(\$ in Millions)

FY 1998	Price	Program	FY 1999	Price	Program	FY 2000
<u>Actual</u>	<u>Growth</u>	Growth	Estimate	<u>Growth</u>	Growth	Estimate
3,134.3*	17.9	-841.9	2,298.6**	3.4	85.6	2,387.6

* O&M costs incurred in Service/Agency appropriations.

**Amounts appropriated in FY 1999 were \$1,956.1 million. In addition, \$342.5 million is available from amounts appropriated in FY 1998. Note: All entries exclude funds appropriated to Service Military Personnel appropriations.

I. <u>Narrative Description</u>:

The Overseas Contingency Operations Transfer Fund was established by the FY 1997 DoD Appropriations Act to meet operational requirements in support of contingency operations without disrupting approved program execution or force readiness. The fund was established as a "no year" transfer account. The fund provides additional flexibility to meet operational requirements by transferring the assets to the Military Components based on actual execution experience as events unfold during the year of execution. The fund supports the operation and maintenance requirements of the respective Services and Agencies for operations in Southwest Asia (SWA) and Bosnia.

II. Financial Summary:

FY 1998	FY 1999	FY 1999	FY 1999	FY 2000
Actual	<u>Request</u>	Appropriated	Current	<u>Request</u>
1,637.5	1,512.4	1,516.7	1,415.6	1,462.6
<u>1,496.8</u>	<u>746.9</u>	<u>439.4</u>	<u>883.0</u>	<u>925.0</u>
*3.134.3	2.259.3	1,956.1	**2,298.6	2,387.6
	<u>Actual</u> 1,637.5 <u>1,496.8</u>	<u>Actual</u> <u>Request</u> 1,637.5 1,512.4	ActualRequestAppropriated1,637.51,512.41,516.71,496.8746.9439.4	ActualRequestAppropriatedCurrent1,637.51,512.41,516.71,415.61,496.8746.9439.4883.0

* O&M costs incurred in Service/Agency appropriations.

** Includes \$342.5 million available from amounts appropriated in FY 1998.

Note: All entries exclude funds appropriated to Service Military Personnel appropriations.

(\$ in Thousands)

	Change	Change
Program Increases/Decreases	FY 1999/1999	<u>FY 1999/2000</u>
Baseline Funding	2,259,300	2,298,582
Congressional Adjustments	-303,218	-
Price Change	-	+3,400
Funds Available from Prior Year	+342,500	-
Program Change	-	+85,618
Current Estimate	2,298,582	2,387,600

III. Description of Program Requirements:

BOSNIA: FY 1999 funding for Bosnia assumed a steady U.S. troop level of 6,900, which was the approximate number of personnel in Bosnia at the beginning of that fiscal year. After the budget submission, a decision was made to reduce the U.S. troop strength from 6,900 to 6,200. This reduction will be completed by the end of FY 1999. The cost savings in FY 1999, if any, and FY 2000 have not been determined as of the publication of this document. The National Defense Authorization Act for FY 1999 limits expenditures from the OCOTF for peacekeeping operations in Bosnia for that fiscal year to \$1,858.6 million, with specific limits on military personnel (\$346.2 million) and operation and maintenance (\$1,512.4 million). Pursuant to section 1004 of the Act, the President may waive the limitations upon fulfillment of certain requirements, including a request for an additional Bosnia peacekeeping appropriation. These amounts do not include any costs for operations in Kosovo. The FY 2000 budget request contains the same assumptions about troop strength and Kosovo operations as in FY 1999.

SOUTHWEST ASIA: The FY 1998 appropriation supported U.S. forces deployed to the area of responsibility (AOR), who countered potential aggression by Iraq, continued enforcement of the no-fly zones in Iraq and supported the maritime intercept force. During FY 1998, the Department reduced force levels in SWA below those projected in the budget amendment and ended the fiscal year with a balance of \$342.5 million in the OCOTF, which was applied to FY 1999 contingency requirements. The FY 1999 appropriation assumed the OCOTF carryover balance, force structure level and operating tempo in place at the end of FY 1998, but did not fund Desert Thunder (the aborted strike on Iraq in November 1998), Desert Fox or other enhanced SWA operations in FY 1999. The Department anticipates requesting supplemental funding for these increased requirements. The FY 2000 budget assumes a steady-state force level based on the force structure in place at the end of FY 1998.

(\$ in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<u>Army</u>	<u>1,643.6</u>	<u>1,184.7</u>	<u>1,250.6</u>
Bosnia	1,262.8	1,046.4	1,103.0
Southwest Asia	380.8	138.3	147.6
<u>Navy</u>	<u>315.2</u>	<u>177.3</u>	<u>194.2</u>
Bosnia	63.9	71.6	77.4
Southwest Asia	251.3	105.7	116.8
<u>Navy Reserve</u> Bosnia Southwest Asia	<u>2.5</u> 2.5	<u>.3</u> .1 .2	<u>.2</u> .1 .1
<u>Marine Corps</u>	<u>5.9</u>	<u>2.7</u>	<u>2.7</u>
Bosnia	2.0	2.2	2.2
Southwest Asia	3.9	.5	.5
<u>Air Force</u>	<u>998.8</u>	<u>816.3</u>	<u>830.9</u>
Bosnia	185.8	191.1	185.5
Southwest Asia	813.0	625.2	645.5
<u>USSOCOM</u>	<u>41.9</u>	<u>24.5</u>	<u>25.7</u>
Bosnia	28.5	19.3	19.7
Southwest Asia	13.4	5.2	5.9
<u>DIA</u>	<u>9.2</u>	<u>-</u>	=
Bosnia	7.0	-	-
Southwest Asia	2.2	-	-
<u>NSA</u>	<u>6.3</u>	<u>-</u>	-
Bosnia	6.3	-	

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<u>DISA</u>	<u>31.3</u>	<u>13.7</u>	<u>-</u>
Bosnia	31.3	13.7	
<u>DLA</u>	$\frac{10.0}{10.0}$	<u>9.8</u>	<u>9.5</u>
Bosnia		9.8	9.5
<u>NIMA</u> Bosnia Southwest Asia	<u>11.6</u> 5.6 6.0	= - -	_ -
<u>OSIA</u>	<u>2.8</u>	=	<u>-</u>
Southwest Asia	2.8	-	
<u>DTRA</u>	<u>-</u>	<u>3.6</u>	<u>3.7</u>
Southwest Asia		3.6	3.7
<u>DHP</u>	<u>16.7</u>	<u>17.3</u>	<u>18.0</u>
Bosnia	12.0	12.7	13.1
Southwest Asia	4.7	4.6	4.9
<u>AFIS</u>	<u>1.7</u>	<u>.1</u>	<u>.1</u>
Bosnia	.5	.1	.1
Southwest Asia	1.2	-	-
<u>Classified Programs</u> Bosnia Southwest Asia	<u>36.8</u> 21.8 15.0	<u>48.3</u> 36.9 11.4	<u>52.0</u> 52.0
TOTALS	<u>3,134.3</u>	<u>2,298.6</u>	<u>2,387.6</u>
BOSNIA	1,637.5	1,403.9	1,462.6
SOUTHWEST ASIA	1,496.8	894.7	925.0

(\$ in Thousands)

JUSTIFICATION OF REQUIREMENTS

Reconciliation of Increases & Decreases

1.	<u>FY 1999 Budget Request</u> Bosnia Southwest Asia	<u>2,259,300</u> 1,512,400 746,900
2.	Congressional Adjustments Bosnia Southwest Asia	<u>-303,218</u> +4,282 -307,500
3.	<u>FY 1999 Appropriated Amount</u> Bosnia Southwest Asia	<u>1,956,082</u> 1,516,682 439,400
4.	Balance Available from Prior Year Bosnia Southwest Asia	+ <u>342,500</u> +342,500
5.	Program Adjustment Bosnia Southwest Asia	-101,100 +101,100
6.	<u>FY 1999 Current Estimate</u> Bosnia Southwest Asia	<u>2,298,582</u> 1,415,582 883,000
7.	Price Change Bosnia Southwest Asia	+ <u>3,400</u> +2,110 +1,290

(\$ in Thousands)

8.	Program Change	+ <u>85,618</u>
	Bosnia	+44,908
	Southwest Asia	+40,710
	<u>Bosnia</u> – This increase reflects the continued need for U.S. presence in Bosnia. It does not take into account any potential cost savings resulting from the projected reduction in U.S. end strength initiated at the beginning of the fiscal year.	
	<u>Southwest Asia</u> – The program increase reflects the impact of unanticipated security requirements and enhanced force deployments in reaction to continued Iraqi intransigence. FY 1999 figures do not take into account Operations Desert Thunder and Fox or enhanced Northern and Southern Watch.	
9.	<u>FY 2000 Budget Request</u> Bosnia Southwest Asia	<u>2,387,600</u> 1,462,600 925,000