTAL, BA 01: OPERATION & MAINTENANCE			153,862	182,849	242,362
<u>BUDGET ACTIVITY 02: RDT&E</u>					
0107D	020	OFFICE OF THE INSPECTOR GENERAL		300	100
TOTAL, BA 02: RDT&E				300	100
<u>BUDGET ACTIVITY 03: PROCUREMENT</u>					
0107D	030	OFFICE OF THE INSPECTOR GENERAL	2,643	4,333	2,100
TOTAL, BA 03: PROCUREMENT			2,643	4,333	2,100
Total Office of the Inspector General			156,505	187,482	244,562

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
2080A Operation & Maintenance, Army Reserve				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>LAND FORCES</u>				
2080A	010 DIVISIONS	9,745	18,991	7,640
2080A	020 CORPS COMBAT FORCES	12,339	35,798	34,607
2080A	030 CORPS SUPPORT FORCES	367,485	303,462	318,411
2080A	040 EAC SUPPORT FORCES	138,280	134,790	150,421
2080A	050 LAND FORCES OPERATIONS SUPPORT	435,644	458,497	459,134
	TOTAL LAND FORCES	963,493	951,538	970,213
<u>LAND FORCES READINESS</u>				
2080A	060 FORCE READINESS OPERATIONS SUPPORT	137,509	122,020	153,475
2080A	070 LAND FORCES SYSTEMS READINESS	97,442	59,846	65,202
2080A	080 LAND FORCES DEPOT MAINTENANCE	48,451	62,947	71,548
	TOTAL LAND FORCES READINESS	283,402	244,813	290,225
<u>LAND FORCES READINESS SUPPORT</u>				
2080A	090 BASE OPERATIONS SUPPORT	459,155	363,592	379,112
2080A	100 FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	188,915	179,079	201,141
2080A	110 MISCELLANEOUS ACTIVITIES	2,468	3,672	7,627
	TOTAL LAND FORCES READINESS SUPPORT	650,538	546,343	587,880
TOTAL, BA 01: OPERATING FORCES		1,897,433	1,742,694	1,848,318
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>				
<u>SERVICEWIDE SUPPORT</u>				
2080A	120 ADMINISTRATION	45,987	47,714	52,180
2080A	130 SERVICEWIDE COMMUNICATIONS	40,266	38,862	9,116
2080A	140 MANPOWER MANAGEMENT	49,864	47,092	8,201
2080A	150 RECRUITING AND ADVERTISING	93,412	102,695	90,313
	TOTAL SERVICEWIDE SUPPORT	229,529	236,363	159,810
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES		229,529	236,363	159,810
Total Operation & Maintenance, Army Reserve		2,126,962	1,979,057	2,008,128

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1806N Operation & Maintenance, Navy Reserve

Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>					
1806N	010	MISSION AND OTHER FLIGHT OPERATIONS	420,322	417,711	483,526
1806N	020	INTERMEDIATE MAINTENANCE	16,351	18,327	16,494
1806N	030	AIR OPERATIONS AND SAFETY SUPPORT	2,038	2,156	1,592
1806N	040	AIRCRAFT DEPOT MAINTENANCE	132,240	137,473	131,607
1806N	050	AIRCRAFT DEPOT OPERATIONS SUPPORT	296	362	384
		TOTAL AIR OPERATIONS	571,247	576,029	633,603
<u>SHIP OPERATIONS</u>					
1806N	060	MISSION AND OTHER SHIP OPERATIONS	67,357	66,889	59,127
1806N	070	SHIP OPERATIONS SUPPORT & TRAINING	555	537	531
1806N	080	INTERMEDIATE MAINTENANCE	13,110		
1806N	090	SHIP DEPOT MAINTENANCE	79,221	83,178	92,787
1806N	100	SHIP DEPOT OPERATIONS SUPPORT	4,409	3,424	3,596
		TOTAL SHIP OPERATIONS	164,652	154,028	156,041
<u>COMBAT OPERATIONS/SUPPORT</u>					
1806N	110	COMBAT COMMUNICATIONS			6,732
1806N	120	COMBAT SUPPORT FORCES	64,103	105,117	224,589
		TOTAL COMBAT OPERATIONS/SUPPORT	64,103	105,117	231,321
<u>WEAPONS SUPPORT</u>					
1806N	130	WEAPONS MAINTENANCE	5,521	5,517	5,548
		TOTAL WEAPONS SUPPORT	5,521	5,517	5,548
<u>BASE SUPPORT</u>					
1806N	140	SUSTAINMENT, RESTORATION AND MODERNIZATION	111,895	62,633	73,410
1806N	150	BASE OPERATING SUPPORT	169,612	85,017	108,863
		TOTAL BASE SUPPORT	281,507	147,650	182,273
		TOTAL, BA 01: OPERATING FORCES	1,087,030	988,341	1,208,786
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>					
1806N	160	ADMINISTRATION	13,909	17,986	6,930
1806N	170	CIVILIAN MANPOWER AND PERSONNEL MANAGEMENT	1,909	2,258	
1806N	180	MILITARY MANPOWER AND PERSONNEL MANAGEMENT	31,468	36,102	8,797
1806N	190	SERVICEWIDE COMMUNICATIONS	98,420	116,141	3,347
1806N	200	COMBAT/WEAPONS SYSTEMS	5,731	5,637	5,667
1806N	210	OTHER SERVICE-WIDE SUPPORT	721	850	6,511
		TOTAL SERVICEWIDE SUPPORT	152,158	178,974	31,252

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			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1107N Operation & Maintenance, Marine Corps Reserve					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>EXPEDITIONARY FORCES</u>					
1107N	010	OPERATING FORCES	107,487	76,970	72,940
1107N	020	DEPOT MAINTENANCE	12,395	10,181	12,132
1107N	030	BASE SUPPORT	26,723		
1107N	040	TRAINING SUPPORT	15,970	25,828	25,544
1107N	050	SUSTAINMENT, RESTORATION AND MODERNIZATION	25,527		
		TOTAL EXPEDITIONARY FORCES	188,102	112,979	110,616
<u>BASE SUPPORT</u>					
1107N	060	SUSTAINMENT, RESTORATION AND MODERNIZATION		8,729	12,126
1107N	070	BASE OPERATING SUPPORT		33,463	33,370
		TOTAL BASE SUPPORT		42,192	45,496
TOTAL, BA 01: OPERATING FORCES			188,102	155,171	156,112
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>					
1107N	080	SPECIAL SUPPORT	5,480	8,914	8,948
1107N	090	SERVICE-WIDE TRANSPORTATION	1,035	578	580
1107N	100	ADMINISTRATION	8,462	9,671	10,407
1107N	110	BASE SUPPORT	6,594		
1107N	120	RECRUITING AND ADVERTISING	8,263	8,119	8,013
		TOTAL SERVICEWIDE SUPPORT	29,834	27,282	27,948
<u>BASE SUPPORT</u>					
1107N	130	BASE OPERATING SUPPORT		6,668	4,636
		TOTAL BASE SUPPORT		6,668	4,636
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES			29,834	33,950	32,584
Total Operation & Maintenance, Marine Corps Reserve			217,936	189,121	188,696

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3740F Operation & Maintenance, Air Force Reserve

Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>					
3740F	010	PRIMARY COMBAT FORCES	1,029,986	1,353,603	1,329,717
3740F	020	MISSION SUPPORT OPERATIONS	125,704	67,959	74,077
3740F	030	DEPOT MAINTENANCE	330,689	370,580	410,893
3740F	040	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	132,070	59,796	53,056
3740F	050	BASE SUPPORT	404,691	265,718	264,425
		TOTAL AIR OPERATIONS	2,023,140	2,117,656	2,132,168
TOTAL, BA 01: OPERATING FORCES			2,023,140	2,117,656	2,132,168
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE ACTIVITIES</u>					
3740F	060	ADMINISTRATION	63,126	58,856	60,270
3740F	070	RECRUITING AND ADVERTISING	28,260	14,093	14,516
3740F	080	MILITARY MANPOWER AND PERS MGMT (ARPC)	21,459	24,139	25,485
3740F	090	OTHER PERS SUPPORT (DISABILITY COMP)	8,025	6,610	6,707
3740F	100	AUDIOVISUAL	989	618	644
		TOTAL SERVICEWIDE ACTIVITIES	121,859	104,316	107,622
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES			121,859	104,316	107,622
Total Operation & Maintenance, Air Force Reserve			2,144,999	2,221,972	2,239,790

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Department of Defense
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			Total Obligational Authority (Dollars in Thousands)		
2065A Operation & Maintenance, Army National Guard			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>LAND FORCES</u>					
2065A	010	DIVISIONS	582,999	667,406	606,407
2065A	020	CORPS COMBAT FORCES	620,167	654,120	629,062
2065A	030	CORPS SUPPORT FORCES	303,444	339,845	333,393
2065A	040	EAC SUPPORT FORCES	469,428	557,307	615,838
2065A	050	LAND FORCES OPERATIONS SUPPORT	73,287	28,323	20,786
TOTAL LAND FORCES			2,049,325	2,247,001	2,205,486
<u>LAND FORCES READINESS</u>					
2065A	060	FORCE READINESS OPERATIONS SUPPORT	104,977	133,046	180,163
2065A	070	LAND FORCES SYSTEMS READINESS	192,955	105,880	142,914
2065A	080	LAND FORCES DEPOT MAINTENANCE	170,402	194,149	230,567
TOTAL LAND FORCES READINESS			468,334	433,075	553,644
<u>LAND FORCES READINESS SUPPORT</u>					
2065A	090	BASE OPERATIONS SUPPORT	715,779	492,462	577,028
2065A	100	FACILITIES SUSTAINMENT, RESTORATION, & MODERIZATION	320,448	377,796	384,044
2065A	110	MANAGEMENT AND OPERATIONAL HQ	461,308	398,974	451,167
2065A	120	MISCELLANEOUS ACTIVITIES	48,529	63,327	59,356
TOTAL LAND FORCES READINESS SUPPORT			1,546,064	1,332,559	1,471,595
TOTAL, BA 01: OPERATING FORCES			4,063,723	4,012,635	4,230,725
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>					
2065A	130	ADMINISTRATION	114,809	102,672	110,669
2065A	140	SERVICEWIDE COMMUNICATIONS	23,803	41,513	26,341
2065A	150	MANPOWER MANAGEMENT	34,391	51,456	35,376
2065A	160	RECRUITING AND ADVERTISING	106,232	103,529	85,814
TOTAL SERVICEWIDE SUPPORT			279,235	299,170	258,200
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES			279,235	299,170	258,200
Total Operation & Maintenance, Army National Guard			4,342,958	4,311,805	4,488,925

Department of Defense
 FY 2005 PRESIDENT'S BUDGET
 Exhibit O-1

3840F Operation & Maintenance, Air National Guard		Total Obligational Authority (Dollars in Thousands)			
		FY 2003	FY 2004	FY 2005	
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>AIR OPERATIONS</u>					
3840F	010	AIRCRAFT OPERATIONS	2,265,106	2,865,863	2,685,471
3840F	020	MISSION SUPPORT OPERATIONS	582,978	362,510	362,114
3840F	030	DEPOT MAINTENANCE	685,540	796,138	676,647
3840F	040	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	202,081	172,696	230,642
3840F	050	BASE SUPPORT	461,623	449,421	431,076
		TOTAL AIR OPERATIONS	4,197,328	4,646,628	4,385,950
TOTAL, BA 01: OPERATING FORCES			4,197,328	4,646,628	4,385,950
<u>BUDGET ACTIVITY 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES</u>					
<u>SERVICEWIDE ACTIVITIES</u>					
3840F	060	ADMINISTRATION	21,995	26,972	27,490
3840F	070	RECRUITING AND ADVERTISING	23,329	9,653	9,398
		TOTAL SERVICEWIDE ACTIVITIES	45,324	36,625	36,888
TOTAL, BA 04: ADMINISTRATION AND SERVICE-WIDE ACTIVITIES			45,324	36,625	36,888
Total Operation & Maintenance, Air National Guard			4,242,652	4,683,253	4,422,838

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FY 2005 PRESIDENT'S BUDGET
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0105D Drug Interdiction & Counter-Drug Act., Def.

Total Obligational Authority
(Dollars in Thousands)
FY 2003 FY 2004 FY 2005

BUDGET ACTIVITY 01: OPERATING FORCES

0105D 010 DRUG ENFORCEMENT AND POLICY SUPPORT

908,616 852,697

TOTAL, BA 01: OPERATING FORCES

908,616 852,697

Total Drug Interdiction & Counter-Drug Act., Def.

908,616 852,697

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0130D Defense Health Program			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 01: OPERATION & MAINTENANCE</u>					
0130D	010	DEFENSE HEALTH PROGRAM	14,663,931	16,485,791	17,203,369
TOTAL, BA 01: OPERATION & MAINTENANCE			14,663,931	16,485,791	17,203,369
<u>BUDGET ACTIVITY 02: RDT&E</u>					
0130D	020	DEFENSE HEALTH PROGRAM	457,551	486,371	72,407
TOTAL, BA 02: RDT&E			457,551	486,371	72,407
<u>BUDGET ACTIVITY 03: PROCUREMENT</u>					
0130D	030	DEFENSE HEALTH PROGRAM	283,397	289,488	364,635
TOTAL, BA 03: PROCUREMENT			283,397	289,488	364,635
Total Defense Health Program			15,404,879	17,261,650	17,640,411

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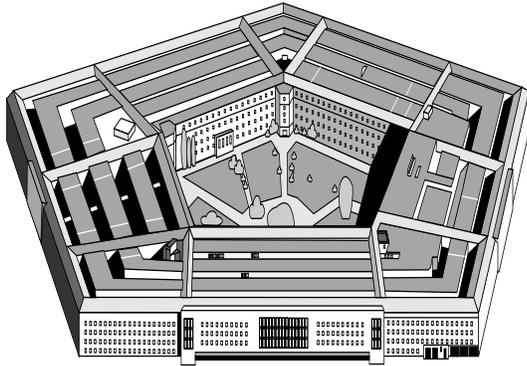
Department of Defense
 FY 2005 PRESIDENT'S BUDGET
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Total Obligational Authority
 (Dollars in Thousands)

			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Transfer Accounts</u>					
0810A	010	ENVIRONMENTAL RESTORATION FUND, ARMY		394,125	400,948
0810N	020	ENVIRONMENTAL RESTORATION FUND, NAVY		254,929	266,820
0810F	030	ENVIRONMENTAL RESTORATION FUND, AIR FORCE		382,470	397,368
0810D	040	ENVIRONMENTAL RESTORATION FUND, DEFENSE		23,966	23,684
0811D	050	ENVIRONMENTAL RESTORATION USED SITES		283,259	216,516
Total Transfer Accounts				1,338,749	1,305,336
<u>Miscellaneous Appropriations</u>					
0104D	060	US COURT OF APPEALS FOR THE ARMED FORCES	9,349	10,284	10,825
0838D	070	SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	1,662		
0118D	080	OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND		4,976	30,000
4965D	090	EMERGENCY RESPONSE FUND, DEFENSE	9		
0833D	100	EMERGENCY RESPONSE FUND, DEFENSE	106,797		
0833D	110	EMERGENCY RESPONSE FUND, DEFENSE	282,730		
0833D	120	EMERGENCY RESPONSE FUND, DEFENSE	199,259		
0833D	130	EMERGENCY RESPONSE FUND, DEFENSE	65,509		
0833D	140	EMERGENCY RESPONSE FUND, DEFENSE	53,206		
0833D	150	EMERGENCY RESPONSE FUND, DEFENSE	305,000		
0833D	160	EMERGENCY RESPONSE FUND, DEFENSE	34,508		
0833D	170	EMERGENCY RESPONSE FUND, DEFENSE	11,032		
0141D	180	IRAQ FREEDOM FUND, DEF		1,926,500	
0819D	190	OVERSEAS HUMANITARIAN, DISASTER AND CIVIC AID	94,517	94,218	59,000
1236N	200	KAHO'OLAWA	86,268	18,430	
0132D	210	CLAIMS, MT. PINATUBO, DEFENSE	51		
0134D	220	FORMER SOVIET UNION (FSU) THREAT REDUCTION	414,362	448,645	409,200
Total Miscellaneous Appropriations			1,664,259	2,503,053	509,025

OPERATIONS PROGRAMS (O-1A)

EXCLUDING THE FY 2004 EMERGENCY SUPPLEMENTAL
APPROPRIATIONS ACT FOR THE DEPARTMENT OF DEFENSE AND FOR
THE RECONSTRUCTION OF IRAQ AND AFGHANISTAN, 2004
(P.L. 108-106)



Department of Defense Budget

Fiscal Years 2005

February 2004

Office of the Under Secretary of Defense (Comptroller)

**Department of Defense
FY 2005 President's Budget Exhibit O-1A**

Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

	Total Obligational Authority		
	(Dollars in Thousands)		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>APPROPRIATION SUMMARY</u>			
<u>Department of the Army</u>			
OPERATION AND MAINTENANCE, ARMY	44,530,113	24,639,296	26,075,533
OPERATION AND MAINTENANCE, ARMY RESERVE	2,126,962	1,979,057	2,008,128
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD	4,342,958	4,311,805	4,488,925
Total Department of the Army	51,000,033	30,930,158	32,572,586
<u>Department of the Navy</u>			
OPERATION AND MAINTENANCE, NAVY	35,555,292	27,650,786	29,789,190
OPERATION AND MAINTENANCE, MARINE CORPS	5,525,445	3,402,456	3,632,115
OPERATION AND MAINTENANCE, NAVY RESERVE	1,239,195	1,167,315	1,240,038
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE	217,936	173,121	188,696
Total Department of the Navy	42,537,868	32,393,678	34,850,039
<u>Department of the Air Force</u>			
OPERATION AND MAINTENANCE, AIR FORCE	36,874,361	26,204,623	28,471,260
OPERATION AND MAINTENANCE, AIR FORCE RESERVE	2,144,999	2,168,972	2,239,790
OPERATION AND MAINTENANCE, AIR NATIONAL GUARD	4,242,652	4,469,253	4,422,838
Total Department of the Air Force	43,262,012	32,842,848	35,133,888
<u>Defense-Wide</u>			
OPERATION AND MAINTENANCE, DEFENSE-WIDE	18,632,642	17,458,950	17,494,076
OFFICE OF THE INSPECTOR GENERAL	156,505	187,482	244,562
DEFENSE HEALTH PROGRAM	15,404,879	16,603,270	17,640,411

**Department of Defense
FY 2005 President's Budget Exhibit O-1A**

Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

	Total Obligational Authority		
	(Dollars in Thousands)		
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Transfer Accounts and Miscellaneous</u>			
ENVIRONMENTAL RESTORATION, ARMY	-	394,125	400,948
ENVIRONMENTAL RESTORATION, NAVY	-	254,929	266,820
ENVIRONMENTAL RESTORATION, AIR FORCE	-	382,470	397,368
ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	-	23,966	23,684
ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITES	-	283,259	216,516
DRUG INTERDICTION & COUNTER-DRUG ACT, DEFENSE	-	835,616	852,697
U.S. COURT OF APPEALS FOR THE ARMED FORCES	9,349	10,284	10,825
SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	1,662	-	-
OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND	-	4,976	30,000
EMERGENCY RESPONSE FUND	9	-	-
EMERGENCY RESPONSE FUND, DEFENSE	1,058,041	-	-
IRAQ FREEDOM FUND, DEFENSE	-	-	-
OVERSEAS HUMANITARIAN, DISASTER AND CIVIC AID	94,517	58,718	59,000
PAYMENT TO KAHO'OLAWA ISLAND	86,268	18,430	-
CLAIMS, MT. PINATUBO, DEFENSE	51	-	-
FORMER SOVIET UNION (FSU) THREAT REDUCTION	414,362	448,645	409,200
Total Miscellaneous	1,664,259	2,715,418	2,667,058
TOTAL OPERATION AND MAINTENANCE TITLE:	-	133,131,804	140,602,620

**Department of Defense
FY 2005 President's Budget Exhibit O-1A**

Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>LAND FORCES</u>				<u>4,190,425</u>	<u>3,861,011</u>	<u>4,140,729</u>
2020a	010	DIVISIONS		1,386,913	1,489,497	1,510,841
2020a	020	CORPS COMBAT FORCES		358,498	471,410	472,692
2020a	030	CORPS SUPPORT FORCES		493,039	378,012	445,344
2020a	040	ECHELON ABOVE CORPS SUPPORT FORCES		605,617	459,938	515,730
2020a	050	LAND FORCES OPERATIONS SUPPORT		1,346,358	1,062,154	1,196,122
<u>LAND FORCES READINESS</u>				<u>4,440,221</u>	<u>3,074,393</u>	<u>3,324,731</u>
2020a	060	FORCE READINESS OPERATIONS SUPPORT		2,221,813	1,601,898	1,787,147
2020a	070	LAND FORCES SYSTEMS READINESS		1,042,107	491,899	506,479
2020a	080	LAND FORCES DEPOT MAINTENANCE		1,176,301	980,596	1,031,105
<u>LAND FORCES READINESS SUPPORT</u>				<u>19,297,800</u>	<u>8,647,986</u>	<u>8,970,368</u>
2020a	090	BASE OPERATIONS SUPPORT		3,236,198	5,153,612	5,609,973
2020a	100	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		871,613	1,848,464	1,956,128
2020a	110	MANAGEMENT & OPERATIONAL HEADQUARTERS		240,598	237,507	251,474
2020a	120	UNIFIED COMMANDS		108,766	105,394	94,850
2020a	130	MISCELLANEOUS ACTIVITIES		14,840,625	1,303,009	1,057,943
TOTAL, BA 01: OPERATING FORCES				27,928,446	15,583,390	16,435,828
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>						
<u>MOBILITY OPERATIONS</u>				<u>918,004</u>	<u>484,595</u>	<u>461,999</u>
2020a	140	STRATEGIC MOBILIZATION		418,981	347,922	327,345
2020a	150	ARMY PREPOSITIONED STOCKS		300,752	129,052	126,163
2020a	160	INDUSTRIAL PREPAREDNESS		187,821	7,621	8,491
2020a	170	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		10,450	-	-
TOTAL, BA 02: MOBILIZATION				918,004	484,595	461,999

**Department of Defense
FY 2005 President's Budget Exhibit O-1A**

Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>			<u>505,116</u>	<u>397,368</u>	<u>404,589</u>
2020a	180	OFFICER ACQUISITION	86,517	89,252	107,554
2020a	190	RECRUIT TRAINING	19,931	33,393	20,766
2020a	200	ONE STATION UNIT TRAINING	29,554	62,306	41,961
2020a	210	SENIOR RESERVE OFFICERS' TRAINING CORPS	209,320	212,417	234,308
2020a	220	BASE OPERATIONS SUPPORT	116,117	-	-
2020a	230	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	43,677	-	-
<u>BASIC SKILL/ ADVANCE TRAINING</u>			<u>2,865,965</u>	<u>1,499,965</u>	<u>1,797,814</u>
2020a	240	SPECIALIZED SKILL TRAINING	419,190	374,816	506,557
2020a	250	FLIGHT TRAINING	470,220	498,015	573,906
2020a	260	PROFESSIONAL DEVELOPMENT EDUCATION	70,341	89,205	102,832
2020a	270	TRAINING SUPPORT	561,599	537,929	614,519
2020a	280	BASE OPERATIONS SUPPORT	1,129,738	-	-
2020a	290	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	214,877	-	-
<u>RECRUITING/OTHER TRAINING</u>			<u>1,228,776</u>	<u>1,023,823</u>	<u>1,137,008</u>
2020a	300	RECRUITING AND ADVERTISING	476,888	460,767	461,157
2020a	310	EXAMINING	81,139	81,833	131,206
2020a	320	OFF-DUTY AND VOLUNTARY EDUCATION	234,787	222,495	296,311
2020a	330	CIVILIAN EDUCATION AND TRAINING	94,227	130,709	111,003
2020a	340	JUNIOR RESERVE OFFICERS' TRAINING CORPS	97,061	128,019	137,331
2020a	350	BASE OPERATIONS SUPPORT	244,674	-	-
TOTAL, BA 03: TRAINING AND RECRUITING			4,599,857	2,921,156	3,339,411

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Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

			Total Obligational Authority (Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SECURITY PROGRAMS</u>			<u>944,024</u>	<u>815,694</u>	<u>883,510</u>
2020a	360	SECURITY PROGRAMS	944,024	815,694	883,510
<u>LOGISTICS OPERATIONS</u>			<u>4,149,474</u>	<u>1,933,150</u>	<u>1,847,532</u>
2020a	370	SERVICEWIDE TRANSPORTATION	1,110,170	649,618	571,357
2020a	380	CENTRAL SUPPLY ACTIVITIES	613,750	487,139	480,102
2020a	390	LOGISTICS SUPPORT ACTIVITIES	1,774,767	441,393	439,466
2020a	400	AMMUNITION MANAGEMENT	650,787	355,000	356,607
<u>SERVICEWIDE SUPPORT</u>			<u>5,693,583</u>	<u>2,601,987</u>	<u>2,797,113</u>
2020a	410	ADMINISTRATION	1,108,732	648,652	702,719
2020a	420	SERVICEWIDE COMMUNICATIONS	790,079	623,136	610,866
2020a	430	MANPOWER MANAGEMENT	215,227	205,397	267,365
2020a	440	OTHER PERSONNEL SUPPORT	272,879	194,459	191,686
2020a	450	OTHER SERVICE SUPPORT	1,361,610	767,025	848,391
2020a	460	ARMY CLAIMS	95,739	114,277	115,453
2020a	470	REAL ESTATE MANAGEMENT	56,062	49,041	60,633
2020a	480	BASE OPERATIONS SUPPORT	1,572,053	-	-
2020a	490	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	221,202	-	-
2020a	500	COMMISSARY OPERATIONS	-	-	-
<u>SUPPORT OF OTHER NATIONS</u>			<u>296,725</u>	<u>299,324</u>	<u>310,140</u>
2020a	510	INTERNATIONAL MILITARY HEADQUARTERS	-	-	-
2020a	520	MISC. SUPPORT OF OTHER NATIONS	54,185	57,490	60,114
2020a	530	EXPANSION OF NATO	242,540	241,834	250,026
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			11,083,806	5,650,155	5,838,295
Total Operation and Maintenance, Army			44,530,113	24,639,296	26,075,533

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Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

Total Obligational Authority

(Dollars in Thousands)

FY 2003 FY 2004 FY 2005

Operation and Maintenance, Navy

BUDGET ACTIVITY 01: OPERATING FORCES

AIR OPERATIONS

			<u>6,599,829</u>	<u>5,361,917</u>	<u>5,809,016</u>
1804n	010	MISSION AND OTHER FLIGHT OPERATIONS	3,809,995	3,073,311	3,002,769
1804n	020	FLEET AIR TRAINING	1,146,214	1,121,477	1,066,452
1804n	030	INTERMEDIATE MAINTENANCE	69,946	73,491	66,565
1804n	040	AIR OPERATIONS AND SAFETY SUPPORT	131,642	116,293	111,146
		AIR SYSTEMS SUPPORT	-	-	498,508
1804n	050	AIRCRAFT DEPOT MAINTENANCE	1,378,280	919,829	995,596
1804n	060	AIRCRAFT DEPOT OPERATIONS SUPPORT	63,752	57,516	67,980

SHIP OPERATIONS

			<u>10,570,757</u>	<u>7,647,279</u>	<u>8,251,431</u>
1804n	070	MISSION AND OTHER SHIP OPERATIONS	3,254,233	2,430,690	2,604,963
1804n	080	SHIP OPERATIONAL SUPPORT AND TRAINING	595,379	634,348	622,119
1804n	090	INTERMEDIATE MAINTENANCE	427,194	-	-
1804n	100	SHIP DEPOT MAINTENANCE	4,618,123	3,494,890	3,910,439
1804n	110	SHIP DEPOT OPERATIONS SUPPORT	1,675,828	1,087,351	1,113,910

COMBAT OPERATIONS/SUPPORT

			<u>3,853,555</u>	<u>2,148,586</u>	<u>2,607,192</u>
1804n	120	COMBAT COMMUNICATIONS	532,597	354,043	379,929
1804n	130	ELECTRONIC WARFARE	16,406	15,420	16,946
1804n	140	SPACE SYSTEMS & SURVEILLANCE	292,918	128,159	136,231
1804n	150	WARFARE TACTICS	281,308	263,336	266,032
1804n	160	OPERATIONAL METEOROLOGY & OCEANOGRAPHY	272,196	258,275	256,003
1804n	170	COMBAT SUPPORT FORCES	2,207,975	964,297	1,362,179
1804n	180	EQUIPMENT MAINTENANCE	248,562	162,344	186,658
1804n	190	DEPOT OPERATIONS SUPPORT	1,593	2,712	3,214

WEAPONS SUPPORT

			<u>1,406,412</u>	<u>1,445,436</u>	<u>1,484,494</u>
1804n	200	CRUISE MISSILE	161,170	149,656	155,731
1804n	210	FLEET BALLISTIC MISSILE	774,088	803,427	830,393
1804n	220	IN-SERVICE WEAPONS SYSTEMS SUPPORT	37,960	43,681	51,043
1804n	230	WEAPONS MAINTENANCE	433,194	448,672	447,327

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>WORKING CAPITAL FUND SUPPORT</u>			<u>-120,000</u>	<u>-447,755</u>	<u>=</u>
1804n	240	NWCF SUPPORT	-120,000	-447,755	-
<u>BASE SUPPORT</u>			<u>4,335,317</u>	<u>4,437,700</u>	<u>4,525,713</u>
1804n	250	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,475,606	1,386,257	1,330,363
1804n	260	BASE OPERATIONS SUPPORT	2,859,711	3,051,443	3,195,350
TOTAL, BA 01: OPERATING FORCES			26,645,870	20,593,163	22,677,846
 <u>BUDGET ACTIVITY 02: MOBILIZATION</u>					
<u>READY RESERVE AND PREPOSITIONING FORCES</u>			<u>519,521</u>	<u>508,248</u>	<u>548,199</u>
1804n	270	SHIP PREPOSITIONING AND SURGE	519,521	508,248	548,199
<u>ACTIVATIONS/INACTIVATIONS</u>			<u>203,189</u>	<u>182,131</u>	<u>220,012</u>
1804n	280	AIRCRAFT ACTIVATIONS/INACTIVATIONS	3,402	8,153	7,619
1804n	290	SHIP ACTIVATIONS/INACTIVATIONS	199,787	173,978	212,393
<u>MOBILIZATION PREPAREDNESS</u>			<u>90,021</u>	<u>42,769</u>	<u>44,827</u>
1804n	300	FLEET HOSPITAL PROGRAM	70,875	24,231	26,119
1804n	310	INDUSTRIAL READINESS	1,375	1,459	1,523
1804n	320	COAST GUARD SUPPORT	17,771	17,079	17,185
TOTAL, BA 02: MOBILIZATION			812,731	733,148	813,038

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>					
<u>ACCESSION TRAINING</u>			<u>202,065</u>	<u>217,488</u>	<u>230,887</u>
1804n	330	OFFICER ACQUISITION	108,795	117,797	120,835
1804n	340	RECRUIT TRAINING	6,267	8,626	7,716
1804n	350	RESERVE OFFICERS TRAINING CORPS	87,003	91,065	102,336
<u>BASIC SKILLS AND ADVANCED TRAINING</u>			<u>1,130,552</u>	<u>1,157,485</u>	<u>1,210,219</u>
1804n	360	SPECIALIZED SKILL TRAINING	383,973	357,809	434,374
1804n	370	FLIGHT TRAINING	411,032	415,501	420,829
1804n	380	PROFESSIONAL DEVELOPMENT EDUCATION	109,684	110,127	116,770
1804n	390	TRAINING SUPPORT	225,863	274,048	238,246
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>			<u>477,204</u>	<u>485,188</u>	<u>536,490</u>
1804n	400	RECRUITING AND ADVERTISING	254,530	230,563	282,526
1804n	410	OFF-DUTY AND VOLUNTARY EDUCATION	115,815	146,614	146,508
1804n	420	CIVILIAN EDUCATION AND TRAINING	69,465	70,039	67,556
1804n	430	JUNIOR ROTC	37,394	37,972	39,900
<u>BASE SUPPORT</u>			<u>622,699</u>	=	=
1804n	440	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	234,545	-	-
1804n	450	BASE OPERATIONS SUPPORT	388,154	-	-
TOTAL, BA 03: TRAINING AND RECRUITING			2,432,520	1,860,161	1,977,596
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>			<u>1,903,152</u>	<u>1,739,279</u>	<u>2,009,611</u>
1804n	460	ADMINISTRATION	709,293	665,088	773,940
1804n	470	EXTERNAL RELATIONS	4,723	3,528	3,893
1804n	480	CIVILIAN MANPOWER & PERSONNEL MGT	115,307	104,446	110,614
1804n	490	MILITARY MANPOWER & PERSONNEL MGT	125,749	213,780	198,465
1804n	500	OTHER PERSONNEL SUPPORT	221,800	279,203	317,284
1804n	510	SERVICEWIDE COMMUNICATIONS	708,136	473,234	605,415
1804n	520	MEDICAL ACTIVITIES	18,144	-	-

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>			<u>2,401,522</u>	<u>1,914,753</u>	<u>1,460,626</u>
1804n	530	SERVICEWIDE TRANSPORTATION	269,821	183,815	189,634
1804n	540	ENVIRONMENTAL PROGRAMS	255,419	-	-
1804n	550	PLANNING, ENGINEERING & DESIGN	314,719	241,035	252,972
1804n	560	ACQUISITION AND PROGRAM MANAGEMENT	889,276	875,909	840,666
1804n	570	AIR SYSTEMS SUPPORT	497,734	443,763	-
1804n	580	HULL, MECHANICAL & ELECTRICAL SUPPORT	79,344	67,563	55,505
1804n	590	COMBAT/WEAPONS SYSTEMS	38,711	39,262	51,683
1804n	600	SPACE & ELECTRONIC WARFARE SYSTEMS	56,498	63,406	70,166
1804n	610	COMMISSARY OPERATIONS	-	-	-
<u>SECURITY PROGRAMS</u>			<u>953,666</u>	<u>800,014</u>	<u>839,870</u>
1804n	620	SECURITY PROGRAMS	953,666	800,014	839,870
<u>SUPPORT OF OTHER NATIONS</u>			<u>10,512</u>	<u>10,268</u>	<u>10,603</u>
1804n	630	INTERNATIONAL HDQTRS & AGENCIES	10,512	10,268	10,603
<u>BASE SUPPORT</u>			<u>390,947</u>	=	=
1804n	640	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	121,437	-	-
1804n	650	BASE OPERATIONS SUPPORT	269,510	-	-
<u>CANCELLED ACCOUNTS</u>			<u>2,123</u>	=	=
1804n	660	CANCELLED ACCOUNT	2,123	-	-
<u>PROBLEM DISBURSEMENTS</u>			=	=	=
1804n	670	PROBLEM DISBURSEMENTS	-	-	-
<u>JUDGEMENT FUND</u>			<u>2,249</u>	=	=
1804n	680	JUDGEMENT FUND	2,249	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			5,664,171	4,464,314	4,320,710
Total Operation and Maintenance, Navy			35,555,292	27,650,786	29,789,190

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Marine Corps						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>EXPEDITIONARY FORCES</u>				<u>4,358,226</u>	<u>2,426,655</u>	<u>2,581,099</u>
1106n	010	OPERATIONAL FORCES		2,076,950	570,456	633,914
1106n	020	FIELD LOGISTICS		451,711	320,796	367,293
1106n	030	DEPOT MAINTENANCE		248,856	104,163	102,085
1106n	040	BASE OPERATIONS SUPPORT		1,057,630	933,098	1,026,795
1106n	050	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		523,079	498,142	451,012
<u>USMC PREPOSITIONING</u>				<u>188,716</u>	<u>79,313</u>	<u>79,891</u>
1106n	060	MARITIME PREPOSITIONING		174,685	75,341	72,128
1106n	070	NORWAY PREPOSITIONING		14,031	3,972	7,763
TOTAL, BA 01: OPERATING FORCES				4,546,942	2,505,968	2,660,990
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>						
<u>ACCESSION TRAINING</u>				<u>11,410</u>	<u>10,192</u>	<u>10,890</u>
1106n	080	RECRUIT TRAINING		10,985	9,844	10,539
1106n	090	OFFICER ACQUISITION		425	348	351
1106n	100	BASE OPERATIONS SUPPORT		-	-	-
1106n	110	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		-	-	-
<u>BASIC SKILLS AND ADVANCED TRAINING</u>				<u>157,900</u>	<u>167,374</u>	<u>188,542</u>
1106n	120	SPECIALIZED SKILLS TRAINING		34,823	40,484	45,155
1106n	130	FLIGHT TRAINING		186	171	174
1106n	140	PROFESSIONAL DEVELOPMENT EDUCATION		9,126	8,863	8,972
1106n	150	TRAINING SUPPORT		113,765	117,856	134,241
1106n	160	BASE OPERATIONS SUPPORT		-	-	-
1106n	170	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		-	-	-

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>RECRUITING AND OTHER TRAINING EDUCATION</u>			<u>165,812</u>	<u>158,105</u>	<u>161,594</u>
1106n	180	RECRUITING AND ADVERTISING	114,403	112,399	113,988
1106n	190	OFF-DUTY AND VOLUNTARY EDUCATION	38,032	32,006	34,336
1106n	200	JUNIOR ROTC	13,377	13,700	13,270
1106n	210	BASE OPERATIONS SUPPORT	-	-	-
1106n	220	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	-	-	-
<u>BASE SUPPORT</u>			<u>198,720</u>	<u>229,793</u>	<u>231,132</u>
1106n	230	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	81,357	76,466	68,553
1106n	240	BASE OPERATIONS SUPPORT	117,363	153,327	162,579
TOTAL, BA 03: TRAINING AND RECRUITING			533,842	565,464	592,158
 <u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>SERVICEWIDE SUPPORT</u>			<u>444,508</u>	<u>331,024</u>	<u>378,967</u>
1106n	250	SPECIAL SUPPORT	212,072	230,344	274,508
1106n	260	SERVICEWIDE TRANSPORTATION	178,873	34,633	37,300
1106n	270	ADMINISTRATION	34,003	39,377	45,271
1106n	280	BASE OPERATIONS SUPPORT	13,159	23,107	18,697
1106n	290	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	6,401	3,563	3,191
1106n	300	COMMISSARY OPERATIONS	-	-	-
<u>CANCELLED ACCOUNT</u>			<u>153</u>	<u>=</u>	<u>=</u>
1106n	310	CANCELLED ACCOUNT	153	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			444,661	331,024	378,967
Total Operation and Maintenance, Marine Corps			5,525,445	3,402,456	3,632,115

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Total Obligational Authority

(Dollars in Thousands)

FY 2003 FY 2004 FY 2005

Operation and Maintenance, Air Force

BUDGET ACTIVITY 01: OPERATING FORCES

<u>AIR OPERATIONS</u>			<u>15,382,471</u>	<u>10,939,442</u>	<u>11,644,303</u>
3400f	010	PRIMARY COMBAT FORCES	3,496,638	3,264,990	3,275,334
3400f	020	PRIMARY COMBAT WEAPONS	321,015	325,859	331,333
3400f	030	COMBAT ENHANCEMENT FORCES	371,136	320,790	346,322
3400f	040	AIR OPERATIONS TRAINING	1,158,696	1,249,741	1,274,599
3400f	050	DEPOT MAINTENANCE	1,849,957	1,820,301	2,085,761
3400f	060	COMBAT COMMUNICATIONS	2,075,622	1,206,469	1,318,159
3400f	070	BASE OPERATIONS SUPPORT	4,702,232	1,853,355	1,995,494
3400f	080	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	1,407,175	897,937	1,017,301
<u>COMBAT RELATED OPERATIONS</u>			<u>3,509,846</u>	<u>2,237,325</u>	<u>2,587,468</u>
3400f	090	GLOBAL C3I & EARLY WARNING	928,150	970,576	1,147,163
3400f	100	NAVIGATION/WEATHER SUPPORT	205,970	187,752	204,543
3400f	110	OTHER COMBAT OPERATIONS SUPPORT PROGRAMS	1,758,401	569,582	622,524
3400f	120	JCS EXERCISES	33,006	30,576	32,756
3400f	130	MANAGEMENT/OPERATIONAL HEADQUARTERS	303,029	236,093	240,380
3400f	140	TACTICAL INTELLIGENCE AND SPECIAL ACTIVITIES	281,290	242,746	340,102
<u>SPACE OPERATIONS</u>			<u>1,534,833</u>	<u>1,550,076</u>	<u>1,708,527</u>
3400f	150	LAUNCH FACILITIES	259,716	306,969	343,565
3400f	160	LAUNCH VEHICLES	148,013	64,630	100,135
3400f	170	SPACE CONTROL SYSTEMS	207,554	229,152	237,995
3400f	180	SATELLITE SYSTEMS	53,462	57,046	68,655
3400f	190	OTHER SPACE OPERATIONS	206,621	239,507	258,376
3400f	200	BASE OPERATIONS SUPPORT	502,976	510,560	528,332
3400f	210	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	156,491	142,212	171,469
TOTAL, BA 01: OPERATING FORCES			20,427,150	14,726,843	15,940,298

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 02: MOBILIZATION</u>						
<u>MOBILITY OPERATIONS</u>				<u>5,656,763</u>	<u>3,210,796</u>	<u>3,291,759</u>
3400f	220	AIRLIFT OPERATIONS		3,611,311	1,986,803	1,919,987
3400f	230	AIRLIFT OPERATIONS C3I		93,059	37,349	51,824
3400f	240	MOBILIZATION PREPAREDNESS		256,691	157,280	170,623
3400f	250	DEPOT MAINTENANCE		435,384	358,350	410,679
3400f	260	PAYMENTS TO TRANSPORTATION BUSINESS AREA		3,682	-	-
3400f	270	BASE OPERATIONS SUPPORT		705,476	464,377	537,718
3400f	280	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		551,160	206,637	200,928
TOTAL, BA 02: MOBILIZATION				5,656,763	3,210,796	3,291,759
<u>BUDGET ACTIVITY 03: TRAINING AND RECRUITING</u>						
<u>ACCESSION TRAINING</u>				<u>321,603</u>	<u>289,861</u>	<u>321,872</u>
3400f	290	OFFICER ACQUISITION		73,396	68,122	73,788
3400f	300	RECRUIT TRAINING		8,055	7,284	6,034
3400f	310	RESERVE OFFICER TRAINING CORPS (ROTC)		80,262	76,819	84,381
3400f	320	BASE OPERATIONS SUPPORT		63,827	60,856	71,777
3400f	330	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		96,063	76,780	85,892
<u>BASIC SKILLS AND ADVANCED TRAINING</u>				<u>2,175,633</u>	<u>1,930,101</u>	<u>2,168,417</u>
3400f	340	SPECIALIZED SKILL TRAINING		339,199	333,219	336,818
3400f	350	FLIGHT TRAINING		693,217	665,082	775,819
3400f	360	PROFESSIONAL DEVELOPMENT EDUCATION		145,720	147,340	158,967
3400f	370	TRAINING SUPPORT		104,853	94,016	108,450
3400f	380	DEPOT MAINTENANCE		7,026	8,468	12,914
3400f	390	BASE OPERATIONS SUPPORT		623,900	522,985	584,857
3400f	400	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		261,718	158,991	190,592

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>				<u>441,925</u>	<u>465,210</u>	<u>514,625</u>
3400f	410	RECRUITING AND ADVERTISING		145,074	141,758	143,369
3400f	420	EXAMINING		2,647	3,167	3,281
3400f	430	OFF DUTY AND VOLUNTARY EDUCATION		159,965	152,015	159,129
3400f	440	CIVILIAN EDUCATION AND TRAINING		92,582	128,327	158,738
3400f	450	JUNIOR ROTC		41,657	39,943	50,108
TOTAL, BA 03: TRAINING AND RECRUITING				2,939,161	2,685,172	3,004,914
 <u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>LOGISTICS OPERATIONS</u>				<u>3,957,178</u>	<u>2,846,913</u>	<u>2,925,282</u>
3400f	460	LOGISTICS OPERATIONS		1,620,729	812,822	883,478
3400f	470	TECHNICAL SUPPORT ACTIVITIES		404,055	409,929	432,323
3400f	480	SERVICEWIDE TRANSPORTATION		413,066	204,839	171,501
3400f	490	DEPOT MAINTENANCE		172,688	130,856	105,158
3400f	500	BASE OPERATIONS SUPPORT		1,036,391	1,058,991	1,072,242
3400f	510	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		310,249	229,476	260,580
 <u>SERVICEWIDE ACTIVITIES</u>				<u>2,718,378</u>	<u>1,887,546</u>	<u>2,258,693</u>
3400f	520	ADMINISTRATION		238,659	222,116	299,617
3400f	530	SERVICEWIDE COMMUNICATIONS		453,381	312,332	377,574
3400f	540	PERSONNEL PROGRAMS		226,459	220,621	262,281
3400f	550	RESCUE AND RECOVERY SERVICES		127,755	114,617	129,437
3400f	560	ARMS CONTROL		41,278	33,640	41,645
3400f	570	OTHER SERVICEWIDE ACTIVITIES		1,279,619	640,636	728,942
3400f	580	OTHER PERSONNEL SUPPORT		42,572	33,688	39,457
3400f	590	CIVIL AIR PATROL CORPORATION		20,748	21,432	21,722
3400f	600	BASE OPERATIONS SUPPORT		255,192	278,306	345,170
3400f	610	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		32,715	10,158	12,848
3400f	620	COMMISSARY OPERATIONS SUPPORT		-	-	-

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		Total Obligational Authority		
		(Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>SECURITY PROGRAMS</u>		<u>1,151,105</u>	<u>828,642</u>	<u>1,024,129</u>
3400f	630 SECURITY PROGRAMS	1,151,105	828,642	1,024,129
<u>SUPPORT TO OTHER NATIONS</u>		<u>24,626</u>	<u>18,711</u>	<u>26,185</u>
3400f	640 INTERNATIONAL SUPPORT	24,626	18,711	26,185
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		7,851,287	5,581,812	6,234,289
Total Operation and Maintenance, Air Force		36,874,361	26,204,623	28,471,260

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Defense-wide					
<u>BUDGET ACTIVITY 1: OPERATING FORCES</u>					
0100d	010	JOINT CHIEFS OF STAFF	310,109	343,538	243,062
0100d	020	SPECIAL OPERATIONS COMMAND	2,718,446	1,854,347	1,992,613
0100d	030	PROBLEM DISBURSEMENTS	-	-	-
TOTAL, BUDGET ACTIVITY 1:			3,028,555	2,197,885	2,235,675
<u>BUDGET ACTIVITY 2: MOBILIZATION</u>					
0100d	050	DEFENSE LOGISTICS AGENCY	44,018	49,466	40,599
TOTAL, BUDGET ACTIVITY 2:			44,018	49,466	40,599
<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>					
0100d	060	AMERICAN FORCES INFORMATION SERVICE	11,459	14,005	14,050
0100d	070	OTHER PROGRAMS	2,795		
0100d	080	DEFENSE ACQUISITION UNIVERSITY	103,894	103,148	103,532
0100d	090	DEFENSE CONTRACT AUDIT AGENCY	5,104	5,200	5,296
0100d	100	DEFENSE FINANCE AND ACCOUNTING SERVICE	7,271		
0100d	110	DEFENSE HUMAN RESOURCES ACTIVITY	45,314	42,364	56,067
0100d	120	DEFENSE SECURITY SERVICE	6,991	7,173	7,343
0100d	130	DEFENSE THREAT REDUCTION AGENCY	1,401	4,859	5,968
0100d		NATIONAL DEFENSE UNIVERSITY	74,674	87,209	90,263
0100d	140	SPECIAL OPERATIONS COMMAND	108,173	93,054	96,244
TOTAL, BUDGET ACTIVITY 3:			367,076	357,012	378,763

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES</u>					
0100d	150	AMERICAN FORCES INFORMATION SERVICE	103,317	111,967	110,528
0100d	160	CIVIL MILITARY PROGRAMS	93,176	110,030	101,389
0100d	170	OTHER PROGRAMS	7,578,024	6,621,971	7,326,887
0100d	180	DEFENSE CONTRACT AUDIT AGENCY	347,849	355,688	368,119
0100d	190	DEFENSE CONTRACT MANAGEMENT AGENCY	967,087	997,979	1,029,592
0100d	200	DEFENSE FINANCE AND ACCOUNTING SERVICE	6,290	4,991	4,310
0100d	210	DEFENSE HUMAN RESOURCES ACTIVITY	247,080	277,622	318,940
0100d	220	DEFENSE INFORMATION SYSTEMS AGENCY	1,008,732	995,635	1,090,558
0100d	230	DEFENSE LOGISTICS AGENCY	429,827	242,293	265,379
0100d	240	DEFENSE LEGAL SERVICES AGENCY	20,683	17,561	25,484
0100d	250	DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,651,326	1,775,743	1,761,852
0100d	260	DEFENSE POW /MISSING PERSONS OFFICE	16,574	15,626	15,964
0100d	270	DEFENSE SECURITY COOPERATION AGENCY	531,793	1,276,523	83,922
0100d	280	DEFENSE SECURITY SERVICE	192,438	211,775	277,100
0100d	290	DEFENSE THREAT REDUCTION AGENCY	358,790	286,815	319,483
0100d	300	OFFICE OF ECONOMIC ADJUSTMENT	41,819	60,235	44,756
0100d	310	OFFICE OF THE SECRETARY OF DEFENSE	749,421	729,795	805,813
0100d	320	SPECIAL OPERATIONS COMMAND	57,768	62,505	142,457
0100d	330	JOINT CHIEFS OF STAFF	185,588	245,694	278,884
0100d	340	WASHINGTON HEADQUARTERS SERVICES	585,632	433,967	447,166
0100d	350	DEFENSE TECHNOLOGY SECURITY ADMINISTRATION	19,779	20,172	20,456
TOTAL, BUDGET ACTIVITY 4:			15,192,993	14,854,587	14,839,039
Total Operation and Maintenance, Defense-Wide			18,632,642	17,458,950	17,494,076

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army Reserve						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>LAND FORCES</u>				<u>963,493</u>	<u>951,538</u>	<u>970,213</u>
2080a	010	DIVISION FORCES		9,745	18,991	7,640
2080a	020	CORPS COMBAT FORCES		12,339	35,798	34,607
2080a	030	CORPS SUPPORT FORCES		367,485	303,462	318,411
2080a	040	ECHELON ABOVE CORPS FORCES		138,280	134,790	150,421
2080a	050	LAND FORCES OPERATIONS SUPPORT		435,644	458,497	459,134
<u>LAND FORCES READINESS</u>				<u>283,402</u>	<u>244,813</u>	<u>290,225</u>
2080a	060	FORCES READINESS OPERATIONS SUPPORT		137,509	122,020	153,475
2080a	070	LAND FORCES SYSTEM READINESS		97,442	59,846	65,202
2080a	080	DEPOT MAINTENANCE		48,451	62,947	71,548
<u>LAND FORCES READINESS SUPPORT</u>				<u>650,538</u>	<u>546,343</u>	<u>587,880</u>
2080a	090	BASE OPERATIONS SUPPORT		459,155	363,592	379,112
2080a	100	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		188,915	179,079	201,141
2080a	110	ADDITIONAL ACTIVITIES		2,468	3,672	7,627
TOTAL, BA 01: OPERATING FORCES				1,897,433	1,742,694	1,848,318
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				<u>229,529</u>	<u>236,363</u>	<u>159,810</u>
2080a	120	ADMINISTRATION		45,987	47,714	52,180
2080a	130	SERVICEWIDE COMMUNICATIONS		40,266	38,862	9,116
2080a	140	PERSONNEL/FINANCIAL ADMINISTRATION		49,864	47,092	8,201
2080a	150	RECRUITING AND ADVERTISING		93,412	102,695	90,313
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				229,529	236,363	159,810
Total Operation and Maintenance, Army Reserve				2,126,962	1,979,057	2,008,128

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Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Navy Reserve					
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>					
<u>RESERVE AIR OPERATIONS</u>			<u>571,247</u>	<u>576,029</u>	<u>633,603</u>
1806n	010	MISSION AND OTHER FLIGHT OPERATIONS	420,322	417,711	483,526
1806n	030	INTERMEDIATE MAINTENANCE	16,351	18,327	16,494
1806n	040	AIR OPERATIONS AND SAFETY SUPPORT	2,038	2,156	1,592
1806n	050	AIRCRAFT DEPOT MAINTENANCE	132,240	137,473	131,607
1806n	060	AIRCRAFT DEPOT OPERATIONS SUPPORT	296	362	384
<u>RESERVE SHIP OPERATIONS</u>			<u>164,652</u>	<u>154,028</u>	<u>156,041</u>
1806n	070	MISSION AND OTHER SHIP OPERATIONS	67,357	66,889	59,127
1806n	080	SHIP OPERATIONAL SUPPORT AND TRAINING	555	537	531
1806n	090	INTERMEDIATE MAINTENANCE	13,110	-	-
1806n	100	SHIP DEPOT MAINTENANCE	79,221	83,178	92,787
1806n	110	SHIP DEPOT OPERATIONS SUPPORT	4,409	3,424	3,596
<u>RESERVE COMBAT OPERATIONS SUPPORT</u>			<u>64,103</u>	<u>105,117</u>	<u>231,321</u>
1806n	110	COMBAT COMMUNICATIONS	-	-	6,732
1806n	120	COMBAT SUPPORT FORCES	64,103	105,117	224,589
<u>RESERVE WEAPONS SUPPORT</u>			<u>5,521</u>	<u>5,517</u>	<u>5,548</u>
1806n	130	WEAPONS MAINTENANCE	5,521	5,517	5,548
<u>BASE SUPPORT</u>			<u>281,507</u>	<u>147,650</u>	<u>182,273</u>
1806n	140	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	111,895	62,633	73,410
1806n	150	BASE OPERATIONS SUPPORT	169,612	85,017	108,863
TOTAL, BA 01: OPERATING FORCES			1,087,030	988,341	1,208,786

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			Total Obligational Authority		
			(Dollars in Thousands)		
			<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>			<u>152,158</u>	<u>178,974</u>	<u>31,252</u>
1806n	160	ADMINISTRATION	13,909	17,986	6,930
1806n	170	CIVILIAN MANPOWER & PERSONNEL MGT	1,909	2,258	-
1806n	180	MILITARY MANPOWER & PERSONNEL MGT	31,468	36,102	8,797
1806n	190	SERVICEWIDE COMMUNICATIONS	98,420	116,141	3,347
1806n	200	COMBAT/WEAPONS SYSTEMS	5,731	5,637	5,667
1806n	210	OTHER SERVICEWIDE SUPPORT	721	850	6,511
<u>CANCELLED ACCOUNTS</u>			<u>7</u>	<u>=</u>	<u>=</u>
1806n	220	CANCELLED ACCOUNTS	7	-	-
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES			152,165	178,974	31,252
Total Operation and Maintenance, Navy Reserve			1,239,195	1,167,315	1,240,038

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Marine Corps Reserve						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>MISSION FORCES</u>				<u>188,102</u>	<u>96,979</u>	<u>110,616</u>
1107n	010	OPERATING FORCES		107,487	60,970	72,940
1107n	020	DEPOT MAINTENANCE		12,395	10,181	12,132
1107n	030	BASE OPERATIONS SUPPORT		26,723	-	-
1107n	040	TRAINING SUPPORT		15,970	25,828	25,544
1107n	050	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		25,527	-	-
<u>BASE SUPPORT</u>				=	<u>42,192</u>	<u>45,496</u>
1107n	060	SUSTAINMENT, RESTORATION AND MODERNIZATION		-	8,729	12,126
1107n	070	BASE OPERATING SUPPORT		-	33,463	33,370
TOTAL, BA 01: OPERATING FORCES				188,102	139,171	156,112
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>SERVICEWIDE SUPPORT</u>				<u>29,834</u>	<u>27,282</u>	<u>27,948</u>
1107n	080	SPECIAL SUPPORT		5,480	8,914	8,948
1107n	090	SERVICEWIDE TRANSPORTATION		1,035	578	580
1107n	100	ADMINISTRATION		8,462	9,671	10,407
1107n	110	BASE OPERATIONS SUPPORT		6,594	-	-
1107n	120	RECRUITING AND ADVERTISING		8,263	8,119	8,013
<u>BASE SUPPORT</u>				=	<u>6,668</u>	<u>4,636</u>
1107n	130	BASE OPERATING SUPPORT		-	6,668	4,636
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				29,834	33,950	32,584
Total Operation and Maintenance, Marine Corps Reserve				217,936	173,121	188,696

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				Total Obligational Authority		
				(Dollars in Thousands)		
				<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Air Force Reserve						
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>						
<u>AIR OPERATIONS</u>				<u>2,023,140</u>	<u>2,064,656</u>	<u>2,132,168</u>
3740f	010	PRIMARY COMBAT FORCES		1,029,986	1,353,603	1,329,717
3740f	020	MISSION SUPPORT OPERATIONS		125,704	67,959	74,077
3740f	030	DEPOT MAINTENANCE		330,689	317,580	410,893
3740f	040	BASE OPERATIONS SUPPORT		404,691	265,718	264,425
3740f	050	FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION		132,070	59,796	53,056
TOTAL, BA 01: OPERATING FORCES				2,023,140	2,064,656	2,132,168
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>						
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				<u>121,859</u>	<u>104,316</u>	<u>107,622</u>
3740f	060	ADMINISTRATION		63,126	58,856	60,270
3740f	070	MILITARY MANPOWER AND PERSONNEL MANAGEMENT		21,459	24,139	25,485
3740f	080	RECRUITING AND ADVERTISING		28,260	14,093	14,516
3740f	090	OTHER PERSONNEL SUPPORT		8,025	6,610	6,707
3740f	100	AUDIOVISUAL		989	618	644
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES				121,859	104,316	107,622
Total Operation and Maintenance, Air Force Reserve				2,144,999	2,168,972	2,239,790

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Army National Guard				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>LAND FORCES</u>		<u>2,049,325</u>	<u>2,247,001</u>	<u>2,205,486</u>
2065a	010 DIVISIONS	582,999	667,406	606,407
2065a	020 CORPS COMBAT FORCES	620,167	654,120	629,062
2065a	030 CORPS SUPPORT FORCES	303,444	339,845	333,393
2065a	040 ECHELON ABOVE CORPS FORCES	469,428	557,307	615,838
2065a	050 LAND FORCES OPERATIONS SUPPORT	73,287	28,323	20,786
<u>LAND FORCES READINESS</u>		<u>468,334</u>	<u>433,075</u>	<u>553,644</u>
2065a	060 FORCE READINESS OPERATIONS SUPPORT	104,977	133,046	180,163
2065a	070 LAND FORCES SYSTEMS READINESS	192,955	105,880	142,914
2065a	080 LAND FORCES DEPOT MAINTENANCE	170,402	194,149	230,567
<u>LAND FORCES READINESS SUPPORT</u>		<u>1,546,064</u>	<u>1,332,559</u>	<u>1,471,595</u>
2065a	090 BASE OPERATIONS SUPPORT	715,779	492,462	577,028
2065a	100 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	320,448	377,796	384,044
2065a	110 MANAGEMENT & OPERATIONAL HEADQUARTERS	461,308	398,974	451,167
2065a	120 MISCELLANEOUS ACTIVITIES	48,529	63,327	59,356
TOTAL, BA 01: OPERATING FORCES		4,063,723	4,012,635	4,230,725
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>				
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>		<u>279,235</u>	<u>299,170</u>	<u>258,200</u>
2065a	130 STAFF MANAGEMENT	114,809	102,672	110,669
2065a	140 INFORMATION MANAGEMENT	23,803	41,513	26,341
2065a	150 PERSONNEL ADMINISTRATION	34,391	51,456	35,376
2065a	160 RECRUITING AND ADVERTISING	106,232	103,529	85,814
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		279,235	299,170	258,200
Total Operation and Maintenance, Army National Guard		4,342,958	4,311,805	4,488,925

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		Total Obligational Authority (Dollars in Thousands)		
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Operation and Maintenance, Air National Guard				
<u>BUDGET ACTIVITY 01: OPERATING FORCES</u>				
<u>AIR OPERATIONS</u>		<u>4,197,328</u>	<u>4,432,628</u>	<u>4,385,950</u>
3840f	010 AIRCRAFT OPERATIONS	2,265,106	2,832,285	2,685,471
3840f	020 MISSION SUPPORT OPERATIONS	582,978	360,835	362,114
3840f	030 BASE OPERATIONS SUPPORT	461,623	449,421	431,076
3840f	040 FACILITIES SUSTAINMENT, RESTORATION & MODERNIZATION	202,081	172,696	230,642
3840f	050 DEPOT MAINTENANCE	685,540	617,391	676,647
TOTAL, BA 01: OPERATING FORCES		4,197,328	4,432,628	4,385,950
<u>BUDGET ACTIVITY 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES</u>				
<u>SERVICEWIDE ACTIVITIES</u>		<u>45,324</u>	<u>36,625</u>	<u>36,888</u>
3840f	060 ADMINISTRATION	21,995	26,972	27,490
3840f	070 RECRUITING AND ADVERTISING	23,329	9,653	9,398
TOTAL, BA 04: ADMINISTRATION & SERVICEWIDE ACTIVITIES		45,324	36,625	36,888
Total Operation and Maintenance, Air National Guard		4,242,652	4,469,253	4,422,838

**Department of Defense
FY 2005 President's Budget Exhibit O-1A**

Excludes the FY 2004 Emergency Supplemental Appropriations Act for the DoD and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106)

		Total Obligational Authority			
		(Dollars in Thousands)			
		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	
<u>TRANSFER ACCOUNTS</u>					
0810a	010	ENVIRONMENTAL RESTORATION, ARMY	-	394,125	400,948
0810n	020	ENVIRONMENTAL RESTORATION, NAVY	-	254,929	266,820
0810f	030	ENVIRONMENTAL RESTORATION, AIR FORCE	-	382,470	397,368
0810d	040	ENVIRONMENTAL RESTORATION, DEFENSE-WIDE	-	23,966	23,684
0811d	050	ENVIRONMENTAL RESTORATION, FORMERLY USED DEFENSE SITE	-	283,259	216,516
0118d	060	OVERSEAS CONTINGENCIES	-	-	-
0105d	070	DRUG INTERDICTION & COUNTER-DRUG ACT, DEFENSE	-	835,616	852,697
TOTAL, O&M, TRANSFER ACCOUNTS			-	2,174,365	2,158,033
 <u>MISCELLANEOUS APPROPRIATIONS</u>					
0104d	080	U.S. COURT OF APPEALS FOR THE ARMED FORCES	9,349	10,284	10,825
0838d	090	SUPPORT OF INTERNATIONAL SPORTING COMPETITIONS	1,662	-	-
0118d	100	OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND	-	4,976	30,000
0833d	110	EMERGENCY RESPONSE FUND	9	-	-
0833d	120	EMERGENCY RESPONSE FUND, DEFENSE	1,058,041	-	-
0141d	130	IRAQ FREEDOM FUND, DEFENSE	-	-	-
0819d	140	OVERSEAS HUMANITARIAN, DISASTER AND CIVIC AID	94,517	58,718	59,000
1236n	150	PAYMENT TO KAHO'OLAWA ISLAND	86,268	18,430	-
0132d	160	CLAIMS, MT. PINATUBO, DEFENSE	51	-	-
0134d	170	FORMER SOVIET UNION (FSU) THREAT REDUCTION	414,362	448,645	409,200
0107d	180	OFFICE OF THE INSPECTOR GENERAL	156,505	187,482	244,562
0130d	190	DEFENSE HEALTH PROGRAM	15,404,879	16,603,270	17,640,411
TOTAL, MISCELLANEOUS			17,225,643	17,331,805	18,393,998
TOTAL OPERATION AND MAINTENANCE TITLE:			172,658,198	133,131,804	140,602,620

Operation and Maintenance

Performance Assessment Rating Tools

Facilities, Sustainment, Restoration, Modernization, and Demolition

Defense Health

Military Force Management

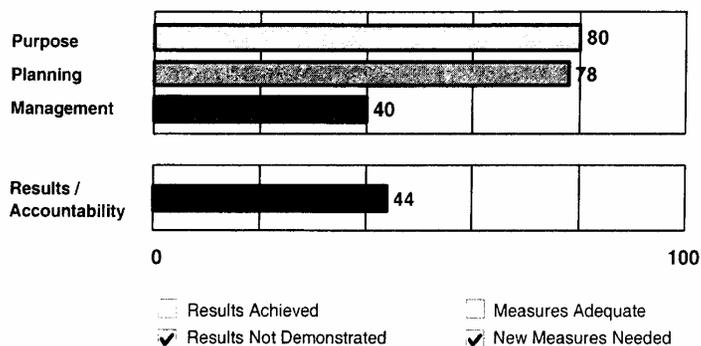
Recruiting

Communications Infrastructure

Program: Communications Infrastructure

Agency: Department of Defense--Military

Bureau: Department of Defense—Military



Key Performance Measures

Key Performance Measures	Year	Target	Actual
Long-term Measure: DoD is preparing long-term performance metrics, to include system capacity, performance, and user satisfaction. (New measure, target under development)			
Annual Measure: Percent of time that the Non-Secure Internet Protocol Router Network (NIPRNET) access circuit is available. NIPRNET is the unclassified IT system.	2000	> 98.5%	99.63%
	2001	> 98.5%	99.50%
	2002	> 98.5%	
	2003	> 98.5%	
Annual Measure: Number of bases upgraded by the Army Installation Information Infrastructure Modernization Program (I3MP)	2001	5	5
	2002	8	8
	2003	5	

***Rating: Results Not Demonstrated**

Program Type Capital Assets

Program Summary:

The communications infrastructure program includes all networks and systems for transmission of voice, data, and video information for the Department of Defense, with a total investment of about \$5.4 billion in 2003. This analysis includes base level communications activities of the military services, DoD's long distance communications, and the Defense Information System Network (DISN), managed by the Defense Information Systems Agency (DISA), which provides world wide communications capabilities to military personnel. The DISN includes the Global Infrastructure Grid (GIG) Bandwidth Expansion program, which will increase bandwidth connections to over 90 military bases, and the DoD Teleport program, which will improve satellite communications connections.

Overall, the PART reveals that DoD does not manage its communications infrastructure on an enterprise or department-wide basis. Best industry practice suggests a communications infrastructure should be managed with an enterprise approach rather than in a piecemeal fashion by component. The PART assessment also suggests that DoD should develop common performance measures to be used across the entire department for this program. Additional findings include:

1. The program's purpose is clear, owing to the unique military requirements of these systems.
2. The program performs well on planning because it has established clear shortterm goals and has taken meaningful steps to address strategic planning deficiencies. It has not, however, established long-term performance measures.
3. While the program does collect performance information and is working to address management deficiencies, it lacks clearly defined long-term performance objectives and does not measure program efficiency or effectiveness.
4. The program results section also shows some weaknesses. Here again the PART highlighted the lack of long-term outcome goals.

In response to these findings, DoD will develop common metrics to assess program performance across the department.

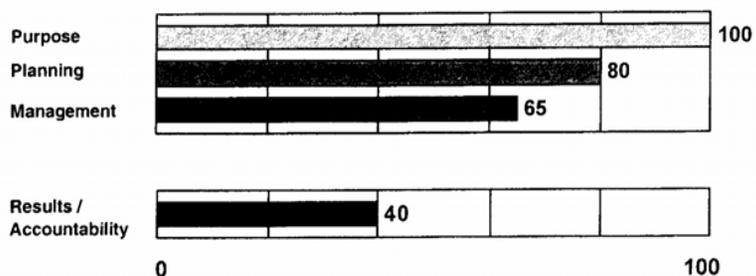
Program Funding Level (in millions of dollars)

* This assessment has not changed since publication in the 2004 Budget. For updated program funding levels, see Data File - Funding, Scores, and Ratings.

Program: Defense Health

Agency: Department of Defense--Military

Bureau: Defense Health



Key Performance Measures	Year	Target	Actual
Annual Measure: Patient Satisfaction Surveys	2003	55%	
	2004	57%	
	2004	65%	
Annual Efficiency Measure: Measures are being developed on inpatient and outpatient costs in the direct care system.			
Annual Efficiency Measure: Measures are being developed on the medical readiness status of active duty members			

***Rating: Adequate**

Program Type: Direct Federal

Program Summary:

The Defense Health Program (DHP) trains military medical personnel and provides health care in peace and war time to active duty members, retirees and their families around the globe.

The assessment found that the program has a unique and clear mission of providing medical readiness training for war time. In addition,

- DoD patients are generally satisfied with the availability and quality of health care.
- In 2003, DoD made good progress in implementing its new five-year health strategic plan.
- The program scored relatively low on the Program Results area primarily because it has not yet fully developed performance measures aligned to its new strategic plan, as apparent in table at left. While these results are still unknown, DoD is widely recognized for ensuring quality medical care in combat zones and at home – hence, the rating of “Adequate.”
- The program needs to develop efficiency measures and link performance results to its budget.
- DoD continues to improve its collaboration with the Department of Veterans Affairs (VA). DoD and VA have developed a joint sharing strategic plan.

In response to these findings, DoD will:

1. Take steps to finalize performance measures with annual targets that are aligned to its new strategic plan.
2. Develop efficiency measures and identify how it can link performance results to its budget.
3. Improve coordination with VA through sharing of enrollment and patient record data as well as through implementation of several joint medical sites.
4. Further the implementation of the DoD/VA joint sharing strategic plan.

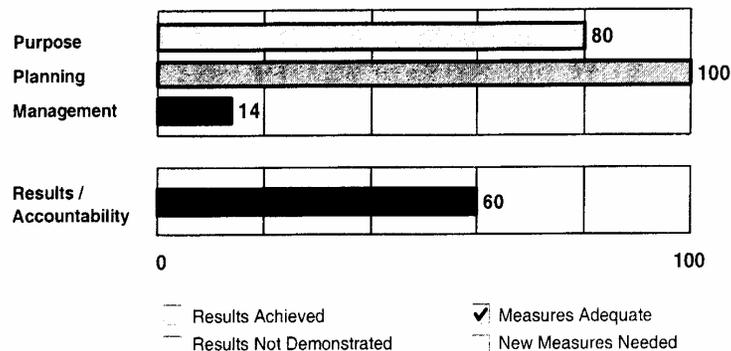
Program Funding Level (in millions of dollars)

<u>2003 Actual</u>	<u>2004 Estimate</u>	<u>2005 Estimate</u>
15,398	16,392	17,640

Program: Facilities Sustainment, Restoration, Modernization, and Demolition

Agency: Department of Defense--Military

Bureau: Operation and Maintenance



Key Performance Measures

Year Target Actual

Long-term Measure: Percentage of existing facilities rated C-2 or better These facilities have no significant or major deficiencies that affect DoD's ability to perform its missions.	2001	100%	31%
	2002	100%	32%
	2003	100%	
	2004	100%	
Long-term Measure: Rate, expressed in years, in which planned facilities are restored, modernized, or replaced, given planned investment spending (lower, but not below target, is better) (New measure)	2003	67 yrs	138 yrs
	2004	67 yrs	128 yrs
Annual Measure: Percentage of day-to-day maintenance funded (target level keeps facilities in good working order) (New measure)	2003	100%	93%
	2004	100%	94%

***Rating: Adequate**

Program Type Direct Federal

Program Summary:

The Facilities Sustainment, Restoration, Modernization (SRM) program provides funds to keep the Department of Defense's (DoD's) inventory of facilities in good working order. In addition, the program provides resources to repair aging or damaged facilities and alter facilities to meet new needs. The Demolition program provides funds to get rid of structures no longer needed.

The assessment found that while DoD has not adequately maintained its facilities (68% have significant or major deficiencies that affect DoD's ability to perform its missions), it is making a significant effort to address this problem. Additional findings include:

1. DoD recently developed a long-term strategic plan and is improving business practices, such as using performance-assessment metrics and using life cycle cost analyses that emphasize capital rather than short-term budgeting.
2. The high planning section score is due to the new strategic plan as well as recent development of new performance management tools and improved guidance issued to the military services.
3. The management section score is low because the program is not optimally managed to ensure that program execution matches the plan. The military services can deviate from guidance since program execution is decentralized. Deviation from the plan can put achieving program goals, such as funding day-to-day maintenance requirements fully and restoring or modernizing facilities every 67 years on average (based on private sector standards), at risk. Higher priority defense requirements have caused managers to use funds intended for maintenance of facilities for other programs. Over time this movement of funds has contributed to an accumulation of inadequate facilities.
4. A key performance measure, readiness of existing facilities to meet mission requirements, uses subjective assessments and can yield inconsistent results.

To address these findings, the agency will:

1. Improve program management. Performance should improve once managers begin managing more strictly to the new performance management tools. Accountability systems have been put in place to help.
2. Pursue a facilities readiness or condition reporting system that yields more objective, consistent results.
3. Continue to work to eliminate excess facilities.

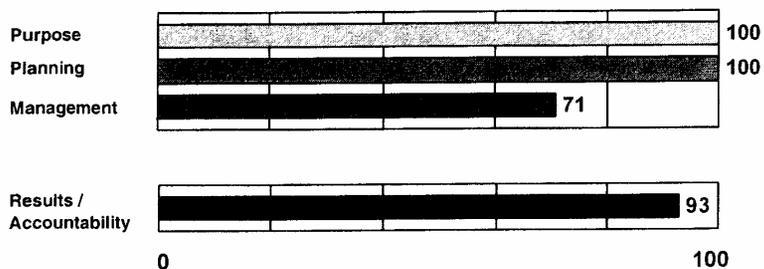
Program Funding Level (in millions of dollars)

* This assessment has not changed since publication in the 2004 Budget. For updated program funding levels, see Data File - Funding, Scores, and Ratings.

Program: Military Force Management

Agency: Department of Defense--Military

Bureau:



Key Performance Measures

	Year	Target	Actual
Annual Measure: Active Duty End-Strength - percentage of manning goal achieved	2001	99.5% to 102%	102.3%
	2002	99.5% to 102%	101.8%
	2003	99.5% to 102%	103.2%
	2004	99.5% to 102%	TBD
Annual Measure: Active Duty Recruiting - yearly percentage of required accessions achieved	2001	100.0%	100.5%
	2002	100.0%	100.5%
	2003	100.0%	101.0%
	2004	100.0%	TBD
Long-term Efficiency Measure: Efficient manpower mix - percent of military manpower realigned as planned to achieve a more efficient force. Will be applied to both individual and unit formations			

Rating: Effective

Program Type: Direct Federal

Program Summary:

DoD's Military Personnel Management area covers the entire range of personnel functions of the Department – from recruiting to retention, pay and subsistence, and retired pay accrual. The focus of the PART was manning the force – having the right quantity and quality of personnel in the right places at the right times to meet DoD's requirements.

The assessment found that DoD is very effective at manning its force. It has significant flexibility to recruit, train, and retain the best personnel. Recruiting has been strong, even during the Global War on Terror. Retention is the best it has ever been in some services. Compensation is above the median for comparably educated civilians, and exceeds the 70th percentile in many cases. The DoD bonus programs have allowed retention in critical skills, ensuring those important needs are met.

In spite of this effectiveness, DoD still needs to increase its management efficiency. Over the past year, for example, several GAO reports have criticized the Department for the handling of its Selective Reenlistment Bonus (SRB) program and its reserve pay system, and last year's recruiting PART found similar weaknesses in the efficiency measures for that function. In response to these findings, DoD will:

- Evaluate the entire military personnel compensation package, rather than making piecemeal recommendations.
- Improve its pay and personnel systems, and include reserve systems.
- Develop additional evaluation measures to rate the efficiency of its bonus and other programs, rather than just their effectiveness.

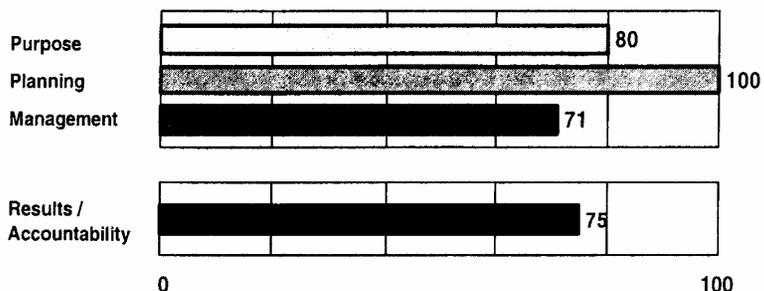
Program Funding Level (in millions of dollars)

<u>2003 Actual</u>	<u>2004 Estimate</u>	<u>2005 Estimate</u>
93.500	98.956	103.100

Program: Recruiting

Agency: Department of Defense--Military

Bureau: Operation and Maintenance



- Results Achieved
- Results Not Demonstrated
- Measures Adequate
- New Measures Needed

Key Performance Measures

Year Target Actual

Long-term Measure: Number of personnel required to meet military needs In addition to exceeding the required number of recruits, quality goals have been met over the past three years.	1999	200,000	193,000
	2000	205,000	206,000
	2001	211,000	212,000
	2002	210,000	212,000
Budget/Short-term Measure: Average cost of recruiting a new member into the Armed Forces (The numbers in this table represent the total cost of the program divided by the number of recruits. This measure is not currently used as a performance goal - it is only a measure of the expected cost of the program. The Administration recommends this performance measure.)	2002		\$13,252
	2003	\$13,662	
	2004	\$14,162	
Program efficiency metrics currently under development			

***Rating: Moderately Effective**

Program Type Direct Federal

Program Summary:

The recruiting program of the Department of Defense (DoD) is designed to attract large numbers of high quality young men and women to serve in the armed forces. The program is multifaceted, using military members, advertising, and bonuses to attract young men and women to military service. The goal of DoD recruiting is to ensure that sufficient numbers of qualified young Americans enlist in the armed services.

The assessment found that the program was highly effective, but since there were no measures of program efficiency, the overall rating is only moderately effective. DoD has met its goals for both quality and quantity of recruits for the past two years. During this period, costs did increase, with the Services adding production recruiters, expanding and refining their enlistment incentive programs, reenergizing advertising with performance incentives written into their contracts, embracing high technology with laptop computers and cell phones, exploiting the Internet with cyber-recruiting initiatives, and adopting proven business practices in recruiter selection and training. The Services continue to refine their recruiting programs, with the Army and Navy actually able to reduce the number of recruiters as the investments in the recruiting process come to fruition. When viewed in constant dollars, the cost-per-recruit has stabilized at the 2002 level in the 2004 Budget Request. However, the program does not have management information systems in place to allow for better decision making. There is currently no way to gauge the effectiveness of specific new tools and determine whether the recruiters are more effective.

In response to these findings, the Administration will:

1. Recommend the Department of Defense create better information systems to allow more management information flow to the program managers. This new system should support separating out and measuring fixed and variable costs, measures of management efficiency, and performance information for the results of particular inputs. Such a system would increase the information available to the program managers about the effectiveness of each of the elements of the program, allowing them to take a broader look at the available resources and apply them more efficiently.
2. Create a quarterly execution report to track program performance and program efficiency.

Program Funding Level (in millions of dollars)

*This assessment has not changed since publication in the 2004 Budget. For updated program funding levels, see Data File – Funding, Scores, and Ratings.

Operation and Maintenance Performance Criteria

The Department of Defense Report on Operation and Maintenance Performance Criteria, January 2004, stated that the DoD would integrate revised performance criteria discussed in the report into the FY 2005 President's Budget justification materials.

This Appendix consolidates copies of the revised performance criteria contained in the other Operational and Maintenance justification materials for the following areas:

Air and Ship Operations

Depot Maintenance

Facilities, Sustainment, Restoration, and Modernization

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Budget Activity/Activity Group: Operating Forces/Land Forces
Subactivity Group: Corps Support Forces

Percent of Ground OPTEMPO Funds Executed 140%

<u>Air OPTEMPO Measures (Corps Support Forces)</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Flying Hours Programmed (000) ²	44	43	43
Total Hours Flown (000) ⁴	41		
Percent of Hours Flown	94%		
Flying Hour (\$000) Programmed	51,931	54,376	59,688
Flying Hour (\$000) Executed	50,328		
Percent of Flying Hour Funds Executed	97%		

Notes:

- 1 Tank mile metric is an average tracked at MACOM level and not by unit type (i.e., division, corps, theater). See Subactivity Group 111 (Divisions) for all Land Forces Tank Mile Metrics.
- 2 The Army does not budget for contingency operations miles or hours.
- 3 Includes FY 2003 supplemental funds executed in support of OIF and OEF.
- 4 Seventy-five percent of under executed hours are for fixed wing (FW) aircraft. Flying Hour Program only pays for fuel for FW aircraft.

Budget Activity/Activity Group: Operating Forces/Land Forces
Subactivity Group: EAC Support Forces

E. Combat Support Battalions

Engineer Battalion	1	1	1
Medical Battalion	2	2	2
Military Intelligence Battalion	8	9	9
Signal Battalion	7	9	9
Total for Combat Support Battalions	18	21	21

F. Ground OPTEMPO Measures (EAC

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Support Forces)</u>¹			
Ground OPTEMPO (\$000) Programmed	364,911	379,948	429,724
Ground OPTEMPO (\$000) Executed ³	532,316		
Percent of Ground OPTEMPO Funds Executed	146%		

G. Air OPTEMPO Measures (EAC Support Forces)

Flying Hours Programmed (000) ²	66	63	64
Total Hours Flown (000) ⁴	57		
Percent of Hours Flown	86%		
Flying Hour (\$000) Programmed	74,392	79,990	86,006
Flying Hour (\$000) Executed	73,301		
Percent of Flying Hour Funds Executed	99%		

Notes:

- 1 Tank mile metric is an average tracked at MACOM level and not by unit type (i.e., division, corps, theater). See Subactivity Group 111 (Divisions) for all Land Forces Tank Mile Metrics.
- 2 The Army does not budget for contingency operations miles or hours.
- 3 Includes FY 2003 supplemental funds executed in support of OIF and OEF.
- 4 All under executed hours are for fixed wing (FW) aircraft. Flying Hour Program only pays for fuel for FW aircraft.

Air Operations Performance Measures: Navy

Activity: Flying Hour Program

Activity Goal: To operate, to maintain, and to deploy aviation forces that support the National Military Strategy.

Description of Activity: The Flying Hour Program funds the following activities: (1) day to day operational activities or air operations; (2) organizational and intermediate level maintenance; (3) institutional training; unit training and operational training; and (4) engineering and logistical support.

	FY 2003 Budgeted	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Estimate	FY 2005 Estimate
PROGRAM DATA					
Total Aircraft Inventory (TAI) (End of FY) ^{1/}	2393	2452	2262	2269	2237
Fighter/Attack	977	954	915	921	905
Rotary Wing	895	940	878	888	891
Patrol/Warning	228	243	219	199	205
Other	293	315	250	261	236
Primary Aircraft Authorized (PAA) (End of FY) ^{1/}	2008	1991	1921	1937	1892
Fighter/Attack	816	807	775	772	758
Rotary Wing	802	802	786	802	794
Patrol/Warning	194	178	179	179	176
Other	196	204	181	184	164
Backup Aircraft Inventory (BAI) (End of FY) ^{2/}	289	437	253	238	256
Fighter/Attack	101	147	104	114	110
Rotary Wing	81	119	71	66	71
Patrol/Warning	34	65	34	17	23
Other	73	106	44	41	52
Attrition Reserve (AR) (End of FY) ^{2/}	96	24	88	94	89
Fighter/Attack	60	0	36	35	37
	FY 2003 Budgeted	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Estimate	FY 2005 Estimate

Air Operations Performance Measures: Navy

Rotary Wing	12	19	21	20	26
Patrol/Warning	0	0	6	3	6
Other	24	5	25	36	20

^{1/} TAI/PAA include only Mission and Other Flight Operations Aircraft

^{2/} BAI/AR include all aircraft in these categories

Flying Hours	769,838	791,249	740,967	671,549	656,340
Percent Executed	n/a	103%	n/a	n/a	n/a
Flying Hours (\$000)	\$3,012,792	\$3,478,389	\$3,105,062	\$2,813,551	\$2,818,297
Percent Executed	n/a	115%	n/a	n/a	n/a
Tac Fighter Wing Equivalents	10	10	10	10	10
Crew Ratio (Average)	1.45	1.45	1.47	1.41	1.41
Fighters	1.37	1.37	1.38	1.39	1.38
Other	1.49	1.49	1.52	1.43	1.43
OPTEMPO (Hrs/Crew/Month)	22.4	22.1	20.8	19.3	19.2
Fighters	21.9	22.0	20.3	19.4	19.3
Other	22.7	22.2	21.0	19.2	19.1
Navy Average T-rating	T-1.75	T-2.02	T-2.2	T-2.6	T-2.5

Explanation of Performance Variances:

Prior Year: Subsequent to the FY 2003 President's Budget, the Department of the Navy did a thorough review of the Training & Readiness (T&R) Manual and determined that training requirements were excessive. The FY 2004 President's Budget request updated the FY 2003 hours per crew per month (H/C/M) requirement to 20.8, and the average T-rating to be sustained was T-2.2. Actual OPTEMPO was much higher than planned due to flight operations in support of GWOT.

Current Year: The FY 2004 President's Budget represented the pre-Fleet Response Plan readiness posture, under which a lower average T-rating was required. Under the FRP construct, the IDRC is lengthened, less operational hours are required, and readiness during the maintenance phase is lower, thus creating a higher average T-rating and a lower H/C/M requirement.

Air Training Performance Measures: Navy

Activity: Flying Hour Program

Activity Goal: To operate, to maintain, and to deploy aviation forces that support the National Military Strategy.

Description of Activity: The Flying Hour Program funds the following activities: (1) day to day operational activities or air operations; (2) organizational and intermediate level maintenance; (3) institutional training; unit training and operational training; and (4) engineering and logistical support.

	FY 2003 Budgeted	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Estimate	FY 2005 Estimate
PROGRAM DATA					
Total Aircraft Inventory (TAI) (End of FY) ^{1/}	880	931	836	816	824
Fighter/Attack	405	372	382	387	378
Rotary Wing	244	283	245	232	255
Patrol/Warning	71	102	77	57	62
Other	160	174	132	140	129
Primary Aircraft Authorized (PAA) (End of FY) ^{1/}	495	470	495	484	479
Fighter/Attack	244	225	242	238	231
Rotary Wing	151	145	153	146	158
Patrol/Warning	37	37	37	37	33
Other	63	63	63	63	57
Backup Aircraft Inventory (BAI) (End of FY) ^{2/}	289	437	253	238	256
Fighter/Attack	101	147	104	114	110
Rotary Wing	81	119	71	66	71
Patrol/Warning	34	65	34	17	23
Other	73	106	44	41	52
Attrition Reserve (AR) (End of FY) ^{2/}	96	24	88	94	89
Fighter/Attack	60	0	36	35	37
Rotary Wing	12	19	21	20	26

Air Training Performance Measures: Navy

Patrol/Warning	0	0	6	3	6
Other	24	5	25	36	20

^{1/} TAI/PAA include only Fleet Air Training Aircraft

^{2/} BAI/AR include all aircraft in these categories

	FY 2003 Budgeted	FY 2003 Actual	FY 2004 Budgeted	FY 2004 Estimate	FY 2005 Estimate
Flying Hours	173,758	156,847	170,369	161,936	155,604
Percent Executed	n/a	90%	n/a	n/a	n/a
Flying Hours (\$000)	\$628,802	\$660,581	\$653,850	\$685,150	\$671,485
Percent Executed	n/a	105%	n/a	n/a	n/a
Number of Naval Strike and Air Warfare Center Students	14000	14000	14000	14000	14000
Number of Navy Test Pilot School Students	54	54	54	54	54
Explanation of Performance Variances:					

Prior Year: In FY 2003, Fleet Replacement Squadrons suffered aircraft availability issues in many Type Model Series. As a result, Navy and Marine squadrons were unable to execute 100% of budgeted hours. Conversely, more than 100% of budgeted funding was required due to higher usage of consumables and DLRs.

Current Year: Changes in the student load-plan based on fleet aircrew requirements have cause a reduction in required hours in FY 2004. However, increases in planned usage of consumables and DLRs have driven the funding requirement higher.

**Appropriation Highlights
Air Force, Active**

Activity: Flying Hour Program

Activity Goal: To operate, to maintain, and to deploy aviation forces that support the National Military Strategy.

Description of Activity: The Flying Hour Program funds the following activities: (1) day to day operational activities or air operations; (2) organizational, intermediate, and depot level maintenance; (3) institutional training; unit training and operational training; and (4) engineering and logistical support.

	<u>03/04</u>	<u>03/05</u>	<u>04/04</u>	<u>04/05</u>	<u>05/05</u>
	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
	<u>Budgeted *</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
<u>PROGRAM DATA (All Services)</u>					
Total Aircraft Inventory (TAI) (End of FY) ^{1/}	n/a	4332	n/a	4175	4125
Primary Aircraft Authorized (PAA) (End of FY) ^{1/}	n/a	3382	n/a	3555	3578
Backup Aircraft Inventory (BAI) (End of FY) ^{1/}	n/a	777*	n/a	331	335
Attrition Reserve (AR) (End of FY) ^{1/}	n/a	*	n/a	289	212
*FY03 BAI actual includes Attrition Reserve					
Flying Hours	1,326,500.0	1,348,200.0	1,248,116.0	1,250,518.0	1,231,772.0
Percent Executed	n/a	102%	n/a	100.2%	n/a
Flying Hours (\$000)	\$ 4,441,435.0	\$ 3,988,689.0	\$ 4,340,175.0	\$ 4,340,175.0	\$ 4,316,072.0
Percent Executed	n/a	90%	n/a	100.0%	n/a
<i>Tac Fighter Wing Equivalents</i>	n/a	12.67	n/a	12.47	12.53
<i>Crew Ratio (Average)</i>					

**Appropriation Highlights
Air Force, Active**

Bombers	n/a	1.35	n/a	1.34	1.34
Fighters	n/a	1.25	n/a	1.25	1.25
 <i>OPTEMPO (Hrs/Crew/Month)</i>					
Bombers	n/a	15.6	n/a	15.6	15.3
Fighters	n/a	16.9	n/a	16.6	16.9
 <i>ICBM Inventory</i>					
Minuteman III	n/a	500	n/a	500	500
Peacekeeper	n/a	33	n/a	16	0

Flying Hour Performance Measures: Air Force Reserve

Activity: Flying Hour Program

Activity Goal: To operate, to maintain, and to deploy aviation forces that support the National Military Strategy.

Description of Activity: The Flying Hour Program funds the following activities: (1) day to day operational activities or air operations; (2) organizational, intermediate, and depot level maintenance; (3) institutional training; unit training and operational training; and (4) engineering and logistical support.

PROGRAM DATA (All Services)	FY03	FY03	FY04	FY04	FY05
<u>Total Aircraft Inventory (TAI) (End of FY)</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
Air Refueling	70	70	72	72	72
Tactical Airlift	104	104	102	91	91
Tactical Fighter	85	86	107	104	83
Strategic Airlift	89	88	49	52	52
Strategic Bombers	9	9	9	9	9
CSAR	27	27	22	20	20
Weather Service Squadron	10	20	10	20	20
A/OA-10 TF coded	16	17	0	0	16
C-130 TF coded	9	9	9	9	9
F-16 TF coded	18	18	18	18	18
C-9	0	0	0	3	3
Total	437	448	398	398	393

Flying Hour Performance Measures: Air Force Reserve

	FY03	FY03	FY04	FY04	FY05
<u>Primary Aircraft Authorized (PAA) (End of FY)</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
Air Refueling	70	70	72	72	72
Tactical Airlift	92	92	89	92	92
Tactical Fighter	75	79	90	90	75
Strategic Airlift	81	87	49	47	40
Strategic Bombers	8	8	8	8	8
CSAR	25	25	18	18	18
Weather Service Squadron	10	10	10	10	10
A/OA-10 TF coded	15	15	0	0	15
C-130 TF coded	8	8	8	8	8
F-16 TF coded	15	15	15	15	15
C-9	0	0	0	3	0
Total	399	409	359	363	353
<u>Backup Aircraft Inventory (BAI) (End of FY)</u>					
Air Refueling	0	0	0	0	0
Tactical Airlift	12	3	13	6	5
Tactical Fighter	5	11	12	7	5
Strategic Airlift	8	4	5	8	6
Strategic Bombers	1	1	1	1	1
CSAR	2	2	4	2	2
Weather Service Squadron	0	10	0	10	10
A/OA-10 TF coded	1	2	0	0	1
C-130 TF coded	1	1	1	1	1
F-16 TF coded	3	3	3	2	2
Total	33	37	39	37	33

Flying Hour Performance Measures: Air Force Reserve

<u>Attrition Reserve (AR) (End of FY)</u>	<u>FY03 Budgeted</u>	<u>FY03 Actual</u>	<u>FY04 Budgeted</u>	<u>FY04 Estimate</u>	<u>FY05 Estimate</u>
Air Refueling	0	0	0	0	0
Tactical Airlift	0	0	0	0	0
Tactical Fighter	0	0	0	0	0
Strategic Airlift	0	0	0	2	0
Strategic Bombers	0	0	0	0	0
CSAR	0	0	0	0	0
Weather Service Squadron	0	0	0	0	0
A/OA-10 TF coded	0	0	0	0	0
C-130 TF coded	0	0	0	0	0
F-16 TF coded	5	0	5	5	5
C-9	0	0	0	0	0
Total	5	0	5	7	5
 Total BAI + AR	 38	 37	 44	 44	 38
 Flying Hours	 141,650	 143,359	 131,690	 132,296	 128,553
Percent Executed	n/a		n/a		n/a
Flying Hours (\$)	411,209	336,760	449,731	447,580	450,925
Percent Executed	n/a		n/a		n/a
 Tac Fighter Wing Equivalents	 0	 0	 0	 0	 0
 Crew Ratio (Average)					
Bombers	1.31	1.31	1.31	1.31	1.31
Fighters	1.25	1.25	1.25	1.25	1.25
 OPTEMPO (Hrs/Crew/Month)					
Bombers	17.10	19.8	17.10	17.1	17.1
Fighters	10.99	12.9	12.10	11.1	11.1

Flying Hour Performance Measures: Air Force Reserve

Explanation of Performance Variances:

Changes from FY 03 to FY 04 include: conversion from C-141 to KC-135R Andrews; conversion from training to combat coded at Barksdale; conversion from KC-135E to KC-135R at Selfridge; and conversion from C-130E to C-130H at Minneapolis.

Changes from FY04 to FY 05 include: convert from C-141C to C-17A at March and convert from C-141C to C-5A at Wright Patterson.

DEPARTMENT OF THE AIR FORCE
Operation and Maintenance, Air National Guard
Budget Activity: Operating Forces
Activity Group: Air Operations
Detail by Subactivity Group: Aircraft Operations

IV. Performance Criteria and Evaluation Summary:

Flying Hours Performance Measures

Activity: Flying Hours Program

Activity Goal: To operate, to maintain, and to deploy aviation forces that support the National Military Strategy

Description of Activity: The Flying Hour Program funds the following activities: (1) day to day operational activities or air operations; (2) organizational, intermediate, and depot level maintenance; (3) institutional training; unit training and operational training; and (4) engineering and logistical support.

<u>PROGRAM DATA</u>	FY 2003 <u>Budgeted</u>	FY 2003 <u>Actual</u>	FY 2004 <u>Budgeted</u>	FY 2004 <u>Estimate</u>	FY 2005 <u>Estimate</u>
Inventory (TAI) (End of FY)	1,280	1,313	1,267	1,254	1,268
JSTARS	0	0	17	17	18
Fighters	533	548	542	535	538
Training	131	132	117	118	115
Tactical Airlift	234	218	227	222	218
Strategic Airlift	31	22	22	22	25
Tankers	220	227	206	206	208
Air Defense	66	105	68	68	81
Other	65	61	68	66	65

DEPARTMENT OF THE AIR FORCE
Operation and Maintenance, Air National Guard
Budget Activity: Operating Forces
Activity Group: Air Operations
Detail by Subactivity Group: Aircraft Operations

	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
PROGRAM DATA	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
Inventory (PAA) (End of FY) *	<u>1,155</u>	<u>1,118</u>	<u>1,145</u>	<u>1,146</u>	<u>1,144</u>
JSTARS	0	0	14	14	14
Fighters	480	450	480	480	480
Training	107	97	107	107	107
Tactical Airlift	218	209	213	213	208
Strategic Airlift	28	21	20	20	24
Tankers	210	203	199	199	199
Air Defense	60	92	60	60	60
Other	52	46	52	53	52
Inventory (BAI) (End of FY)	<u>94</u>	<u>164</u>	<u>98</u>	<u>86</u>	<u>86</u>
JSTARS	0	0	3	3	4
Fighters	41	86	48	41	38
Training	8	19	6	6	6
Tactical Airlift	16	9	14	9	10
Strategic Airlift	3	1	2	2	1
Tankers	10	24	7	7	9
Air Defense	5	12	5	5	5
Other	11	13	13	13	13
Inventory (AR) (End of FY)	<u>31</u>	<u>31</u>	<u>24</u>	<u>22</u>	<u>38</u>
JSTARS	0	0	0	0	0
Fighters	12	12	14	14	20
Training	16	16	4	5	2
Tactical Airlift	0	0	0	0	0
Strategic Airlift	0	0	0	0	0
Tankers	0	0	0	0	0
Air Defense	1	1	3	3	16
Other	2	2	3	0	0

* FY03 Actuals are PAI, not PAA.

FY 2004 Current Estimate excludes supplemental funds.

DEPARTMENT OF THE AIR FORCE
Operation and Maintenance, Air National Guard
Budget Activity: Operating Forces
Activity Group: Air Operations
Detail by Subactivity Group: Aircraft Operations

<u>PROGRAM DATA</u>	<u>FY 2003</u> <u>Budgeted</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Budgeted</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
Flying Hours Direct (000)	316	263	316	316	257
Percent Executed		83.2%		100%	
Flying Hours (000)	1,165	764	1,232	1,232	1,048
Percent Executed		65.6%		100%	
Tactical Wing Equivalents	6.5	6.5	6.5	6.5	6.5
Crew Ratio (Average)					
JSTARS	0	0	2.00	2.00	2.00
Fighters	1.25	1.25	1.50	1.50	1.50
OPTEMPO (Hrs/Crew/Month)					
JSTARS	0	0	25.7	25.7	25.7
Fighters	10.6	10.6	10.6	10.6	10.6

Explanation of Performance Variances:

Flying Hours funded in FY 2005 are 257,214. Actual hours required are 313,573. FY 2005 flying hour funding was realigned to depot maintenance in order to finance a higher level of maintenance requirements in FY 2005. It is anticipated that the ANG will continue to fly contingency operations that will be reimbursed by the active Air Force. Based on this assumption, flying hour funds will be available for transfer to depot maintenance.

Budget Activity/Activity Group: Operating Forces/Land Forces Readiness
Subactivity Group: Land Forces Depot Maintenance

Type of Maintenance	Prior Year (FY 2003)						Current Year (FY 2004)					Budget Year (FY 05)	
	Budget		Actual Inductions		Completions		Budget		Estimated Inductions		Carry -In	Budget	
	Qty	\$	Qty	\$	Prior Yr	Cur Yr	Qty	\$	Qty	\$	Qty	Qty	\$
AIRCRAFT	2245	150.9	N/A	293.6	N/A	N/A	5182	212	N/A	N/A	N/A	5734	229.6
(Memo Entry*)	28	143.6	28	143.6	0	0	41	174.2	41	174.2	28	54	198.1
COMBAT VEHICLES	498	178.6	N/A	218.1	N/A	N/A	490	190.1	N/A	N/A	N/A	526	209.6
(Memo Entry*)	208	175.1	208	175.1	0	151	220	189.2	211	179.5	57	199	189
COMMO-ELECTRONICS	550	85.2	N/A	113.2	N/A	N/A	6159	68.8	N/A	N/A	N/A	10637	74.9
(Memo Entry*)	190	31.8	190	31.8	0	86	76	23.1	205	36.8	104	70	21.3
MISSILES	1686	149.7	N/A	279.2	N/A	N/A	1575	241.1	N/A	N/A	N/A	1559	204.2
(Memo Entry*)	335	140.6	335	140.6	51	204	639	240.6	639	240.6	131	494	199.2
OTHER	21529	89.2	N/A	122.3	N/A	N/A	1943	111.6	N/A	N/A	N/A	31577	124.6
(Memo Entry*)	146	35.5	148	35.9	0	86	173	40.4	166	38.8	71	171	39.8
SOFTWARE	0	149.9	N/A	149.9	N/A	N/A	0	157	N/A	N/A	N/A	0	188.2
DEPOT MAINTENANCE TOTAL	26508	803.5	N/A	1176.3	N/A	N/A	15349	980.6	N/A	N/A	N/A	50033	1031.1

Aircraft Depot Maintenance Performance Measures: Navy

Activity: Aircraft Depot Maintenance

Activity Goal: To provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, to renovate assets (recapitalization), and to ensure equipment is at or above fully mission capable standards prior to any transfers from the Active to Reserve Components.

Description of Activity: Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft and other equipment. Depot Maintenance is performed at both public (DoD) and private (contractor) facilities.

	<u>Prior Year (FY 2003)</u>				<u>Current Year (FY 2004)</u>				<u>Budget Year (FY 2005)</u>				
	<u>Budget</u>		<u>Actual Inductions</u>		<u>Completions</u>		<u>FY 04 PRESBUD</u>		<u>Estimated Inductions</u>	<u>Carry-In</u>	<u>Budget</u>		
	Qty	(\$ in M)	Qty	(\$ in M)	Prior Yr	Cur Yr	Qty	(\$ in M)	Qty	(\$ in M)	Qty	(\$ in M)	
Airframe Rework	702	455	803	927	n/a	n/a	832	561	858	528	n/a	897	609
Engine Rework	1,139	279	1,642	402			1,772	364	1,647	321		1,792	312
Components		38		49				55		71			75
TOTAL	1,841	772	2,445	1,378			2,604	980	2,505	920		2,689	996

Explanation of Performance Variances:

<u>FY 2003</u>	(\$ in M)
Increase associated with higher costs for air worthiness inspections, emergency repairs, A/C support actions, special rework actions, and enhanced special structural inspections.	470.5
Increase associated with engine overhauls, engine repairs, special repairs, gear box/torque meter overhauls, higher costs for gear box/torque meter repairs, and field team support.	124.7
Increase cost associated with V-22 Power by the Hour, EP-3E (JSAF), VH-3D/VH-60 Executive Helo, and EA-6B PODS.	5.2
Decrease associated with fewer SDLM inductions, PDM/IMC/PMI's, ASAP inspections, and reduced costs for mid-term inspections.	(1.2)
<u>FY 2004</u>	
Increase associated with additional PDM/IMC's, special reworks, and air worthiness inspections.	29.2
Increase associated with additional engine overhauls, special repairs, and gearbox/torque maintenance overhauls.	10.9
Increase associated with additional requirements for KC-130J Airframes Contractor Logistics Support program, VH-3D/VH-60 Executive Helo, special projects, EP-3E (JSAF), P-3C Beartrap, EA-6B PODS, and engine containers.	17.8
Decrease associated with the reduction of SDLM inductions, SDLM Mods, Age Exploration, A/C support, emergency repair, and ASPA inspections.	(62.2)
Decrease associated with fewer engine repairs, gearbox/torque meter repairs, and costs associated with field team support.	(53.9)
Decrease associated with KC-130J Propulsion Contractor Logistics Support, V-22 Power by the Hour, and E-6 Repair of Repairables.	(2.1)

Ship Depot Maintenance Performance Measures: Navy

IV. Performance Criteria and Evaluation Summary :

Activity: Ship Maintenance

Activity Goal: To provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, to renovate assets (recapitalization), and to ensure equipment is at or above fully mission capable standards prior to any transfers from the Active to Reserve Components.

Description of Activity: Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft and other equipment. Depot Maintenance is performed at both public (DoD) and private (contractor) facilities.

	<u>Prior Year (FY 2003)</u>						<u>Current Year (FY 2004)</u>				<u>Budget Year (FY 2005)</u>		
	<u>Budget</u>		<u>Actual Inductions</u>		<u>Completions</u>		<u>Budget</u>		<u>Estimated Inductions</u>		<u>Carry-In</u>	<u>Budget</u>	
	Qty	(\$ in M)	Qty	(\$ in M)	Prior Yr	Cur Yr	Qty	(\$ in M)	Qty	(\$ in M)	Qty	Qty	(\$ in M)
Overhauls	3	394,096	4	540,522	3	0	4	428,250	3	374,226	4	4	689,742
Selected Restricted Availabilities	58	846,199	68	1,148,576	16	49	55	649,473	53	563,280	19	63	608,525
Planned Incremental Availabilities	3	462,192	3	651,736	2	1	2	356,667	2	350,086	2	2	399,608
Phased Maintenance Availabilities	22	415,334	27	594,919	6	20	11	184,607	13	220,557	7	21	289,854
Emergent Repair	n/a	357,941	n/a	305,509	n/a	n/a	n/a	311,239	n/a	324,933	n/a	n/a	265,830
Miscellaneous RA/TA	n/a	616,962	n/a	767,007	n/a	n/a	n/a	578,533	n/a	486,565	n/a	n/a	502,255
Continuous maintenance	n/a	218,654	n/a	406,040	n/a	n/a	n/a	309,083	n/a	342,380	n/a	n/a	353,456
Reimbursable overhead	n/a	46,995	n/a	77,272	n/a	n/a	n/a	268,200	n/a	311,562	n/a	n/a	233,589
Intermediate maintenance	n/a	97,693	n/a	126,542	n/a	n/a	n/a	481,493	n/a	521,301	n/a	n/a	567,580
TOTAL	97	3,456,066	102	4,618,123	27	70	72	3,567,545	71	3,494,890	32	90	3,910,439

Explanation of Performance

Variances:

FY 2003

Increase in actual inductions and associated funding associated with cost of war and supplemental funding.

**Appropriation Highlights
Air Force, Active**

Activity: Depot Maintenance

Activity Goal: To provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, to renovate assets (Recapitalization), and to ensure equipment is at or above fully mission capable standards prior to any transfers from the Active to Reserve Components.

Description of Activity: Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, combat vehicles and other equipment. Depot Maintenance is performed at both public (DoD) and private (contractor) facilities.

**Appropriation Highlights
Air Force, Active**

<u>Type of Maintenance</u>	Budget		<u>Prior Year (FY 2003)</u>		Completions		Carry-In
	<u>Qty</u>	<u>(\$ in M)</u>	<u>Qty</u>	<u>(\$ in M)</u>	<u>Prior Yr</u>	<u>Cur Yr</u>	<u>Qty</u>
	Commodity - Aircraft	207	824.7	214	1,172.9	226	230
(Memo Entry ^{2/})	0	0	0	0	0	0	
Commodity - Engines	499	284.6	516	303.9	579	512	127
(Memo Entry ^{2/})	0	0	0	0	0	0	
DEPOT MAINTENANCE TOTAL^{1/}	706	1109	730	1477	805	742	233

**Appropriation Highlights
Air Force, Active**

Type of Maintenance	<u>Current Year (FY 2004)</u>				Carry-In	<u>Budget Year (FY 2005)</u>	
	Estimated Inductions		Budget				
	<u>Qty</u>	<u>(\$ in M)</u>	<u>Qty</u>	<u>(\$ in M)</u>		<u>Qty</u>	<u>(\$ in M)</u>
Commodity - Aircraft	195	1044.8	183	1,044.8	92	202	1,291.1
(Memo Entry ^{2/})	0	0	0	0	0	0	
Commodity - Engines	563	347.9	532	347.9	122	609	435.1
(Memo Entry ^{2/})	0	0	0	0	0	0	
DEPOT MAINTENANCE TOTAL^{1/}	758	1393	715	1,392.7	214	811.0	1,726

1/Commodity totals should match the commodity totals on the service OP-30 exhibit

2/Memo entry detail should show the substantial, major systems being repaired under each commodity category, not necessarily EVERY system.

Variance Reporting: Describe all variances in quantities and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal.

Depot Maintenance Performance Measures: Air Force Reserve

Activity: Depot Maintenance

Activity Goal: To provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, to renovate assets (Recapitalization), and to ensure equipment is at or above fully mission capable standards prior to any transfers from the Active to Reserve Components.

<u>Type of Maintenance</u>	<u>Prior Year (FY 2003)</u>						<u>Current Year (FY 2004)</u>				<u>Budget Year (FY 2005)</u>		
	<u>Budget</u>		<u>Inductions</u>		<u>Completions</u>		<u>Budget</u>		<u>Estimated Inductions</u>		<u>Carry-In</u>	<u>Budget</u>	
	Qty	(\$ in M)	Qty	(\$ in M)	Prior Yr	Cur Yr	Qty	(\$ in M)	Qty	(\$ in M)	Qty	Qty	(\$ in M)
Commodity: Aircraft	215	332.7	167	319.1	166	31	189	313.1	145	311.6	74	164	403.8
Airframe Maintenance	90	179.9	40	184.7	20	31	74	188.4	30	187.5	30	37	231.6
Engine Maintenance	125	152.8	127	134.2	146	0	115	123.6	115	123	44	127	172
Aircraft Storage	0	0	0	.2	0	0	0	1.1	0	1.0	0	0	.2
Commodity: Other	0	6.9	0	11.6	0	0	0	6.0	0	6.0	0	0	7.1
Other Major Equipment Items	0	2.1	0	3.1	0	0	0	2.1	0	2.1	0	0	2.6
Depot Level Repairables	0	4.3	0	2.7	0	0	0	3.3	0	3.3	0	0	3.1
Area Support	0	.6	0	.6	0	0	0	.6	0	.6	0	0	1.5
Depot Surcharge	0	0	0	5.2	0	0	0	0	0	0	0	0	
Depot Maintenance Total	215	339.6	167	330.7	166	31	189	319.1	145	317.6	74	164	410.9

Explanation of Performance Variances:

Changes from Prior Year: FY04 funding percentage has decreased while at the same time aircraft PDMs have been reduced. This reduction in PDMs is a result of KC135E retirements and C5A transfers. This lowers the potential of aircraft deferrals throughout the FYDP. Additional

Depot Maintenance Performance Measures: Air Force Reserve

corrosion control maintenance and aircraft inspections/repairs is anticipated to exceed the over and above dollars projected during aircraft PDMs. FY04 engine overhaul funding has been reduced \$11M from FY03 which results in 9 deferrals into FY05.

Changes from Current Year: Funding for FY05 through the FYDP increases even though C141 engines will no longer be overhauled. This is in anticipation of more extensive overhauls as a result of increased flying hours and detrimental environmental conditions sustained during deployments.

DEPARTMENT OF THE AIR FORCE
Operation and Maintenance, Air National Guard
Budget Activity: Operating Forces
Activity Group: Air Operations
Detail by Subactivity Group: Depot Maintenance

IV. Performance Criteria and Evaluation Summary:

Activity: Depot Maintenance

Activity Goal: To provide maintenance necessary to sustain the operational readiness of combat forces, to ensure the safe and efficient operation of weapon systems, to renovate assets (Recapitalization), and to ensure equipment is at or above fully mission capable standards prior to any transfers from the Active to Reserve Components.

Description of Activity: Depot Maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, combat vehicles and other equipment. Depot Maintenance is performed at both public (DoD) and private (contractor) facilities.

<u>Type of Maintenance</u>	<u>Prior Year (FY 2003)</u>							<u>Current Year (FY 2004)</u>					<u>Budget Year (FY 2005)</u>	
	<u>Budget</u>		<u>Actual</u>		<u>Completions</u>		<u>Carry- In</u>	<u>Budget</u>		<u>Estimated</u>		<u>Carry- In</u>	<u>Budget</u>	
	<u>Qty</u>	<u>(\$ in M)</u>	<u>Qty</u>	<u>(\$ in M)</u>	<u>Prior Yr</u>	<u>Cur Yr</u>		<u>Qty</u>	<u>(\$ in M)</u>	<u>Qty</u>	<u>(\$ in M)</u>		<u>Qty</u>	<u>(\$ in M)</u>
Commodity: Aircraft	262	\$538.5	316	\$662.3	272	310	107	234	\$590.4	232	\$ 586.1	133	221	\$ 632.0
Airframe Maintenance	90	361.2	87	465.9	93	94	54	80	396.7	68	395	50	62	396.5
Engine Maintenance	172	177.0	229	196.0	179	216	53	154	193.0	164	190.3	83	159	235.1
Aircraft Storage	0	0.3	0	0.4	0	0	0	0	0.7	0	0.8	0	0	0.4
Commodity: Other	0	\$ 26.7	0	\$ 23.2	0	0	0	0	\$ 30.6	0	\$ 31.3	0	0	\$ 44.6
Other Major Equipment Items	0	17.5	0	11.0	0	0	0	0	21.0	0	24.6	0	0	32.4
Depot Level Repairables	0	8.4	0	4.5	0	0	0	0	8.6	0	5.8	0	0	10.8
Area Support	0	0.8	0	0.7	0	0	0	0	1.0	0	0.9	0	0	1.4
Depot Surcharge	0	0	0	7.0	0	0	0	0	0	0	0	0	0	0
DEPOT MAINTENANCE														
TOTAL	262	\$565.2	316	\$685.5	272	310	107	234	\$621.0	232	\$ 617.4	133	221	\$ 676.6

Sustainment, Restoration and Modernization Performance Measures: Army

Activity: Facilities Sustainment --- Total Army

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while obtaining the optimum expected service life from the facilities inventory thereby minimizing costs over a full service life cycle.

Description of Activity: Provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. Includes regularly scheduled maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities.

Categories: Preventive maintenance, minor repairs, and periodic (scheduled and predictable) replacement of major components including roofs, exterior and interior walls and finishes, stairways, doors, and air conditioning, heating, plumbing, electrical, and fire protection systems.

(\$s in millions)	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
	<u>Budgeted *</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
O&M Sustainment Funding	2,146	1,677	2,320	2,320	2,418
O&M-Like Contributions to Sustainment	0	0	5	5	5
Military Personnel Sustainment Funding ^{1/}	0	0	2	2	2
Transportation Working Capital Fund	0	0	0	0	0
Host Nation Support Sustainment Funding ^{2/}	0	0	3	3	3
Non-Federal Domestic Sustainment Funding ^{3/}	0	0	0	0	0
Total Sustainment Funding	2,146	1,677	2,325	2,325	2,423
Facilities Sustainment Model Requirement	2,292	2,292	2,495	2,495	2,552
Sustainment Rate (% of FSM)	94%	73%	93%	93%	95%

Footnotes:

- 1/ Use 49% of any military pay appropriations programmed in the facilities sustainment FYDP program elements
- 2/ Include any sustainment funding received or expected from foreign governments or international organizations
- 3/ Include any sustainment funding received or expected from state governments or other domestic entities

Facilities Sustainment Variance Reporting: Describe all variances in sustainment rates and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal. Variances should address changes in commercial benchmarks to include material, labor, and other cost elements; changes in geographic area costs; changes in the quantity of facilities in the inventory; and changes in funding source from or to operations and maintenance funding.

Explanation of Performance Variances:

Prior Year: The FY03 Actuals are lower than the Budgeted amounts due to the need to reallocate funding from sustainment to cover Operations funding shortfalls.

Current Year: The increase in the FY04 Budgeted amount for sustainment is due to a combination of changes in the Cost Factors, Material costs, and Inflation.

Sustainment, Restoration and Modernization Performance Measures: Army

Activity: Facilities Recapitalization - Total Army

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while incorporating technological innovations and emerging standards necessary to properly accommodate a modern military force.

Description of Activity: Provides resources for improving facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last longer than a normal service life, such as building foundations.

Categories: Restoration and modernization. Restoration restores performance to adequate or original design levels and modernization adds additional performance beyond the original design. Includes major non-periodic (unscheduled or unpredictable) repairs during the life cycle and/or replacement or wholesale renovation at the end of expected service life.

	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Budget</u>
Recapitalizable Inventory (PRV \$M) ^{1/}	157273.7	157273.7	164345.8	164345.8	165491.8
Restoration and Modernization O&M	117.5	117.5	21.5	49.4	93.2
Contributions to R&M from Other Funding Sources					
MilCon Recapitalization Projects ^{2/}	1023.4	1246.2	995.7	1122.6	1775.8
MilCon Unspecified Minor Construction	28.3	28.3	24.3	43.6	27.4
Associated Planning & Design Funds ^{3/}	100.5	104.1	83.9	97	159.5
Working Capital Funds for R&M	13.7	13.7	15	15	15.2
RDT&E Funds for R&M	0	0	0	0	0
Military Personnel Funding for R&M ^{4/}	0	0	0	0	0
Total Recapitalization Funding	1283.4	1509.8	1140.4	1327.6	2071.1
Recapitalization Rate (in Years)	122.5	104.2	144.1	123.8	79.9
Recapitalization Rate (in %) ^{5/}	55%	64%	46%	54%	84%

Footnotes:

- 1/ Only include that portion of the plant replacement value that has a continuing mission and must be recapitalized using these funds
- 2/ Recapitalization projects are for renovation/replacement of existing facilities or linked to an offsetting funded demolition or disposal
- 3/ Pro rata share of planning and design attributable to recapitalization projects (as opposed to new footprint projects)
- 4/ Use 49% of any military pay appropriations programmed in the facilities restoration & modernization program elements
- 5/ Use 67 years divided by computed recapitalization rate in years

Facilities Recapitalization Variance Reporting: Describe all variances in sustainment rates and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal. Variances should address changes in service life benchmarks or construction cost factors supporting PRV; changes in geographic area costs; and changes in the quantity of facilities in the inventory.

Explanation of Performance Variances:

Prior Year: Comparing Recapitalization Funding between years is not meaningful because the largest portion is MILCON which is year appropriation and the project amounts, number of existing footprint projects and locations change each year.

Current Year: Same as Prior Year

Sustainment, Restoration and Modernization Performance Measures: Navy

Activity: Facilities Sustainment

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while obtaining the optimum expected service life from the facilities inventory thereby minimizing costs over a full service life cycle.

Description of Activity: Provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. Includes regularly scheduled maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities.

Categories: Preventive maintenance, minor repairs, and periodic (scheduled and predictable) replacement of major components including roofs, exterior and interior walls and finishes, stairways, doors, and air conditioning, heating, plumbing, electrical, and fire protection systems.

	<u>FY 2003</u> <u>Budgeted *</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Budgeted</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
O&M Sustainment Funding	1122	1218.8	1268.6	1260.5	1250
O&M-Like Contributions to Sustainment					
Military Personnel Sustainment Funding ^{1/}	6.6	6.6	6.6	6.6	6.8
Transportation Working Capital Fund	N/A	N/A	N/A	N/A	N/A
Host Nation Support Sustainment Funding ^{2/}	N/A	N/A	N/A	N/A	N/A
Non-Federal Domestic Sustainment Funding ^{3/}	N/A	N/A	N/A	N/A	N/A
Total Sustainment Funding	1128.6	1225.4	1275.2	1267.1	1256.8
Facilities Sustainment Model Requirement	1337	1337	1367.3	1367.3	1320.8
Sustainment Rate (% of FSM)	84%	92%	93%	93%	95%

Footnotes:

Sustainment, Restoration and Modernization Performance Measures: Navy

- 1/ Use 49% of any military pay appropriations programmed in the facilities sustainment FYDP program elements
- 2/ Include any sustainment funding received or expected from foreign governments or international organizations
- 3/ Include any sustainment funding received or expected from state governments or other domestic entities

Facilities Sustainment Variance Reporting: Describe all variances in sustainment rates and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal. Variances should address changes in commercial benchmarks to include material, labor, and other cost elements; changes in geographic area costs; changes in the quantity of facilities in the inventory; and changes in funding source from or to operations and maintenance funding.

Explanation of Performance Variances:

Prior Year:

Increase reflects supplemental funding received for Cost of War and investment in Training Resource Strategy (TRS) due to the closure of training facilities at Vieques.

Current Year:

Activity: Facilities Recapitalization

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while incorporating technological innovations and emerging standards necessary to properly accommodate a modern military force.

Sustainment, Restoration and Modernization Performance Measures: Navy

Description of Activity: Provides resources for improving facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last longer than a normal service life, such as building foundations.

Categories: Restoration and modernization. Restoration restores performance to adequate or original design levels and modernization adds additional performance beyond the original design. Includes major non-periodic (unscheduled or unpredictable) repairs during the life cycle and/or replacement or wholesale renovation at the end of expected service life.

	<u>FY 2003</u> <u>Budgeted</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Budgeted</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
Recapitalizable Inventory (PRV \$M) ^{1/}	101,470	101,470	105,004	105,004	107,225
Restoration and Modernization O&M	378.1	679.1	99	143.1	99.9
Contributions to R&M from Other Funding Sources					
MilCon Recapitalization Projects ^{2/}	469.7	605.5	563	654.2	541
MilCon Unspecified Minor Construction	N/A	N/A	N/A	N/A	N/A
Associated Planning & Design Funds ^{3/}	N/A	N/A	N/A	N/A	N/A
Working Capital Funds for R&M	72.3	100.6	81	81	80.5
RDT&E Funds for R&M	0	0	0	0	0
Military Personnel Funding for R&M ^{4/}	1.9	5	4.9	4.9	5.2
Total Recapitalization Funding	922	1390.2	747.9	883.2	726.6
Recapitalization Rate (in Years)	110	73	140	119	148
Recapitalization Rate (in %) ^{5/}	61%	92%	48%	56%	45%

Sustainment, Restoration and Modernization Performance Measures: Navy

Footnotes:

- 1/ Only include that portion of the plant replacement value that has a continuing mission and must be recapitalized using these fund sources
- 2/ Recapitalization projects are for renovation/replacement of existing facilities or linked to an offsetting funded demolition or disposal project
- 3/ Pro rata share of planning and design attributable to recapitalization projects (as opposed to new footprint projects)
- 4/ Use 49% of any military pay appropriations programmed in the facilities restoration & modernization program elements
- 5/ Use 67 years divided by computed recapitalization rate in years

Facilities Recapitalization Variance Reporting: Describe all variances in sustainment rates and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal. Variances should address changes in service life benchmarks or construction cost factors supporting PRV; changes in geographic area costs; and changes in the quantity of facilities in the inventory.

Explanation of Performance Variances:

Prior Year:

Increase in FY03 funding reflects supplemental funding for Cost of War, Training Resource Strategy, and Site Improvements related to Anti-terrorism/Force Protection

Current Year:

Increase in FY04 estimate reflects increased investment in recapitalization projects and Congressional adds.

Sustainment, Restoration and Modernization Performance Measures: Air Force

Activity: Air Force Facilities Sustainment

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while obtaining the optimum expected service life from the facilities inventory thereby minimizing costs over a full service life cycle.

Description of Activity: Provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. Includes regularly scheduled maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities.

Categories: Preventive maintenance, minor repairs, and periodic (scheduled and predictable) replacement of major components including roofs, exterior and interior walls and finishes, stairways, doors, and air conditioning, heating, plumbing, electrical, and fire protection systems.

	<u>FY 2003</u> <u>Budgeted</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Budgeted</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
O&M Sustainment Funding	1,711,801	1,448,393	1,686,045	1,619,753	1,764,394
O&M-Like Contributions to Sustainment					
Military Personnel Sustainment Funding ^{1/}	75,495	75,495	76,549	71,199	69,963
Transportation Working Capital Fund	45,123	45,123	44,116	44,116	44,877
Host Nation Support Sustainment Funding ^{2/}	33,997	33,997	40,430	40,430	36,976
Non-Federal Domestic Sustainment Funding ^{3/}	10,000	10,000	10,000	10,000	10,000
Total Sustainment Funding	1,876,416	1,613,008	1,857,140	1,785,498	1,926,210
Facilities Sustainment Model Requirement	1,870,820	1,870,820	1,958,389	1,958,389	2,027,770
Sustainment Rate (% of FSM)	100%	86%	95%	91%	95%

Footnotes:

- 1/ Use 49% of any military pay appropriations programmed in the facilities sustainment FYDP program elements
- 2/ Include any sustainment funding received or expected from foreign governments or international organizations
- 3/ Include any sustainment funding received or expected from state governments or other domestic entities

Facilities Sustainment Variance Reporting: Describe all variances in sustainment rates and dollars from the original PB submission for both the Prior Year and the Current Year. In addition to the explanation as to the reasons for the variances, this area should also be used to discuss how the variances contributed to/hindered achievement of the activity goal. Variances should address changes in commercial benchmarks to include material, labor, and other cost elements; changes in geographic area costs; changes in the quantity of facilities in the inventory; and changes in funding source from or to operations and maintenance funding.

Explanation of Performance Variances:

Prior Year:

The sustainment increase was provided in order to fully fund facility sustainment to meet DoD goals. In FY04, the Air Force fully funded the benchmark as defined by the DoD Facility Sustainment Model (FSM-04) in order to maintain the inventory of real property assets through their expected service life.

Current Year:

The sustainment increase was provided in order to fully fund facility sustainment to meet DoD goals. In FY05, the Air Force is funded at 95% of the Facility Sustainment Requirement as defined in the DoD Facility Sustainment Model (FSM-05) and continues to fund sustainment to maintain the inventory of real property assets through the expected service life.

Sustainment, Restoration and Modernization Performance Measures: Air Force

Activity: Facilities Recapitalization

Activity Goal: To provide operationally effective facilities that adequately support missions, training, and personnel while incorporating technological innovations and emerging standards necessary to properly accommodate a modern military force.

Description of Activity: Provides resources for improving facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last longer than a normal service life, such as building foundations.

Categories: Restoration and modernization. Restoration restores performance to adequate or original design levels and modernization adds additional performance beyond the original design. Includes major non-periodic (unscheduled or unpredictable) repairs during the life cycle and/or replacement or wholesale renovation at the end of expected service life.

	FY 2003	FY 2003	FY 2004	FY 2004	FY 2005
	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimate</u>	<u>Estimate</u>
Recapitalizable Inventory (PRV \$M) ^{1/}	116,095,840	145,119,800	128,650,288	128,650,288	132,222,618
Restoration and Modernization O&M	244,322	1,173,774	310,901	334,870	456,968
Contributions to R&M from Other Funding Sources					
MilCon Recapitalization Projects ^{2/}	245,434	498,937	213,296	462,124	198,609
MilCon Unspecified Minor Construction	21,060	22,560	22,660	22,660	23,763
Associated Planning & Design Funds ^{3/}	23,566	26,026	31,728	31,511	45,859
Working Capital Funds for R&M ^{4/}	35,169	35,169	93,717	93,717	105,983
RDT&E Funds for R&M			48,169	48,169	58,936
Military Personnel Funding for R&M ^{4/}					
Total Recapitalization Funding	569,551	1,756,466	720,471	993,051	890,118
Recapitalization Rate (in Years)	204	83	180	134	148
Recapitalization Rate (in %) ^{5/}					

Footnotes:

- 1/ Only include that portion of the plant replacement value that has a continuing mission and must be recapitalized using these fund sources
- 2/ Recapitalization projects are for renovation/replacement of existing facilities or linked to an offsetting funded demolition or disposal project
- 3/ Pro rata share of planning and design attributable to recapitalization projects (as opposed to new footprint projects)
- 4/ Use 49% of any military pay appropriations programmed in the facilities restoration & modernization program elements
- 5/ Use 67 years divided by computed recapitalization rate in years
- 6/ Includes Transportation Working Capital Fund General and Administrative O&M contributions

Facilities Recapitalization Variance Reporting: Variances across Recap metric are attributed to Congressionally added MILCON projects and migration of funds into R&M accounts. In particular, FY03 saw a large EOY plus up to R&M accounts.

Explanation of Performance Variances:

Prior Year:

Current Year: FY04 Estimate contains
Congressionally Added MILCON Projects

